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

FORM 10-K

(Mark One)

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

For the fiscal year ended March 31, 2017

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

For the transition period from to

Commission File No. 001-34972

Booz Allen Hamilton Holding Corporation

(Exact name of registrant as specified in its charter)

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

(703) 902-5000

Registrant's telephone number, including area code

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

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

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Note — Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those sections.

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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

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

As of September 30, 2016, the market value of the voting and non-voting common equity held by non-affiliates based on the closing price as of that day was $4,574,607,371.

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

	Shares Outstanding as of May 18, 2017
Class A Common Stock	147,920,835
Class B Non-Voting Common Stock	—
Class C Restricted Common Stock	—
Class E Special Voting Common Stock	—

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for its Annual Meeting of Stockholders scheduled for August 3, 2017 are incorporated by reference into Part III.

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INTRODUCTORY NOTE

Unless the context otherwise indicates or requires, as used in this Annual Report on Form 10-K for the fiscal year ended March 31, 2017 references to: (i) "we," "us," "our" or our "company" refer to Booz Allen Hamilton Holding Corporation, its consolidated subsidiaries and predecessors; (ii) "Booz Allen Holding" refers to Booz Allen Hamilton Holding Corporation exclusive of its subsidiaries; (iii) "Booz Allen Investor" refers to Booz Allen Hamilton Investor Corporation, a wholly-owned subsidiary of Booz Allen Holding; (iv) "Booz Allen Hamilton" refers to Booz Allen Hamilton Inc., our primary operating company and a wholly-owned subsidiary of Booz Allen Holding; and (v) "fiscal," when used in reference to any twelve-month period ended March 31, refers to our fiscal years ended March 31. Unless otherwise indicated, information contained in this Annual Report is as of March 31, 2017. We have made rounding adjustments to reach some of the figures included in this Annual Report and, unless otherwise indicated, percentages presented in this Annual Report are approximate.

Cautionary Note Regarding Forward-Looking Statements

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

- cost cutting and efficiency initiatives, budget reductions, Congressionally mandated automatic spending cuts, and other efforts to reduce U.S. government spending, including automatic sequestration required by the Budget Control Act of 2011 (as amended by the American Taxpayer Relief Act of 2012, the Bipartisan Budget Act of 2013 and the Bipartisan Budget Act of 2015), which have reduced and delayed contract awards and funding for orders for services especially in the current political environment or otherwise negatively affect our ability to generate revenue under contract awards, including as a result of reduced staffing and hours of operation at U.S. government clients;
- delayed funding of our contracts due to uncertainty relating to and a possible failure of Congressional efforts to 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, or changes in the pattern or timing of government funding and spending (including those resulting from or related to cuts associated with sequestration or other budgetary cuts made in lieu of sequestration);
- current and continued uncertainty around the timing, extent, nature, and effect of ongoing Congressional and other U.S. government action to address budgetary constraints, including, but not limited to, uncertainty around the outcome of Congressional efforts to craft a long-term agreement on the U.S. government's ability to incur indebtedness in excess of its current limits and the U.S. deficit;
- any issue that compromises our relationships with the U.S. government or damages our professional reputation, including negative publicity concerning government contractors in general or us in particular;
- changes in U.S. government spending, including a continuation of efforts by the U.S. government to decrease spending for management support service contracts, and mission priorities that shift expenditures away from agencies or programs that we support;
- U.S government shutdowns due to, among other reasons, a failure by elected officials to fund the government;
- the size of our addressable markets and the amount of U.S. government spending on private contractors;
- failure to comply with numerous laws and regulations;
- our ability to compete effectively in the competitive bidding process and delays or losses of contract awards caused by competitors' protests of major contract awards received by us;
- the loss of General Services Administration Multiple Award schedule contracts, or GSA schedules, or our position as prime contractor on government-wide acquisition contract vehicles, or GWACs;
- changes in the mix of our contracts and our ability to accurately estimate or otherwise recover expenses, time, and resources for our contracts;
- continued efforts to change how the U.S. government reimburses compensation related and other expenses or otherwise limit such reimbursements, including recent rules that expand the scope of existing reimbursement limitations, such as a reduction in allowable annual employee compensation to certain contractors as a result of the Bipartisan Budget Act of

2013, and an increased risk of compensation being deemed unallowable or payments being withheld as a result of U.S. government audit, review or investigation;

- our ability to generate revenue under certain of our contracts;
- our ability to realize the full value of and replenish our backlog and the timing of our receipt of revenue under contracts included in backlog;
- changes in estimates used in recognizing revenue;
- an inability to attract, train, or retain employees with the requisite skills, experience, and security clearances;
- an inability to hire, assimilate, and deploy enough employees to serve our clients under existing contracts;
- an inability to timely and effectively utilize our employees; or manage our cost structure
- failure by us or our employees to obtain and maintain necessary security clearances;
- the loss of members of senior management or failure to develop new leaders;
- misconduct or other improper activities from our employees or subcontractors, including the improper use or release of our clients' sensitive or classified information;
- increased insourcing by various U.S. government agencies due to changes in the definition of "inherently governmental" work, including proposals to limit contractor access to sensitive or classified information and work assignments;
- increased competition from other companies in our industry;
- failure to maintain strong relationships with other contractors; 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;
- internal system or service failures and security breaches, including, but not limited to, those resulting from external cyber attacks on our network and internal systems;
- risks related to changes to our operating structure, capabilities, or strategy intended to address client needs, grow our business or respond to market developments;
- risks associated with new relationships, clients, capabilities, and service offerings in our U.S. and international businesses;
- failure to comply with special U.S. government laws and regulations relating to our international operations;
- risks related to our indebtedness and credit facilities which contain financial and operating covenants;
- the adoption by the U.S. government of new laws, rules, and regulations, such as those relating to organizational conflicts of interest issues or limits;
- risks related to completed and future acquisitions, including our ability to realize the expected benefits from such acquisitions;
- an inability to utilize existing or future tax benefits, including those related to our stock-based compensation expense, for any reason, including a change in law;
- variable purchasing patterns under U.S. government GSA schedules, blanket purchase agreements and indefinite delivery, indefinite quantity, or IDIQ, contracts; and
- other risks and factors listed under "Item 1A. Risk Factors" and elsewhere in this Annual Report.

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

PART I

Item 1. ***Business***

Overview

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

A collaborative culture is an integral part of our unique operating model, which encourages our people to bring a diversity of ideas and talent to every client engagement. Building on our legacy of passionate client service and guided by our comprehensive Vision 2020 strategy, we are blending deep expertise in management consulting with advanced technical capabilities to deliver powerful solutions. By investing in markets, capabilities, and talent and building new business models, including ventures, partnerships, and product offerings, we believe we are creating sustainable quality growth for the company.

Through our dedication to our clients' missions, and a commitment to evolving our business to address client needs, we have longstanding and deep 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 these 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 governmental efficiency to achieve better outcomes. Our U.S. commercial clients are primarily in the financial services, healthcare and life sciences, energy, high-tech manufacturing, retail, and automotive industries. Our international clients are primarily in the Middle East, along with a growing presence in Southeast Asia.

History and Corporate Structure

We were founded in 1914 by Edwin Booz, one of the pioneers of management consulting. In 1940, we began serving the U.S. government by advising the Secretary of the Navy in preparation for World War II. As the needs of our clients have grown more complex, we have expanded beyond our management consulting foundation to develop deep expertise in the fields of analytics, digital solutions, engineering and cyber.

We are organized and operate as a corporation, but sometimes use the term “partner” to refer to our Chief Executive Officer and our Senior and Executive Vice Presidents. The use of the term “partner” reflects our collaborative culture, and is not meant to imply that we operate our company as, or have any intention to create a legal entity that is, a partnership.

Booz Allen Holding was incorporated in Delaware in May 2008 to serve as the top-level holding company for the consolidated Booz Allen Hamilton U.S. government consulting business. On July 31, 2008, Booz Allen Hamilton completed the separation of its U.S. government consulting business from its legacy commercial and international consulting business, the spin-off of the commercial and international business, and the sale of 100% of its outstanding common stock to Booz Allen Holding, which was majority owned by The Carlyle Group and certain of its affiliated investment funds, or Carlyle. Our company is a corporation that is the successor to the U.S. government consulting business of Booz Allen Hamilton following the separation. The aforementioned transactions are referred to in this Annual Report as the acquisition. Between 2013 and 2016, we registered the offering and sale of common stock by Carlyle, and on December 6, 2016, Carlyle disposed of its remaining shares of the Company's Class A Common Stock in a registered secondary offering.

Our Institution and Operating Model

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

Across all markets, we address our clients’ complex and evolving needs by deploying teams of staff with a combination of deep mission understanding, market-leading functional capabilities, consulting talent, and true technical and engineering expertise. Our multifaceted client-facing teams, which are fundamental to our differentiated value proposition, better position us to create market-relevant growth strategies and plan for and meet current, future, and prospective market needs, and help us identify and deliver against diverse client needs in a more agile manner. Our significant win rates during fiscal 2017 on new and re-competed contracts of 62% and 90%, respectively, as compared to 62% and 88%, respectively, in fiscal 2016 demonstrate the strength of this approach.

Our People

Our ability to deliver lasting value and results to our clients has always been, and continues to be, a product of the strong character, deep expertise and tremendous passion of our people. Our talent base of approximately 23,300 employees endeavor to solve problems that matter 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. Our talented people are supported by a culture of innovation and inclusion.

Our people at a glance:

- 82 partners
- Nearly 30% of the workforce are veterans, including 21 partners
- Approximately 84% of the workforce hold bachelor's degrees; approximately 41% hold master's degrees; and approximately 3% hold doctoral degrees
- Approximately 70% of the workforce hold security clearances

We attract and retain the best people by providing them with opportunities to grow and develop as they work on our clients' toughest challenges. This creates a virtuous circle because our employees know they are making a difference while growing their careers, which furthers their commitment to Booz Allen and makes them ambassadors for future talent. Booz Allen has always recognized the importance of its people and culture, and we continue to build on that strong legacy to provide growth and development to our talent.

We also push our thinking through a culture of innovation and foster this spirit through events, partnerships, programs, and tools that facilitate collaboration to tackle a common challenge or pitch new products and capabilities. It is the diversity of our employees that fuels this innovation - enhancing the way we work by bringing a wealth of experiences and expertise to any challenge. We celebrate difference in all forms, building an environment of inclusion regardless of ethnicity, religion, gender, sexual orientation, age or disability.

The importance we place on our people continues to receive external recognition. For the eighth consecutive year, Booz Allen has received a perfect score on the Corporate Equality Index (CEI), a national benchmarking survey on corporate policies and practices related to LGBT workplace equality administered by the Human Rights Campaign Foundation. In addition, for the second year in a row, Booz Allen received a perfect score on the 2016 Disability Equality Index (DEI), and has been named a "Best Place to Work" by the DEI. Our people are ranked by Vault.com as #1 in public sector consulting, and the company has been named by *Fortune* as one of the World's Most Admired Companies and by *Forbes* as one of the Top Employers for Veterans and as one of the best Management Consulting Firms for 2017. We have also been honored with the Alliance for Workplace Excellence Award, the Military Times' Best Employers for Vets, and Working Mother's Best Companies Hall of Fame. Our employees are also recognized for their excellence by Black Engineers, and Women Worth Watching.

Beyond their client work, our people demonstrate passionate service in their commitment to our country, military, and communities. For more than a decade, Booz Allen has mentored young innovators through the nonprofit FIRST® LEGO® League Expo. Our multifaceted support and commitment to helping FIRST grow in the U.S. and abroad led to Booz Allen being named a FIRST Strategic Partner, one of only 21 organizations to achieve such recognition. Additionally, in an effort to increase the number of women and minorities employed in Science, Technology, Engineering & Math (STEM) fields, Booz Allen's STEM Girls 4 Social Good (SG4SG) initiative, which is now in its second year, aims to bridge the talent gap in these growing fields with a cascading mentorship model designed to attract more girls and retain more women in STEM.

Purpose and Values. As one of the first organizations in the United States to adopt a formal code of business ethics, we have always believed that doing what's right and holding ourselves and others accountable is the only way to do business. Our people are drawn by our purpose to "empower people to change the world" and live our values:

- Ferocious Integrity: Do right; hold ourselves accountable
- Unflinching Courage: Speak truth to power; maintain convictions; bring bold thinking

- Passionate Service: Embrace the mission; build community through generosity; make meaningful connections; listen and act with empathy

- Collective Ingenuity: Find the biggest problem and solve it; be resourceful and creative; seek to make the biggest difference; harness the power of diversity; be devoted to the team

- Champion's Heart: Crave being the best; bring joy to the pursuit; learn from failure; compete with passion

Service Offerings

Our service offerings, supported by skilled technical staff, drive our capabilities and capacity to meet market demand. We offer our clients a range of technological capabilities that have had an enduring impact for our clients, our people, and the communities where we live and work.

Our service offerings:

- ***Consulting*** focuses on the talent and expertise needed to solve client problems and develop mission-oriented solutions for specific domains, business strategies, human capital, and operations through new and innovative approaches. We help clients boost organizational performance, deploy new technologies in smart ways, and change and streamline processes to achieve better outcomes. Component capabilities include:
    - Our *Acquisition, Program Management, and Logistics* experts help clients imagine, implement, and deliver a wide range of operational programs including those related to acquisition and contracts, supplier, and budget management.
    - Our *Human Capital and Learning* experts help clients address workforce and leadership challenges in a resource-constrained environment through a wide range of strategy and transformation expertise. We design, develop, and deliver instructional classroom and online learning programs for all levels within a client's organization.
    - Our *Management Consultants* build on our 100-year consulting heritage with experience and expertise in strategy development, organizational design, efficiency, transformation, strategic communications, and Wargaming. Our consultants respond to the demands of today's data-driven digital economy with knowledge management strategies, process improvement tools, and organization design insights.
- ***Analytics*** focuses on delivering transformational solutions in the traditional areas of decision analytics (including operations research and cost estimation), intelligence analysis (including all source analysis) and tradecraft, as well as new or emerging areas such as data science and machine intelligence. We pioneer new approaches in data science and machine-intelligence, draft industry-defining publications, and introduce transformative products to the market. Component capabilities include:
    - Our *Decision Analysts* help clients make informed choices to maximize performance at an appropriate cost, while delivering on schedule and minimizing risks. Our problem-solving techniques include simulation, mathematical optimization, queuing theory, and machine learning to improve decision making and efficiency.
    - Our *Data Scientists* apply advanced analytic techniques such as data mining, text mining, statistical analysis, and predictive modeling, to extract meaning from data. We also create analytic tools that support end users by providing access to data, analytic outputs, and visualizations.
- ***Digital Solutions*** combines social, mobile, advanced analytics, cloud, and internet-of-things strategies and technologies with modern techniques including user-centered design, and agile and DevOps methodologies. Through our many decades supporting the federal government, we blend in-depth mission understanding and digital technical expertise with a consultative approach. We develop, design, and implement powerful solutions, such as secure, scalable systems and software development services, to address the most complex challenges facing our clients. As a data-driven organization, we use advanced statistical processes to continually improve the overall quality of our software development work for clients. In July 2016, the firm was appraised at the highest industry benchmark for software quality (maturity level 5) from the Capability Maturity Model Integration (CMMI) Institute. Booz Allen is one of only 11 Fortune 500 companies to achieve this rating. Component capabilities include:
    - Our *Cloud experts* help clients design cloud architecture solutions, select the data that is most applicable for storage in the cloud, develop analytical solutions to gain valuable insights from large data sets and then strategically use that knowledge to drive mission success, save money, and improve effectiveness.

- Our *Software Developers and Systems Architects* develop and implement small and large scale information technology applications, embedded systems, and mobile applications. We deliver expertise across an extensive list of programming languages applicable to traditional, cloud, mobile, and embedded applications. We employ traditional and agile development methods depending on the application.

- Our *Digital Solutions Network* taps into the collective creativity and innovation of our digital professionals to help clients modernize and transform their missions through the open integration and reuse of digital capabilities across the enterprise. Integrated teams work within the network's virtual construct of digital capabilities, partnerships, and modern agile and DevOps methodologies in digital hubs across the country. With a dynamic startup environment, each hub serves as a center of excellence for a specialized set of digital capabilities. For example, at our digital hub in Charleston, SC, our people use scaled agile, DevOps and cloud development and management expertise to develop software solutions for health/Department of Veterans Affairs systems.

- ***Engineering*** delivers in-depth technical solutions to our clients' most challenging problems with core capabilities in Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR), which are supported by our Systems Engineering & Integration and Sustainment Engineering functions. Our engineering capabilities include external industry standard certifications (e.g., ISO 90001 and AS9100). Component capabilities include:

  - Our *Engineers* work in concert with technologists, policy experts, and management consultants to develop solutions to help solve some of the most pressing engineering and applied science issues facing federal defense and civilian agencies. We offer rapid prototyping, reverse engineering, systems engineering & integration, and applied engineering disciplines. We use design and manufacturing techniques to convert functional requirements into useable prototypes that can be deployed to test and confirm the requirements are met.

  - Our experts in *Networks & Information Technology Infrastructure (NITI)* provide solutions in the areas of enterprise operations, network services and communications, data center operations, and data storage. We apply our NITI expertise to physical, virtualized, cloud, and hybrid form factors networks.

  - Our *Scientists* use observation, hypothesis testing, measurement, experiment, simulations, and thought experiments to provide greater knowledge and solve product, facility, and systems challenges. We have a number of facilities and laboratories that are developing new methods of detection, designing and conducting research, and helping clients address mission challenges using a broad range of scientific disciplines.

- ***Cyber*** focuses on prevention, detection, and cost effectiveness. Prevention includes methods of securing platforms and enterprises against cyber attacks, detection, is the instrumentation of networks to provide lead indicators of penetrations, and cost efficiency includes our integrated engineering capabilities. Our cyber capabilities are rooted in our decades of service to the U.S. federal intelligence community and today affords us the opportunity to maintain deep technical expertise in network security. We help clients understand the business value of cyber risk management as well as prepare for future cybersecurity needs with a lens toward efficiency and effectiveness. Component capabilities include:

  - Our *Cyber Security* experts help clients anticipate threats to their networks and data, ensure their cyber posture is consistent with established best practices, and respond to cyber events. Additionally, we offer a broad range of engineering services including automatic compliance, cloud security, identity, and access management, insider threat, and network segmentation.

Innovation

Our innovation agenda is focused on developing transformative solutions that build lasting value for our clients. We are advancing and creating the infrastructure and mechanics for new and disruptive business models by enabling a vibrant innovation culture, and bringing a solutions mindset to our market place and sales force and building the company's presence and brand in the external innovation ecosystem. Our Solutions Studio is a gateway to the company's innovation agenda, combining market-prioritized needs with the company's capabilities and products. The Solutions Studio also enhances future revenue opportunities and accelerates solutions to clients.

Additionally, we are an essential partner in regional innovation communities all over the country. Through our Innovation Hub Network, we are physically co-locating, co-creating, mentoring, incubating, contributing, and investing with organizations in Boston, MA (the epicenter of the data science revolution), Austin, TX (the tech startup oasis); and

Seattle, WA to San Diego, CA (the corridor of venture capitalists and digital powerhouses), with new hubs in Herndon, VA, Laurel, MD, and Charleston, SC. We harness next-generation technologies being created in academic, startup, and big technology firms to imagine and incubate new offerings, solutions, and growth for the company.

In addition to our service offerings, Booz Allen is driving focused innovation in areas expected to create integrated capabilities, drive next generation expertise, and develop business over the long term. These innovation areas include:

- ***Cyber Futures*** develops differentiated cyber solutions and disruptive business models to address emerging threats and vulnerabilities against clients’ emerging expanding digital enterprise, internet-of-things landscape, and connected platforms. Our solutions are based on our world-class cyber tradecraft, big data analytics, advanced engineering, and technology along with strategic alliances across the broader industrial ecosystem.
- ***Data Solutions and Machine Intelligence*** offers cutting-edge analytics solutions across our entire client set. Using our large set of Data Science experts and products, we help clients use and think differently about their data to fundamentally transform the way they perform their missions and run their organizations. We are continuing to develop new capabilities in exciting areas such as quantum computing, machine intelligence, and computer vision, all of which have an opportunity to transform the way analysis is performed.
- ***Directed Energy*** technologies use high-energy lasers or high-powered microwaves to efficiently disrupt or damage targets with non-kinetic, speed-of-light engagement. Through our Directed Energy business, we can help clients as a technology maturation agent, integrator, and solutions provider.

Our Long - Term Growth Strategy

Vision 2020 is a comprehensive strategy to transform Booz Allen and create sustainable quality growth for the company. Fiscal 2017 was the fourth year of implementing the strategy, but its design reaches back to before the government market began to contract in 2011-2012. We anticipated the market downturn and set in place a strategy that would allow us to emerge in a strong position vis-à-vis our competitors. Under Vision 2020, we are:

- Moving closer to the center of our clients' core missions
- Increasing the technical content of our work
- Attracting and retaining superior talent in diverse areas of expertise
- Leveraging innovation to deliver complex, differentiated, end-to-end solutions
- Creating a broad network of external partners and alliances
- Expanding into the commercial and international markets

The success of our strategy can be seen in:

- Backlog growth, which achieved record levels during fiscal 2017
- Headcount growth and a corresponding shift in our talent portfolio to more technical expertise in disciplines such as systems development, cyber, and analytics
- Continued strong performance in the global commercial market
- Execution against our capability focused acquisition strategy, most recently through the acquisition of digital service business eGov Holdings (d/b/a Aquilent) in January 2017 to enhance Booz Allen’s growing technology capabilities and talent base

We have won highly technical, mission-critical work across our federal government business because we bring differentiated offerings that meet our clients’ toughest challenges. To propel our success against our Vision 2020 long term strategy, we have implemented initiatives to drive innovation deeper into our markets, enhancing our ability to collaborate and achieve more for our clients, and differentiating Booz Allen in the talent market to enhance our ability to attract and retain the best and the brightest.

These initiatives are ultimately designed to accelerate revenue growth and move Booz Allen further toward our goal of delivering sustainable quality growth.

Our Clients

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

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

Our government clients include substantially all of the cabinet-level departments of the U.S government. We serve commercial clients across all industries, including some of the largest organizations in critical infrastructure sectors, such as financial services, energy, healthcare, and manufacturing, and we have a thriving portfolio of international clients in the Middle East and Southeast Asia.

A Large Addressable Market

We believe that the U.S government is the world's largest consumer of management and technology consulting services. The U.S. government's budget for its fiscal year ended September 30, 2016 was close to $3.9 trillion, excluding authorizations from Overseas Contingency Operations and supplemental funding for the Department of Defense. Of this amount, approximately $1.2 trillion was for discretionary budget authority, including $631 billion for the Department of Defense and intelligence community and $563 billion for civil agencies. Based on data from the Federal Procurement Data System, approximately $473 billion of the U.S. government's fiscal year 2016 discretionary outlays were non-intelligence agency funding-related products and services procured from private contractors. We estimate that $119.6 billion of the spending directed towards private contractors in U.S. government fiscal year 2016 was for management, technology, and engineering services, with $67.2 billion spent by the Department of Defense and $52.4 billion spent by civil agencies. The agencies of the U.S. intelligence community that we serve represent an additional market. These numbers also exclude a large addressable market for our services and capabilities in the global commercial markets where we have a modest but growing footprint.

During Booz Allen's fiscal 2017:

- We derived 97% of our revenue from contracts where the end client was an agency or department of the U.S. government.
- We delivered services under more than 4,820 contracts and task orders.
- We derived 91% of our revenue in fiscal 2017 from engagements for which we acted as the prime contractor.
- The single largest entity that we served in fiscal 2017 was the U.S. Army, which represented approximately 14% of our revenue in that period.

Selected Long-Term Client Relationships

Client (1)	Relationship Length (Years)
U.S. Navy	75+
U.S. Army	65+
Department of Energy	40+
U.S. Air Force	35+
National Security Agency	35+
Department of Homeland Security	35+
Federal Bureau of Investigation	25+
Department of Health and Human Services	20+
National Reconnaissance Office	20+
A U.S. intelligence agency	20+
Internal Revenue Service	20+

(1) Includes predecessor organizations.

Defense and Intelligence Clients

We count among our many defense and intelligence clients all four branches of the U.S. military, the Office of the Secretary of Defense, the Joint Staff and members of the intelligence community.

We help our military services take on new missions, tackle acquisition and budgeting challenges, and address the medical needs of soldiers in combat. We also help our defense and intelligence clients adopt innovative technologies, bridging the gap they face between rising mission responsibilities and declining mission funding with our heritage and expertise in consulting. In addition, we bring tool, techniques and expertise to challenges and apply them in innovative ways.

The men and women we hire have served their country and have the experience and determination to help our defense clients keep our nation safe. Our experts in strategy development, acquisition, and operations help commanders and their staffs in the field share mission-critical information and make crucial battlefield decisions.

Revenue generated from defense clients was $2.7 billion, or approximately 46.6% of our revenue in fiscal 2017 as compared to $2.6 billion, or approximately 48.3% of our revenue in fiscal 2016. Our key defense clients include the Army, Navy/Marine Corps, Air Force, and Joint Combatant Commands. Revenue generated from defense clients also includes foreign military sales to non-U.S. government clients.

Revenue generated from intelligence clients was $1.3 billion, or approximately 23.1% of our revenue in fiscal 2017 as compared to $1.3 billion, or approximately 23.4% of our revenue in fiscal 2016. Our key intelligence clients include U.S. Intelligence Agencies, such as the National Security Agency, National Geospatial-Intelligence Agency, and National Reconnaissance Office; and Military Intelligence Agencies, such as the Defense Intelligence Agency, Service Intelligence Centers, and Intelligence Surveillance Reconnaissance units.

Civil Clients

Whether ensuring the safety, security, and well-being of citizens, or boosting national competitiveness, we work with leaders in civil government to support their public service missions. We excel at tackling the most complex challenges such as, from reforming financial regulatory oversight, to evolving our health care system, from improving information sharing among law enforcement organizations, to supporting green building initiatives.

Our work spans the full breadth of civil government, including energy and the environment, financial services, health, homeland security, law enforcement, transportation, grants, international development and diplomacy, and benefits and entitlements.

We work with leaders so they make better decisions, and foster better user experiences both inside and outside of their organizations.

Revenue generated from civil government was $1.6 billion, or approximately 27.7% of our revenue in fiscal 2017 as compared to $1.4 billion, or approximately 26.0% of our revenue in fiscal 2016. Our major civil government clients include Homeland Security, Health and Human Services, Veterans Affairs, Treasury and Justice.

Global Commercial Clients

We work alongside public and private sector leaders of the most prestigious organizations in the world to help shape and execute their critical agendas.

Following the 2011 expiration of our non-competition agreement with our spun-off commercial business, we re-entered the Middle East and North Africa (MENA) and Southeast Asia (SEA). We originally established our international offices located in MENA more than six decades ago and our offices in SEA more than three decades ago. Since re-entering these markets, our strategy and technology consultants have empowered our clients in these regions of the world with the knowledge and experience they need to build their own local resources and capabilities.

Revenue generated from global commercial clients was $152.1 million, or approximately 2.6% of our revenue in fiscal 2017 as compared to $122.2 million, or approximately 2.3% of our revenue in fiscal 2016. Global commercial clients are comprised of U.S. commercial and international clients. Our commercial clients include large commercial and investment banks, utilities, oil and gas companies, major retailers, auto manufacturers, major pharmaceutical manufacturers, and healthcare providers. Our international clients include non-U.S. governments and commercial entities in MENA region and select Asian markets.

Contracts

Booz Allen's approach has long been to ensure that we have prime or subcontractor positions on a wide range of contracts that allow clients maximum opportunity to access our services. Our diverse contract base provides stability to our business. This diversity is seen in the fact that over 76% of our revenue for fiscal 2017 was derived from over 3,900 active task orders under indefinite delivery, indefinite quantity (IDIQ) contract vehicles. Our top IDIQ contract vehicle represented approximately 5.5% of our revenue in our fiscal 2017. Our largest task order under an IDIQ contract vehicle accounted for approximately 2.7% of our revenue in our fiscal 2017. Our largest definite contract represented approximately 2.8% of our revenue in our fiscal 2017.

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

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

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

Listed below are our top IDIQ contracts for fiscal 2017 and the number of active task orders under these contracts as of March 31, 2017.

	Fiscal 2017 (in millions)	% of Total Revenue	Number of Task Orders as of March 31, 2017	Expiration Date
Alliant	$ 319.6	5.5%	35	4/30/2019
Information Technology Schedule 70	315.1	5.4%	128	3/22/2019
One Acquisition Solution for Integrated Services	275.6	4.7%	34	9/2/2024
System Engineering and Analysis/Advanced Technology Support	217.3	3.7%	64	4/4/2019
VA TAC Transformation Twenty One Total Technology	214.7	3.7%	75	6/30/2016
Mission Oriented Business Integrated Services	194.1	3.3%	271	9/30/2017
Defense Systems Technical Area Tasks	169.6	2.9%	35	6/22/2019
Encore II IT Solutions	133.8	2.3%	27	5/31/2018
Booz Allen Engineering Services- Alliant	130.2	2.2%	95	4/30/2019
Rapid Response Third Generation	127.4	2.2%	20	10/28/2017

Under their Category Management initiative, the General Services Administration (“GSA”) has undertaken an effort to improve its professional service schedule offerings. As a result of this initiative, GSA consolidated multiple contract vehicles under the schedule program. The result for Booz Allen has been the consolidation of the scope of six schedules into one professional services schedule contract. The GSA Schedule contracts to be consolidated under the new professional services schedule are: Advertising and Integrated Marketing Solutions (AIMS), Environmental Services (ES), Financial and Business Services (FABS), Logistics Worldwide (LOGWORLD), Mission Oriented Business Integrated Services (MOBIS), and Professional Engineering Services (PES).

Booz Allen’s migration request was accepted in October of 2015 and as a result, our individual schedules included in the GSA’s consolidation will remain in place through the end of the current option period of each individual contract to prevent the interruption of services. The revenue generated under these individual Schedules will begin to decrease during this transition period. We anticipate that the decrease in revenue on the individual schedules will be offset by growth under the new professional service schedule. We anticipate this transition will have negligible impact on future revenues.

Listed below for each specified revenue band is the number of, revenue derived from, and average duration of our task orders as of March 31, 2017. The table includes revenue earned during fiscal 2017 under all task orders that were active during fiscal 2017 under these IDIQ contracts and the number of active task orders on which this revenue was earned. Average duration reflected in the table below is calculated based on the inception date of the task order, which may be prior to the beginning of fiscal 2017, and the completion date which may have been prior or subsequent to March 31, 2017. As a result, the actual average remaining duration for task orders included in this table may be less than the average duration shown in the table, and task orders included in the table may have been complete on March 31, 2017.

Segmentation of Task Order by Revenue Fiscal 2017	Number of Task Orders Active During Fiscal 2017	Fiscal 2017 Revenue (in millions)	% of Total Fiscal 2017 Revenue	Average Duration (Years)
Less than $1 million	3,154	$ 575.6	10%	1.4
Between $1 million and $3 million	463	786.6	14%	2.1
Between $3 million and $5 million	123	470.9	8%	2.1
Between $5 million and $10 million	106	742.3	13%	2.5
Greater than $10 million	81	1,774.1	31%	2.7
Total	3,927	$ 4,349.5	76%	1.6

Listed below are our top definite contracts for fiscal 2017 and revenue recognized under these contracts. Classified contracts that cannot be named are noted generically in the table :

	Fiscal 2017	% of Total Revenue	Expiration Date
	(in millions)		
Classified Contract (1)	$ 160.7	2.8%	12/31/2020
Classified Contract	70.9	1.2%	3/7/2023
InnoVision Future Solutions Program	57.8	1.0%	11/30/2017
Classified Contract	52.6	0.9%	10/31/2018
Classified Contract	49.6	0.9%	6/30/2018
Classified Contract (2)	49.0	0.8%	4/30/2017
Classified Contract	41.0	0.7%	11/30/2017
Classified Contract	29.4	0.5%	5/26/2021
Integrated Personnel and Pay System - Army	23.3	0.4%	6/30/2017
Launch and Test Range System - Systems Engineering and Integration (3)	22.7	0.4%	3/31/2017

(1) Successfully awarded follow-on contract in April 2017.

(2) Follow-on contracts in place.

(3) Replacement contract awarded. Booz Allen is a member of the winning team.

Backlog

We define backlog to include the following three components:

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

Backlog does not include any task orders under IDIQ contracts except to the extent that task orders have been awarded to us under those contracts.

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

	As of March 31,	
	2017	2016
	(In millions)	
Funded	$ 2,815	$ 2,673
Unfunded	3,098	2,546
Priced options	7,679	6,595
Total backlog	$ 13,592	$ 11,814

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

Competition

The government services market is highly fragmented and competition within the government professional services industry has intensified due to market pressure. In addition to professional service companies like ours that focus principally on the provision of services to the U.S. government, other companies active in our markets include large defense contractors; diversified consulting, technology, and outsourcing service providers; and small businesses.

Changing government policies and market dynamics are impacting the competitive landscape. In the past, the governments focus on organizational conflicts of interest have driven divestitures, which have changed the competitive landscape. More recently, there has been increasing pressure from government clients to utilize small businesses, due in large part to a push by both past and present administrations to bolster the economy by helping small business owners. Finally, due to the foregoing factors and the drive in our markets to quickly build competencies in growth areas and achieve economies of scale, we believe that consolidation activity among market participants will continue.

In the course of doing business, we compete and collaborate with companies of all types and sizes. We strive to maintain positive and productive relationships with these organizations. Some of them hire us as a subcontractor, and we hire some of them to work with us as our subcontractors. Our major competitors include: (1) contractors focused principally on the provision of services to the U.S. government (2) large defense contractors that provide both products and services to the U.S. government, and (3) diversified service providers. We compete based on our technical expertise and client knowledge, our ability to successfully recruit appropriately skilled and experienced talent, our ability to deliver cost-effective multifaceted services in a timely manner, our reputation and relationship with our clients, our past performance, security clearances, and the size and scale of our company. In addition, in order to maintain our competitive position, we routinely review our operating structure, capabilities, and strategy to determine whether we are effectively meeting the needs of existing clients, effectively responding to developments in our markets, and successfully building a platform intended to provide the foundation for the future growth of our business.

Patents and Proprietary Information

Our management and technology consulting services business utilizes a variety of proprietary rights in delivering products and services to our clients. We claim a proprietary interest in certain of our service offerings, products, software tools, methodologies, and know-how. While we have several patents issued in the United States and patents pending both in the United States and in certain foreign countries, we do not consider our overall business to be materially dependent on the protection of such patents. Additionally, we have a number of trade secrets that contribute to our success and competitive position, and we endeavor to protect this proprietary information. While protecting trade secrets and proprietary information is important, we are not materially dependent on any specific trade secret or group of trade secrets. Other than licenses to commercially available third-party software, we have no licenses to intellectual property that are significant to our business.

We rely upon a combination of nondisclosure agreements and other contractual arrangements, as well as copyright, trademark, patent, and trade secret laws to protect our proprietary information. We also enter into proprietary information and intellectual property agreements with employees, which require them to disclose any inventions created during employment, to convey such rights to inventions to us, and to restrict any disclosure of proprietary information. We have a variety of proprietary marks registered in the United States and certain foreign countries, including "Booz Allen Hamilton." Generally, registered trademarks have perpetual life, provided that they are renewed on a timely basis and continue to be used properly as trademarks. We have registered trademarks related to our name and logo in the United States, with the earliest renewal in December 2019, while the earliest renewal for our trademarks outside of the United States is August 2017.

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

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

Regulation

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

- the Federal Acquisition Regulation (the "FAR"), and agency regulations supplemental to the FAR, which regulate the formation, administration, and performance of U.S. government contracts. For example, FAR 52.203-13 requires contractors to establish a Code of Business Ethics and Conduct, implement a comprehensive internal control system, and report to the government when the contractor has credible evidence that a principal, employee, agent, or subcontractor, in connection with a government contract, has violated certain federal criminal laws, violated the civil False Claims Act, or has received a significant overpayment;
- the False Claims Act, which imposes civil and criminal liability for violations, including substantial monetary penalties, for, among other things, presenting false or fraudulent claims for payments or approval;
- the False Statements Act, which imposes civil and criminal liability for making false statements to the U.S. government;
- the Truth in Negotiations Act, which requires certification and disclosure of cost and pricing data in connection with the negotiation of a contract, modification, or task order;
- the Procurement Integrity Act, which regulates access to competitor bid and proposal information and certain internal government procurement sensitive information, and our ability to provide compensation to certain former government procurement officials;
- laws and regulations restricting the ability of a contractor to provide gifts or gratuities to employees of the U.S. government;
- post-government employment laws and regulations, which restrict the ability of a contractor to recruit and hire current employees of the U.S. government and deploy former employees of the U.S. government;
- laws, regulations, and executive orders restricting the handling, use and dissemination of information classified for national security purposes or determined to be “controlled unclassified information” or “for official use only” and the export of certain products, services, and technical data, including requirements regarding any applicable licensing of our employees involved in such work;
- laws, regulations, and executive orders regulating the handling, use, and dissemination of personally identifiable information in the course of performing a U.S. government contract;
- laws, regulations, and executive orders governing organizational conflicts of interest that may restrict our ability to compete for certain U.S. government contracts because of the work that we currently perform for the U.S. government or may require that we take measures such as firewalling off certain employees or restricting their future work activities due to the current work that they perform under a U.S. government contract;
- laws, regulations and executive orders that impose requirements on us to ensure compliance with requirements and protect the government from risks related to our supply chain;
- laws, regulations and mandatory contract provisions providing protections to employees or subcontractors seeking to report alleged fraud, waste, and abuse related to a government contract;
- the Contractor Business Systems rule, which authorizes Department of Defense agencies to withhold a portion of our payments if we are determined to have a significant deficiency in our accounting, cost estimating, purchasing, earned value management, material management and accounting, and/or property management system; and

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

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

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

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

The U.S. government has a broad range of actions that it can instigate in order to enforce its procurement law and policies. These include proposing a contractor, certain of its operations or individual employees for debarment or suspending or debarring a contractor, certain of its operations or individual employees from future government business. In addition to criminal, civil and administrative actions by the U.S. government, under the False Claims Act, an individual alleging fraud related to payments under a U.S. government contract or program may file a qui tam lawsuit on behalf of the government against us; if successful in obtaining a judgment or settlement, the individual filing the suit may receive up to 30 percent of the amount recovered by the government.

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

Available Information

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

Item 1A. *Risk Factors*

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

Risks Related to Our Business

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

The U.S. government is our primary client, with revenue from contracts and task orders, either as a prime or a subcontractor, with U.S. government agencies accounting for 97% of our revenue for fiscal 2017. Our belief is that the successful future growth of our business will continue to depend primarily on our ability to be awarded work under U.S. government contracts, as we expect this will be the primary source of substantially all of our revenue in the foreseeable future. For this reason, any issue that compromises our relationship with the U.S. government generally or any U.S. government agency that we serve would cause our revenue to decline. Among the key factors in maintaining our relationship with U.S. government agencies are our performance on contracts and task orders, the strength of our professional reputation, compliance with applicable laws and regulations, and the strength of our relationships with client personnel. In addition, the mishandling or the perception of mishandling of sensitive information, such as our failure to maintain the confidentiality of the existence of our business relationships with certain of our clients, including as a result of misconduct or other improper activities by our employees or subcontractors, or a failure to maintain adequate protection against security breaches, including those resulting from cyber attacks, could harm our relationship with U.S. government agencies. See "— Our employees or subcontractors may engage in misconduct or other improper activities, which could harm our ability to conduct business with U.S. government." Our relationship with the U.S. government could also be damaged as a result of an agency's dissatisfaction with work performed by us, a subcontractor, or other third parties who provide services or products for a specific project for any reason, including due to perceived or actual deficiencies in the performance or quality of our work, and we may incur additional costs to address any such situation and the profitability of that work might be impaired. Further, negative publicity concerning government contractors in general or us in particular may harm our reputation with federal government contractors. To the extent our reputation or relationships with U.S. government agencies is impaired, our revenue and operating profits could materially decline.

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

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

- budgetary constraints, including Congressionally mandated automatic spending cuts, affecting U.S. government spending generally, or specific agencies in particular, and changes in available funding;
- a shift in expenditures away from agencies or programs that we support;
- reduced U.S. government outsourcing of functions that we are currently contracted to provide, including as a result of increased insourcing by various U.S. government agencies due to changes in the definition of "inherently governmental" work, including proposals to limit contractor access to sensitive or classified information and work assignments;
- further efforts to improve efficiency and reduce costs affecting federal government programs;
- changes or delays in U.S. government programs that we support or related requirements;
- a continuation of recent efforts by the U.S. government to decrease spending for management support service contracts;
- U.S. government shutdowns due to, among other reasons, a failure by elected officials to fund the government (such as that which occurred during government fiscal year 2014) or weather-related closures in the Washington, DC area (such as that which occurred in the winter of 2016) and other potential delays in the appropriations process;
- U.S. government agencies awarding contracts on a technically acceptable/lowest cost basis in order to reduce expenditures;
- delays in the payment of our invoices by government payment offices;
- an inability by the U.S. government to fund its operations as a result of a failure to increase the federal government's debt ceiling, a credit downgrade of U.S. government obligations or for any other reason; and

- changes in the political climate and general economic conditions, including a slowdown of the economy or unstable economic conditions and responses to conditions, such as emergency spending, that reduce funds available for other government priorities.

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

The U.S. government budget deficits, the national debt, and the prevailing economic condition, and actions taken to address them, could continue to negatively affect the U.S. government expenditures on defense, intelligence, and civil programs for which we provide support. The Department of Defense is one of our significant clients and cost cutting, including through consolidation and elimination of duplicative organizations and insourcing, has become a major initiative for the Department of Defense. In particular, the Budget Control Act of 2011 (as amended by the American Taxpayer Relief Act of 2012, the Bipartisan Budget Act of 2013 and the Bipartisan Budget Act of 2015) 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 2015 set spending limits for the government fiscal 2017 budget across the federal government and increased the prior discretionary spending cap in both defense and non-defense, but did not address spending caps beyond the government fiscal year 2017. For example, under the Budget Control Act of 2011, as amended, approximately $91 billion in spending cuts are anticipated for the government fiscal year 2018. The new Department of Defense spending limit is approximately $610 billion for government fiscal 2017, including an allocation of $59 billion in overseas contingency operations funding. While recent budget actions reflect a more measured and strategic approach to addressing the U.S. government's fiscal challenges, there remains uncertainty as to how exactly budget cuts, including sequestration, will impact us, and we are therefore unable to predict the extent of the impact of such cuts on our business and results of operations. However, a reduction in the amount of or reductions, delays, or cancellations of funding for, services that we are contracted to provide to the Department of Defense as a result of any of these related initiatives, legislation or otherwise could have a material adverse effect on our business and results of operations. In addition, in response to an Office of Management and Budget mandate, government agencies have reduced management support services spending in recent years. If federal awards for management support services continue to decline, our revenue and operating profits may materially decline and further efforts by the Office of Management and Budget to decrease federal awards for management support services could have a material and adverse effect on our business and results of operations.

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

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

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

- the FAR, and agency regulations supplemental to the FAR, which regulate the formation, administration, and performance of U.S. government contracts. For example, FAR 52.203-13 requires contractors to establish a Code of Business Ethics and Conduct, implement a comprehensive internal control system, and report to the government when the contractor has credible evidence that a principal, employee, agent, or subcontractor, in connection with a government contract, has violated certain federal criminal laws, violated the civil False Claims Act, or has received a significant overpayment;
- the False Claims Act, which imposes civil and criminal liability for violations, including substantial monetary penalties, for, among other things, presenting false or fraudulent claims for payments or approval;
- the False Statements Act, which imposes civil and criminal liability for making false statements to the U.S. government;
- the Truth in Negotiations Act, which requires certification and disclosure of cost and pricing data in connection with the negotiation of a contract, modification, or task order;

- the Procurement Integrity Act, which regulates access to competitor bid and proposal information and certain internal government procurement sensitive information, and our ability to provide compensation to certain former government procurement officials;
- laws and regulations restricting the ability of a contractor to provide gifts or gratuities to employees of the U.S. government;
- post government employment laws and regulations, which restrict the ability of a contractor to recruit and hire current employees of the U.S. government and deploy former employees of the U.S. government;
- laws, regulations, and executive orders restricting the use and dissemination of i) information classified for national security purposes and the export of certain products, services, and technical data, including requirements regarding any applicable licensing of our employees involved in such work; and ii) sensitive but unclassified data;
- laws, regulations, and executive orders regulating the handling, use, and dissemination of personally identifiable information in the course of performing a U.S. government contract;
- laws, regulations, and executive orders governing organizational conflicts of interest that may restrict our ability to compete for certain U.S. government contracts because of the work that we currently perform for the U.S. government or may require that we take measures such as firewalling off certain employees or restricting their future work activities due to the current work that they perform under a U.S. government contract;
- laws, regulations and executive orders that impose requirements on us to ensure compliance with requirements and protect the government from risks related to our supply chain;
- laws, regulations and mandatory contract provisions providing protections to employees or subcontractors seeking to report alleged fraud, waste, and abuse related to a government contract;
- the Contractor Business Systems rule, which authorizes Department of Defense agencies to withhold a portion of our payments if we are determined to have a significant deficiency in our accounting, cost estimating, purchasing, earned value management, material management and accounting, and/or property management system; and
- the FAR Cost Accounting Standards and Cost Principles, which impose accounting requirements that govern our right to reimbursement under certain cost-based U.S. government contracts and require consistency of accounting practices over time.

In addition, the U.S. government adopts new laws, rules, and regulations from time to time that could have a material impact on our results of operations. Adverse developments in legal or regulatory proceedings on matters relating to, among other things, cost accounting practices and compliance, contract interpretations and statute of limitations, could also result in materially adverse judgments, settlements, withheld payments, penalties, or other unfavorable outcomes.

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

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

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

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

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

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

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

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

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

We believe that one of the key elements of our success is our position as the holder of over 3,900 active task orders under IDIQ contract vehicles as of March 31, 2017. Our ability to maintain our existing business and win new business depends on our ability to maintain our prime and subcontractor positions on these contracts. The loss, without replacement, of certain of these contract vehicles could have a material adverse effect on our ability to win new business and our operating results. In addition, if the U.S. government elects to use a contract vehicle that we do not hold, we will not be able to compete for work under that contract vehicle as a prime contractor.

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

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

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

We enter into three general types of U.S. government contracts for our services: cost-reimbursable, time-and-materials, and fixed-price. For fiscal 2017, we derived 50% of our revenue from cost-reimbursable contracts, 26% from time-and-materials contracts and 24% from fixed-price contracts.

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

Under cost-reimbursable contracts, we are reimbursed for allowable costs up to a ceiling and paid a fee, which may be fixed or performance-based. If our actual costs exceed the contract ceiling or are not allowable under the terms of the contract or applicable regulations, we may not be able to recover those costs. In particular, there is increasing focus by the U.S. government on the extent to which government contractors, including us, are able to receive reimbursement for employee compensation, including the adoption of interim rules by federal agencies implementing a section of the Bipartisan Budget Act of 2013 that substantially decreased the level of allowable compensation cost for executive-level employees and further applied the newly reduced limitation to all employees. In addition, there is an increased risk of compensation being deemed unallowable or payments being withheld as a result of U.S. government audit, review or investigation.

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

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

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

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

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

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

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

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

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

As of March 31, 2017, our total backlog was $13.6 billion, of which $2.8 billion was funded. We define backlog to include the following three components:

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

Backlog does not include any task orders under IDIQ contracts, except to the extent that task orders have been awarded to us under those contracts.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Our business operates in a highly competitive industry, and we generally compete with a wide variety of U.S. government contractors, including large defense contractors, diversified service providers, and small businesses. We also face competition from entrants into our markets including companies divested by large prime contractors in response to increasing scrutiny of organizational conflicts of interest issues. There is also a significant industry trend towards consolidation, which may result in the emergence of companies that are better able to compete against us. Some of these companies possess greater financial resources and larger technical staffs, and others have smaller and more specialized staffs. These competitors could, among other things:

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

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

Our failure to maintain strong relationships with other contractors, or the failure of contractors with which we have entered into a sub- or prime contractor relationship to meet their obligations to us or our clients, could have a material adverse effect on our business and results of operations.

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

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

We estimate that revenue derived from contracts under which we acted as a subcontractor to other companies represented 9% of our revenue for fiscal 2017. As a subcontractor, we often lack control over fulfillment of a contract, and poor performance on the contract could tarnish our reputation, even when we perform as required, and could cause other contractors to choose not to hire us as a subcontractor in the future. If the U.S. government terminates or reduces other prime contractors’ programs or does not award them new contracts, subcontracting opportunities available to us could decrease, which would have a material adverse effect on our financial condition and results of operations. In addition, as a subcontractor, we may be unable to collect payments owed to us by the prime contractor, even if we have performed our obligations under the contract, as a result of, among other things, the prime contractor’s inability to fulfill the contact. Due to certain common provisions in subcontracts in certain countries, we could also experience delays in receiving payment if the prime contractor experiences payment delays, which could have an adverse effect on our financial condition and results of operations.

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

We are subject to, and may become a party to, a variety of litigation or other claims and suits that arise from time to time in the ordinary course of our business. For example, our performance under U.S. government contracts and compliance with the terms of those contracts and applicable laws and regulations are subject to continuous audit, review, and investigation by the U.S. government which may include such investigative techniques as subpoenas or civil investigative demands. Given the nature of our business, these audits, reviews, and investigations may focus, among other areas, on various aspects of procurement integrity, labor time reporting, sensitive and/or classified information access and control, executive compensation, and post government employment restrictions. In addition, from time to time, we are also involved in legal proceedings and investigations arising in the ordinary course of business, including those relating to employment matters, relationships with clients and contractors, intellectual property disputes, and other business matters.

Additionally, over time, we have had disputes with current and former employees involving alleged violations of civil rights, wage and hour, and worker’s compensation laws. Further, as more fully described under “Item 3. Legal Proceedings,” six former officers and stockholders who had departed the company prior to the acquisition of our company by The Carlyle Group have filed a total of nine suits in various jurisdictions against us and certain of our current and former directors and officers. Each of the suits arises out of the acquisition and alleges that the former stockholders are entitled to certain payments that they would have received if they had held their stock at the time of the acquisition. Three of these suits have been dismissed with all appeals exhausted. Two suits were settled on April 16, 2015. One of the remaining suits had its Petition for Writ of Certiorari to the United States Supreme Court denied and the other three remaining suits are awaiting a decision from the United States Court of Appeals for the Second Circuit. The results of litigation and other legal proceedings are inherently uncertain and adverse judgments or settlements in some or all of these legal disputes may result in materially adverse monetary damages or injunctive relief against us. Any claims or litigation, even if fully indemnified or insured, could damage our reputation and make it more difficult to compete effectively or obtain adequate insurance in the future. The litigation and other claims described under “Item 3. Legal Proceedings” are subject to future developments and management’s view of these matters may change in the future.

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

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

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

We develop, integrate, maintain, or otherwise support systems and provide services that include managing and protecting information involved in intelligence, national security, and other sensitive or classified government functions. Our systems also store and process sensitive information for commercial clients. The cyber and security threats that our clients face have grown more frequent and sophisticated. A security breach in one of these systems could cause serious harm to our business, damage our reputation, and prevent us from being eligible for further work on sensitive systems for U.S. government or commercial clients. Work for non-U.S. government and commercial clients involving the protection of information systems or that store clients' information could also be harmed due to associated security breaches. Damage to our reputation or limitations on our eligibility for additional work or any liability resulting from a security breach in one of the systems we develop, install, maintain, or otherwise support could have a material adverse effect on our results of operations.

Certain services we provide and technologies we develop are designed to detect and monitor threats to our clients and may require our staff to travel to locations where their physical safety may be at risk.

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

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

We create, implement, and maintain information technology and engineering systems and also use vendors to provide services that are often critical to our clients' operations, some of which involve sensitive information and may be conducted in war zones or other hazardous environments, or include information whose confidentiality is protected by law. As a result, we are subject to systems or service failures, not only resulting from our own failures or the failures of third-party service providers, natural disasters, power shortages, or terrorist attacks, but also from continuous exposure to cyber and other security threats, including computer viruses, attacks by computer hackers or physical break-ins. There has been an increase in the frequency and sophistication of the cyber and security threats we face, with attacks ranging from those common to businesses generally to those that are more advanced and persistent, which may target us because, as a cybersecurity services contractor, we hold classified or other sensitive information. As a result, we and our vendors face a heightened risk of a security breach or disruption with respect to sensitive information resulting from an attack by computer hackers, foreign governments, and cyber terrorists. While we put in place policies, controls, and technologies to help detect and protect against such attacks, we cannot guarantee that future incidents will not occur, and if an incident does occur, we may not be able to successfully mitigate the impact. We have been the target of these types of attacks in the past and future attacks are likely to occur. If successful, these types of attacks on our network or other systems or service failures could have a material adverse effect on our business and results of operations, due to, among other things, the loss of client or proprietary data, interruptions or delays in our clients' businesses, and damage to our reputation. In addition, the failure or disruption of our systems, communications, vendors, or utilities could cause us to interrupt or suspend our operations, which could have a material adverse effect on our business and results of operations. In addition, if our employees inadvertently do not adhere to appropriate information security protocols, our protocols are inadequate, or our employees intentionally avoid these protocols, our or our client's sensitive information may be released thereby causing significant negative impacts to our reputation and expose us or our clients to liability.

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

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

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

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

As a contractor supporting defense and national security clients, we are also subject to regulatory compliance requirements under the Defense Federal Acquisition Regulation Supplement and other federal regulations requiring that our networks and IT systems comply with the security and privacy controls in National Institute of Standards and Technology Special Publications. Failure to comply with the security and control requirements could result in unauthorized access or disclosure of sensitive information, which could potentially result in a contract termination that has a material adverse effect on our business and financial results and reputational harm.

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

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

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

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

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

Our focus on new growth areas for our business entails risks, including those associated with new relationships, clients, talent needs, capabilities, service offerings, and maintaining our collaborative culture and core values.

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

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

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

We are subject to risks associated with operating internationally.

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

- Changes in or interpretations of laws or policies that may adversely affect the performance of our services;
- Political instability in foreign countries;
- Imposition of inconsistent or contradictory laws or regulations;
- Reliance on the U.S. or other governments to authorize us to export products, technology, and services to clients and other business partners;
- Conducting business in places where laws, business practices, and customs are unfamiliar or unknown, and;
- Imposition of limitations on or increase of withholding and other taxes on payments by foreign subsidiaries or joint ventures.

In addition, we are subject to the U.S. Foreign Corrupt Practices Act, or the FCPA, and other laws that prohibit improper payments or offers of payments to foreign governments and their officials and political parties by business entities for the purpose of obtaining or retaining business. We have operations and deal with governmental clients in countries known to experience corruption, including certain emerging countries in the Middle East and Southeast Asia. Our activities in these countries create the risk of unauthorized payments or offers of payments by one of our employees, consultants or contractors that could be in violation of various laws including the FCPA and other anti-corruption laws, even though these parties are not always subject to our control. Our international operations also involve activities involving the transmittal of information, which may include personal data, that may expose us to data privacy laws in the jurisdictions in which we operate. If our data protection practices become subject to new or different restrictions, and to the extent such practices are not compliant with the laws of the countries in which we process data, we could face increased compliance expenses and face penalties for violating such laws or be excluded from those markets altogether, in which case our operations could be adversely affected. We are also subject to import-export control regulations restricting the use and dissemination of information classified for national security purposes and the export of certain products, services, and technical data, including requirements regarding any applicable licensing of our employees involved in such work.

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

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

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

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

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

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

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

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

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

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

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

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

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

As part of our operating strategy, we may continue to selectively pursue acquisitions. For example, on January 24, 2017, we acquired eGov Holdings, Inc. (d/b/a Aquilent). As a result of the transaction, eGov Holdings, Inc. became a wholly-owned subsidiary of ours. Our acquisition strategy poses many risks, including:

- we may not be able to identify suitable acquisition candidates at prices we consider attractive;
- we may not be able to compete successfully for identified acquisition candidates, complete acquisitions, or accurately estimate the financial effect of acquisitions on our business;
- future acquisitions may require us to issue common stock or spend significant cash, resulting in dilution of ownership or additional debt leverage;
- we may have difficulty retaining an acquired company’s key employees or clients;
- we may have difficulty integrating acquired businesses, resulting in unforeseen difficulties, such as incompatible accounting, information management, or other control systems, and greater expenses than expected;

- acquisitions may disrupt our business or distract our management from other responsibilities;
- as a result of an acquisition, we may incur additional debt and we may need to record write-downs from future impairments of intangible assets, each of which could reduce our future reported earnings; and
- we may have difficulty integrating personnel from the acquired company with our people and our core values.

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

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

As of March 31, 2017, the value of our goodwill was $1.6 billion. The amount of our recorded goodwill may substantially increase in the future as a result of any acquisitions that we make. We evaluate the recoverability of recorded goodwill amounts annually, or when evidence of potential impairment exists. Impairment analysis is based on several factors requiring judgment and the use of estimates, which are inherently uncertain and based on assumptions that may prove to be inaccurate. Additionally, material changes in our financial outlook, as well as events outside of our control, such as deteriorating market conditions for companies in our industry, may indicate a potential impairment. When there is an impairment, we are required to write down the recorded amount of goodwill, which is reflected as charge against operating income. Such non-cash impairment charges could have a material adverse effect on our results of operations in the period in which they are recognized.

Risks Related to Our Industry

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

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

- terminate existing contracts, with short notice, for convenience as well as for default;
- reduce orders under or otherwise modify contracts;
- for contracts subject to the Truth in Negotiations Act, reduce the contract price or cost where it was increased because a contractor or subcontractor furnished cost or pricing data during negotiations that was not complete, accurate, and current;
- for some contracts, (i) demand a refund, make a forward price adjustment, or terminate a contract for default if a contractor provided inaccurate or incomplete data during the contract negotiation process and (ii) reduce the contract price under certain triggering circumstances, including the revision of price lists or other documents upon which the contract award was predicated;
- terminate our facility security clearances and thereby prevent us from receiving classified contracts;
- cancel multi-year contracts and related orders if funds for contract performance for any subsequent year become unavailable;
- decline to exercise an option to renew a multi-year contract or issue task orders in connection with IDIQ contracts;
- claim rights in solutions, systems, and technology produced by us, appropriate such work-product for their continued use without continuing to contract for our services and disclose such work-product to third parties, including other U.S. government agencies and our competitors, which could harm our competitive position;
- prohibit future procurement awards with a particular agency due to a finding of organizational conflicts of interest based upon prior related work performed for the agency that would give a contractor an unfair advantage over competing contractors, or the existence of conflicting roles that might bias a contractor’s judgment;
- subject the award of contracts to protest by competitors, which may require the contracting federal agency or department to suspend our performance pending the outcome of the protest and may also result in a requirement to resubmit offers for the contract or in the termination, reduction, or modification of the awarded contract;

- suspend or debar us from doing business with the U.S. government; and
- control or prohibit the export of our services.

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

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

The U.S. government may:

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

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

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

The U.S. government may prefer minority-owned, small and small disadvantaged businesses; therefore, we may have fewer opportunities to bid for.

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

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

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

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

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

Risks Related to Our Indebtedness

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

As of March 31, 2017, we had total indebtedness of approximately $1.7 billion and $370 million of availability under our revolving credit facility (the “Revolving Credit Facility”). We are able to, and may, incur additional indebtedness in the future, subject to the limitations contained in the agreements governing our indebtedness. Our substantial indebtedness could have important consequences to holders of our common stock, including:

- making it more difficult for us to satisfy our obligations with respect to our Secured Credit Facility, consisting of a $1,153 million term loan facility ("Term Loan A"), a $398 million term loan facility ("Term Loan B" and, together with Term Loan A, the "Term Loans") and a $500 million Revolving Credit Facility, with a sublimit for letters of credit of $100 million, our $350 million in aggregate principal amount of 5.125% Senior Notes due 2025 (the "Notes") and our other debt;
- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements;
- requiring a substantial portion of our cash flows to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, acquisitions and other general corporate purposes;
- increasing our vulnerability to general adverse economic and industry conditions
- exposing us to the risk of increased interest rates as certain of our borrowings, including under the Secured Credit Facility, are at variable rates of interest;
- limiting our flexibility in planning for and reacting to changes in the industry in which we compete;
- placing us at a disadvantage compared to other, less leveraged competitors or competitors with comparable debt and more favorable terms and thereby affecting our ability to compete; and
- increasing our cost of borrowing.

Although the Secured Credit Facility and the indenture governing the Notes contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and the additional indebtedness incurred in compliance with these restrictions could be substantial. These restrictions also will not prevent us from incurring obligations that do not constitute indebtedness. In addition, the Revolving Credit Facility provides for commitments of $500 million, which as of March 31, 2017, $368.3 million were available and $1.7 million were under open standby letters of credit and bank guarantees. Additionally, subject to specified conditions, without the consent of the then-existing lenders (but subject to the receipt of commitments), the indebtedness under the Secured Credit Facility may be increased by up to (x) $400 million plus (y) an additional amount if, after giving pro forma effect to the incurrence of such additional amount and after giving effect to any acquisition consummated concurrently therewith and all other appropriate pro forma adjustment events, the consolidated net senior secured leverage ratio is equal to or less than 3.50:1.00. If new debt is added to our current debt levels, the related risks that we and the guarantors now face would increase and we may not be able to meet all our debt obligations, including the repayment of the Notes.

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

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

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

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

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

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

If we cannot make scheduled payments on our debt, we will be in default and lenders under our Secured Credit Facility and holders of the Notes could declare all outstanding principal and interest to be due and payable, the lenders under the Revolving Credit Facility could terminate their commitments to loan money, the lenders could foreclose against the assets securing their loans and we could be forced into bankruptcy or liquidation. All of these events could result in you losing some or all of the value of your investment.

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

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

- incur additional indebtedness, guarantee indebtedness or issue disqualified stock or preferred stock;
- pay dividends on or make other distributions in respect of, or repurchase or redeem, our capital stock;
- prepay, redeem or repurchase subordinated indebtedness;
- make loans and investments;
- sell or otherwise dispose of assets;
- incur liens securing indebtedness;
- enter into transactions with affiliates;
- enter into agreements restricting our subsidiaries' ability to pay dividends to us or the guarantors or make other intercompany transfers;
- consolidate, merge or sell all or substantially all of our or any guarantor's assets;
- designate our subsidiaries as unrestricted subsidiaries; and
- enter into certain lines of business.

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

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

As a result of all of these restrictions, we may be:

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

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

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

Borrowings under the Secured Credit Facility are at variable rates of interest and expose us to interest rate risk. Interest rates are currently at historically low levels. If interest rates increase, our debt service obligations on the variable rate indebtedness will increase even though the amount borrowed remains the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease.

Assuming all revolving loans are fully drawn, each quarter point change in interest rates would result in a $5.1 million change in our projected annual interest expense on our indebtedness under the Secured Credit Facility. In the future, we may enter into interest rate swaps that involve the exchange of floating for fixed rate interest payments in order to reduce future interest rate volatility. However, due to risks for hedging gains and losses and cash settlement costs, we may not elect to maintain such interest rate swaps with respect to any of our variable rate indebtedness, and any swaps we enter into may not fully mitigate our interest rate risk.

We will need to repay or refinance borrowings under the Secured Credit Facility prior to maturity of the Notes. Failure to do so could have a material adverse effect upon us.

We expect that the Term Loan A and the Revolving Credit Facility will mature in 2021 and the Term Loan B will mature in 2023 and each such maturity date precedes the maturity of the Notes. Consequently, prior to the maturity of the Notes, we will need to repay, refinance, replace or otherwise extend the maturity of the Secured Credit Facility. Our ability to repay, refinance, replace or extend will be dependent on, among other things, business conditions, our financial performance and the general condition of the financial markets. If a financial disruption were to occur at the time that we are required to repay, refinance or replace indebtedness outstanding under the Secured Credit Facility, we could be forced to undertake alternate financings, negotiate for an extension of the maturity of the Secured Credit Facility or sell assets and delay capital expenditures in order to generate proceeds that could be used to repay indebtedness under the Secured Credit Facility. We cannot assure you that we will be able to consummate any such transaction on terms that are commercially reasonable, on terms acceptable to us or at all. Our failure to repay, refinance, replace or otherwise extend the maturity of the Secured Credit Facility could result in an event of default under the indenture governing the Notes and the Secured Credit Facility, which could lead to an acceleration or repayment of substantially all of our outstanding debt.

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

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

Risks Related to Our Common Stock

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

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

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

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

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

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

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

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

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

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

In particular, the Sarbanes-Oxley Act of 2002 requires us to document and test the effectiveness of our internal control over financial reporting in accordance with an established internal control framework, and to report on our conclusions as to the effectiveness of our internal controls. It also requires an independent registered public accounting firm to test our internal control over financial reporting and report on the effectiveness of such controls. In addition, we are required under the Exchange Act to maintain disclosure controls and procedures and internal control over financial reporting. Because of inherent limitations in any internal control environment, there can be no assurance that all control issues and instances of fraud, errors or misstatements, if any, within our company have been or will be detected on a timely basis. Such deficiencies could result in the correction or restatement of financial statements of one or more periods. Any failure to maintain effective controls or implement new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our reporting obligations. We also rely on third parties for certain calculations and other information that support our accounting and financial reporting, which includes reports from such organizations on their controls and systems that are used to generate this information. The calculations and other information that we receive from such third parties may not be accurate, and we may not receive adequate or timely information related to internal control failures occurring at these organizations. Any failure by such third parties to provide us with accurate information or implement and maintain effective controls may cause us to be unable to meet our reporting obligations as a publicly traded company. If we are unable to conclude that we have effective internal control over financial reporting, or if our independent registered public accounting firm is unable to provide us with an unqualified report regarding the effectiveness of our internal control over financial reporting, investors could lose confidence in the reliability of our consolidated financial statements, which could result in a decrease in the value of our common stock. Failure to comply with the Sarbanes-Oxley Act of 2002 could potentially subject us to sanctions or investigations by the SEC, the New York Stock Exchange, or other regulatory authorities.

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

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

- establishment of a classified Board, with staggered terms;
- granting to the Board the sole power to set the number of directors and to fill any vacancy on the Board;
- limitations on the ability of stockholders to remove directors;
- granting to the Board the ability to designate and issue one or more series of preferred stock without stockholder approval, the terms of which may be determined at the sole discretion of the Board;
- a prohibition on stockholders from calling special meetings of stockholders;
- the establishment of advance notice requirements for stockholder proposals and nominations for election to the Board at stockholder meetings;
- requiring approval of two-thirds of stockholders to amend the bylaws; and
- prohibiting our stockholders from acting by written consent.

In addition, we are subject to the anti-takeover provisions of Section 203 of the Delaware General Corporation Law, which imposes additional requirements regarding mergers and other business combinations. These provisions may prevent our stockholders from receiving the benefit from any premium to the market price of our common stock offered by a bidder in a takeover context. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our common stock if the provisions are viewed as discouraging takeover attempts in the future.

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

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

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

Item 1B. *Unresolved Staff Comments*

None.

Item 2. *Properties*

We do not own any facilities or real estate. Our corporate headquarters is located at 8283 Greensboro Drive, McLean, Virginia 22102. We lease other operating offices and facilities throughout North America, and a limited number of overseas locations. Our principal offices outside of McLean, Virginia include: Annapolis Junction, Maryland; Rockville, Maryland; Laurel, Maryland; San Diego, California; Herndon, Virginia; Charleston, South Carolina; and Washington, D.C. We have a number of Sensitive Compartmented Information Facilities, which are enclosed areas within buildings that are used to perform classified work for the U.S. Intelligence Community. Many of our employees are located in facilities provided by the U.S. government. The total square footage of our leased offices and facilities is approximately 2.59 million square feet. We believe our facilities meet our current needs.

Item 3. *Legal Proceedings*

Our performance under U.S. government contracts and compliance with the terms of those contracts and applicable laws and regulations are subject to continuous audit, review, and investigation by the U.S. government which may include such investigative techniques as subpoenas or civil investigative demands. Given the nature of our business, these audits, reviews, and investigations may focus, among other areas, on various aspects of procurement integrity, labor time reporting, sensitive and/or classified information access and control, executive compensation, and post government employment restrictions. We are not always aware of our status in such matters, but we are currently aware of certain pending audits and investigations involving labor time reporting, procurement integrity, and classified information access. In addition, from time to time, we are also involved in legal proceedings and investigations arising in the ordinary course of business, including those relating to employment matters, relationships with clients and contractors, intellectual property disputes, and other business matters. These legal proceedings seek various remedies, including claims for monetary damages in varying amounts, none of which are considered material, or are unspecified as to amount. Although the outcome of any such matter is inherently uncertain and may be materially adverse, based on current information, we do not expect any of the currently ongoing audits, reviews, investigations, or litigation to have a material adverse effect on our financial condition and results of operations. As of March 31, 2017 and 2016, there were no material amounts accrued in the consolidated financial statements related to these proceedings.

Six former officers and stockholders who had departed the company prior to the acquisition have filed a total of nine suits in various jurisdictions, with original filing dates ranging from July 3, 2008 through December 15, 2009, against us and certain of our current and former directors and officers. Three of these suits were amended on July 2, 2010 and then further amended into one consolidated complaint on September 7, 2010. Another two of the original nine suits were consolidated into one complaint on September 24, 2014. Each of the suits arises out of the Acquisition and alleges that the former stockholders are entitled to certain payments that they would have received if they had held their stock at the time of the acquisition. Some of the suits also allege that the acquisition price paid to stockholders was insufficient. The various suits assert claims for breach of contract, tortious interference with contract, breach of fiduciary duty, civil Racketeer Influenced and Corrupt Organizations Act, or RICO, violations, violations of the Employee Retirement Income Security Act, or ERISA, and/or securities and common law fraud. Three of these suits have been dismissed with all appeals exhausted. The two suits that were consolidated into one action on September 24, 2014 were settled on April 16, 2015. One of the remaining suits has been dismissed by the United States District Court for the Southern District of California and such dismissal was upheld by the United States Court of Appeals for the Ninth Circuit. The plaintiff in this suit subsequently filed a Petition for Writ of Certiorari to the United States Supreme Court, which was denied by the United States Supreme Court on January 9, 2017. The other three remaining suits that were previously consolidated on September 7, 2010 have been dismissed by the United States District Court for the Southern District of New York and are on appeal before the United States Court of Appeals for the Second Circuit. On December 15, 2016, hearings relating to the appeal were held before the United States Court of Appeals for the Second Circuit. As of March 31, 2017, the United States Court of Appeals for the Second Circuit has not ruled on this appeal. As of March 31, 2017, the aggregate alleged damages sought in these three remaining suits was approximately $241.7 million (substantially all of which is sought to be trebled pursuant to RICO), plus punitive damages, costs, and fees. Although the outcome of any of these cases is inherently uncertain and may be materially adverse, based on current information, we do not expect them to have a material adverse effect on our financial condition and results of operations.

Item 4. *Mine Safety Disclosures*

None.

Executive Officers of the Registrant

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

Name	Age	Position
Horacio D. Rozanski	49	President and Chief Executive Officer
Lloyd W. Howell, Jr.	50	Executive Vice President, Chief Financial Officer and Treasurer
Karen M. Dahut	53	Executive Vice President
Nancy J. Laben	55	Executive Vice President, Chief Legal Officer and Secretary
Joseph Logue	52	Executive Vice President
Joseph W. Mahaffee	59	Executive Vice President, Chief Administrative Officer and Chief Information Security Officer
Susan L. Penfield	55	Executive Vice President
Elizabeth M. Thompson	62	Executive Vice President and Chief Personnel Officer
Laura S. Adams	44	Vice President, Corporate Controller and Chief Accounting Officer

Horacio D. Rozanski is our President and Chief Executive Officer and served as our Chief Operating Officer until January 1, 2015. Mr. Rozanski served as the Chief Strategy and Talent Officer in 2010 and, prior to that, Chief Personnel Officer of our company from 2002 through 2010. Mr. Rozanski joined our company in 1992 and became an Executive Vice President in 2009, our President on January 1, 2014 and our Chief Executive Officer on January 1, 2015. He serves on the board of trustees of the Jewish Primary Day School of the Nation’s Capital and the board of directors of The Center for Talent Innovation and the United States Holocaust Memorial Museum's Committee on Conscience.

Lloyd W. Howell, Jr. is an Executive Vice President of our company and our Chief Financial Officer and Treasurer since July 1, 2016. Mr. Howell previously served as the group leader for our Civil Commercial Group. Mr. Howell joined our company in 1988, left in 1991, rejoined in 1995 and became an Executive Vice President in 2005. He served as chairman of our Ethics & Compliance Committee for over seven years, until April 2014. Mr. Howell serves on the boards of directors of Integra Life Sciences, Partnership for Public Service and Capital Partners for Education. Mr. Howell also serves on the board of overseers for the School of Engineering and Applied Science at the University of Pennsylvania.

Karen M. Dahut is an Executive Vice President and is the group leader for the company's Civil Commercial Group. Ms. Dahut joined our company in 2002 and became a Senior Vice President in 2004. Ms. Dahut led the company's Strategic Innovations Group from 2012 to April 2016. Previously, she also led the company's Analytics business and its US Navy and Marine Corps business. Ms. Dahut is a board member of the Tech Data Corporation and Northern Virginia Technology Council. She also serves on the board of trustees for Stone Ridge School of the Sacred Heart in Bethesda, Maryland.

Nancy J. Laben is an Executive Vice President of our company and our Chief Legal Officer and Secretary. Ms. Laben joined our company in September 2013. Before joining our company, Ms. Laben served as General Counsel of AECOM Technology Corporation from June 2010 to August 2013, where she was responsible for all legal support. Prior to June 2010, Ms. Laben served as Deputy General Counsel at Accenture plc beginning in 1989. Prior to Accenture, Ms. Laben served in the law department at IBM Corporation.

Joseph Logue is an Executive Vice President of our company and is the group leader for our Defense Intelligence Group. Mr. Logue joined our company in 1997 and became an Executive Vice President in 2009. Previously, he led our former commercial Information Technology practice.

Joseph W. Mahaffee is an Executive Vice President and our Chief Administrative Officer (CAO) and Chief Information Security Officer (CISO). Prior to assuming his CAO and CISO roles, Mr. Mahaffee served in a variety of client/market-facing leadership roles to include Client Service Officer for our NSA account; Assurance and Resilience Capability Leader; and the Northeast Region Leader. Mr. Mahaffee has primarily focused his career serving clients in the Defense and Intelligence Community markets. Altogether, he has more than 36 years of professional experience in Cybersecurity, systems engineering, communications, information assurance, and signals intelligence. Prior to joining our company, Mr. Mahaffee was an information security engineer with the National Security Agency. He is presently serving as the company's representative to the Defense Industrial Base.

Susan L. Penfield is an Executive Vice President of our company and is the group leader for our Strategic Innovation Group. Ms. Penfield has over 25 years of strategy, technology, marketing and solutions delivery experience. Prior to becoming the group leader for the Strategic Innovation Group, Ms. Penfield led the company's Health business, where she drove technology and transformation initiatives across the Federal, commercial and non-profit health space. She serves on the board of directors of the Children's Inn at the National Institutes of Health and the national Chapter of the American Red Cross. Ms. Penfield is a member of the Washington Women's Forum and the National Association for Female Executives (NAFE), and was recognized by the NAFE as its 2015 Digital Trailblazer.

Elizabeth M. Thompson is an Executive Vice President of our company and serves as our Chief Personnel Officer. Ms. Thompson joined our company in 2008. Ms. Thompson served as Vice President of Human Resources for Fannie Mae from 2000 to 2008. Ms. Thompson holds an M.S. in Human Resources and Personnel Management from American University. Ms. Thompson is also a member of the board of directors of the Thurgood Marshall College Fund.

Laura S. Adams is a Vice President of our company and our Corporate Controller and Chief Accounting Officer. Ms. Adams joined Booz Allen in January 2009 and has served as the company’s Controller since July 2014. Ms. Adams brings more than 20 years of finance and accounting specialty and industry experience, primarily in aerospace and defense and government and commercial IT management consulting services. Before joining Booz Allen, Ms. Adams was a senior manager in the audit and assurance practice of Ernst & Young from 1995 through 2008.

PART II

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

Market Information

Our Class A Common Stock began trading on the New York Stock Exchange on November 17, 2010. At the annual meeting of stockholders held on July 31, 2014, the stockholders approved a proposal to amend and restate the certificate of incorporation, which had the effect of converting all issued and outstanding shares of Class B Non-Voting Common Stock and Class C Restricted Common Stock into shares of Class A Common Stock on a one-for-one basis. The conversion was effected on August 13, 2014 when the Company filed its third amended and restated certificate of incorporation with the Secretary of State of the State of Delaware. As a result of the conversion, there were no shares of Class B Non-Voting Common Stock and Class C Restricted Common Stock outstanding at such time. On September 30, 2015, the Company purchased, at par value, all issued and outstanding shares of Class E special voting common stock in connection with the exercise of the final tranche of rollover options during the second quarter of fiscal 2016. There is no established trading market for each of our Class B Non-Voting Common Stock, Class C Restricted Common Stock, or Class E Special Voting Common Stock. On May 12, 2017, there were 60,370 beneficial holders of our Class A Common Stock. The following table sets forth, for the periods indicated, the high and low sales price per share of our Class A Common Stock as reported by the New York Stock Exchange:

	High	Low
Fiscal 2017		
1st Quarter	$ 30.64	$ 27.02
2nd Quarter	31.94	29.03
3rd Quarter	38.54	29.55
4th Quarter	37.69	32.75
Fiscal 2016		
1st Quarter	$ 29.27	$ 23.87
2nd Quarter	28.11	25.10
3rd Quarter	31.34	25.50
4th Quarter	31.03	25.03

Dividends

On May 18, 2016, we announced a regular quarterly cash dividend in the amount of $0.15 per share. The quarterly dividend was paid on June 30, 2016 to stockholders of record on June 10, 2016.

On July 27, 2016, we announced a regular quarterly cash dividend in the amount of $0.15 per share. The quarterly dividend was paid on August 31, 2016 to stockholders of record on August 10, 2016.

On November 2, 2016, we announced a regular quarterly cash dividend in the amount of $0.15 per share. The quarterly dividend was paid on November 30, 2016 to stockholders of record on November 10, 2016.

On January 30, 2017, we announced a regular quarterly cash dividend in the amount of $0.17 per share. The quarterly dividend was paid on February 28, 2017 to stockholders of record on February 10, 2017.

Recent Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

The following table shows the share repurchase activity for each of the three months in the quarter ended March 31, 2017:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1)
January 2017	129,400	$33.72	4,363,433	$ 295,062,266
February 2017	72,067	$33.72	2,430,114	$ 292,632,152
March 2017	1,029,700	$36.23	37,306,233	$ 255,325,918
Total	1,231,167		44,099,780	

(1) On December 12, 2011, the Board of Directors approved a $30.0 million share repurchase program. On January 27, 2015, the Board of Directors approved an increase to our share repurchase authorization from $30.0 million to up to $180.0 million. On January 25, 2017, the Board of Directors approved an increase to our share repurchase authorization from $180.0 million to up to $410.0 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.

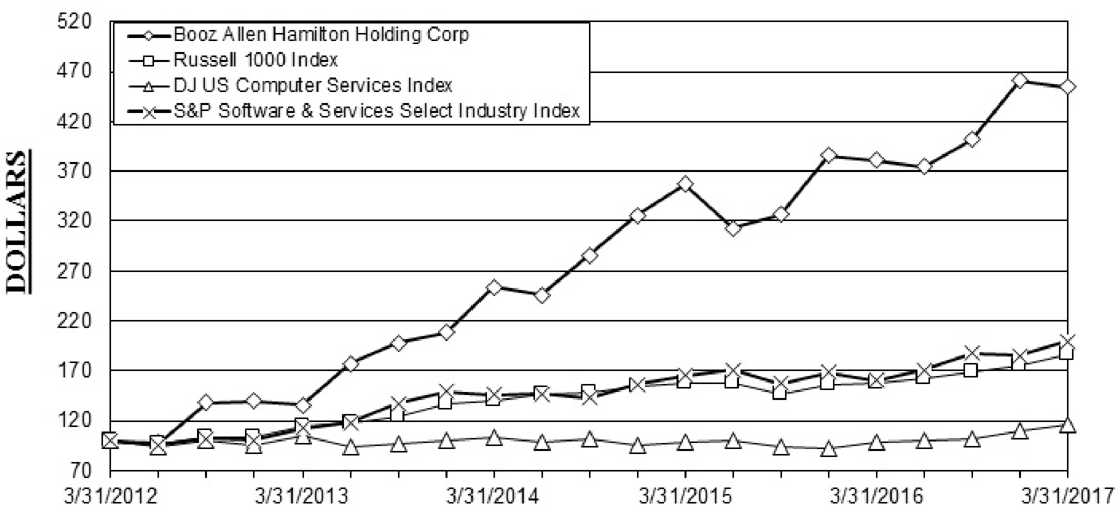
Use of Proceeds from Registered Securities

None.

Performance

The graph set forth below compares the cumulative shareholder return on our Common Stock between March 31, 2012 and March 31, 2017, to the cumulative return of (i) the Russell 1000 Index, (ii) the Dow Jones US Computer Services Index, and (iii) S&P Software & Services Select Industry Index over the same period. Beginning in fiscal year 2018, we will no longer show the DJ US Computer Services Index for comparative purposes. The Russell 1000 and S&P Software & Services Select Industry Indices represent better comparator groups for relative cumulative return performance to Booz Allen Hamilton. This graph assumes an initial investment of $100 on March 31, 2012 in our common stock, the Russell 1000 Index, and the Dow Jones US Computer Services Index and assumes the reinvestment of dividends, if any. The stock price performance included in this graph is not necessarily indicative of future stock price performance.

COMPARISON OF CUMULATIVE TOTAL RETURNS



ASSUMES $100 INVESTED ON MARCH 31, 2012
ASSUMES DIVIDEND REINVESTED

Company/Market/Peer Group	3/31/2012	3/31/2013	3/31/2014	3/31/2015	3/31/2016	3/31/2017
Booz Allen Hamilton Holding Corp	$ 100.00	$ 136.39	$ 254.11	$ 356.82	$ 380.98	$ 454.13
Russell 1000 Index	$ 100.00	$ 114.43	$ 140.07	$ 157.91	$ 158.70	$ 186.36
DJ US Computer Services Index	$ 100.00	$ 105.31	$ 102.92	$ 99.55	$ 98.97	$ 116.36
S&P Software & Services Select Industry Index	$ 100.00	$ 113.17	$ 146.17	$ 165.67	$ 160.97	$ 200.11

This performance graph and other information furnished under this Part II Item 5 of this Annual Report shall not be deemed to be “soliciting material” or to be “filed” with the SEC or subject to Regulation 14A or 14C, or to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended.

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

The selected consolidated statements of operations data for fiscal 2017, fiscal 2016, and fiscal 2015 and the selected consolidated balance sheet data as of March 31, 2017 and 2016 have been derived from our audited consolidated financial statements included elsewhere in this Annual Report. The selected consolidated statement of operations data for fiscal 2014 and fiscal 2013 and the selected consolidated balance sheet data as of March 31, 2015, 2014 and 2013 have been derived from audited consolidated financial statements which are not included in this Annual Report. Our historical results are not necessarily indicative of the results that may be expected for any future period. The selected financial data should be read in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this Annual Report.

	Fiscal Year Ended March 31,				
(In thousands, except share and per share data)	**2017**	**2016**	**2015**	**2014**	**2013**
Consolidated Statements of Operations:					
Revenue	$ 5,804,284	$ 5,405,738	$ 5,274,770	$ 5,478,693	$ 5,758,059
Operating costs and expenses:					
Cost of revenue	2,691,982	2,580,026	2,593,849	2,716,113	2,871,240
Billable expenses	1,751,077	1,513,083	1,406,527	1,487,115	1,532,590
General and administrative expenses	817,434	806,509	752,912	742,527	833,986
Depreciation and amortization	59,544	61,536	62,660	72,327	74,009
Total operating costs and expenses	5,320,037	4,961,154	4,815,948	5,018,082	5,311,825
Operating income	484,247	444,584	458,822	460,611	446,234
Interest expense	(62,298)	(70,815)	(71,832)	(78,030)	(70,284)
Other income (expense), net	(10,049)	5,693	(1,072)	(1,794)	(7,639)
Income before income taxes	411,900	379,462	385,918	380,787	368,311
Income tax expense	159,410	85,368	153,349	148,599	149,253
Net income	$ 252,490	$ 294,094	$ 232,569	$ 232,188	$ 219,058
Earnings per common share (1):					
Basic	$ 1.69	$ 1.98	$ 1.58	$ 1.62	$ 1.56
Diluted	$ 1.67	$ 1.94	$ 1.52	$ 1.54	$ 1.45
Weighted average common shares outstanding (1):					
Basic	148,218,968	146,494,407	145,414,120	141,314,544	134,402,729
Diluted	150,274,640	149,719,137	150,375,531	148,681,074	144,854,724
Dividends declared per share	$ 0.62	$ 0.54	$ 1.46	$ 2.40	$ 8.36

	As of March 31,				
(In thousands)	**2017**	**2016**	**2015**	**2014**	**2013**
Consolidated Balance Sheets:					
Cash and cash equivalents	$ 217,417	$ 187,529	$ 207,217	$ 259,994	$ 350,384
Working capital	193,079	249,858	299,675	309,186	469,992
Total assets	3,373,105	3,010,171	2,863,982	2,915,229	3,144,983
Long-term debt, net of current portion	1,470,174	1,484,448	1,555,761	1,567,893	1,637,098
Stockholders' equity	573,591	408,488	186,498	171,636	226,793

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

Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

The following discussion and analysis is intended to help the reader understand our business, financial condition, results of operations, and liquidity and capital resources. You should read this discussion in conjunction with "Item 6. Selected Financial Data," and our consolidated financial statements and the related notes contained elsewhere in this Annual Report.

The statements in this discussion regarding industry outlook, our expectations regarding our future performance, liquidity and capital resources, and other non-historical statements in this discussion are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described in "Item 1A. Risk Factors" and "Introductory Note — Cautionary Note Regarding Forward-Looking Statements". Our actual results may differ materially from those contained in or implied by any forward-looking statements.

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

Overview

We are a leading provider of management and technology consulting, engineering, analytics, digital solutions, mission operations, and cyber expertise 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, deep expertise and tremendous passion of our people. Our talent base of approximately 23,300 employees endeavor to solve problems that matter 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 client needs, we have longstanding and deep 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 these 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. Our U.S. commercial clients are primarily in the financial services, healthcare and life sciences, energy, high-tech manufacturing, retail, and automotive industries. Our international clients are primarily in the Middle East, along with a growing presence in Southeast Asia.

Financial and Other Highlights

During fiscal 2017, the Company continued to invest in its long term growth strategy by investing in key capabilities and markets while also increasing headcount to deploy against the strong pipeline of captured opportunities that translated into an increase in total backlog. Revenue increased 7.4% from fiscal 2016 to fiscal 2017 primarily driven by stronger client demand, as evidenced by our backlog growth. The increase in client demand coupled with our increased client staff headcount and staff billability, resulted in increases in our direct labor and corresponding generation of revenue growth. Revenue growth was also driven by an increase in billable expenses, including subcontractors and direct material and other direct cost purchases for clients.

Operating income increased 8.9% to $484.2 million in fiscal 2017 from $444.6 million in fiscal 2016, which reflects an increase in operating margin to 8.3% from 8.2% in the comparable period. The increases in operating income and operating margin were primarily the result of the same factors driving revenue as well as positive results from improved contract performance and profitability, management's focus on indirect spending reduction initiatives, and efficiencies in general and administrative activities. Operating income was also impacted by slightly higher year-over-year net favorable revenue adjustments on contracts accounted for under the percentage of completion method along with the overall increase in revenue discussed above. These increases in operating income were partially offset by a reduction in the net decrease in the Company's provisions for the potential recovery of allowable expenses recorded during fiscal 2017 as compared to fiscal 2016, as well as an increase in certain non-routine business transaction costs.

Non GAAP Measures

We publicly disclose certain non-GAAP financial measurements, including Revenue, Excluding Billable Expenses, Adjusted Operating Income, Adjusted EBITDA, Adjusted EBITDA Margin, 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, 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, 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, Adjusted Net Income and Adjusted Diluted Earnings Per Share, and net cash provided by operating activities to Free Cash Flow, (ii) use Revenue, Excluding Billable Expenses, Adjusted Operating Income, Adjusted EBITDA, Adjusted EBITDA Margin, 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: (i) adjustments related to the amortization of intangible assets resulting from the acquisition of our Company by The Carlyle Group, and (ii) transaction costs, fees, losses, and expenses, including fees associated with debt prepayments. 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. “Adjusted EBITDA Margin” is calculated as Adjusted EBITDA divided by revenue. The Company prepares Adjusted EBITDA and Adjusted EBITDA Margin 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) adjustments related to the amortization of intangible assets resulting from the acquisition of our Company by The Carlyle Group,, (ii) transaction costs, fees, losses, and expenses, including fees associated with debt prepayments, (iii) amortization or write-off of debt issuance costs and write-off of original issue discount, and (iv) release of income tax reserves, 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 consolidated financial statements.
- "Free Cash Flow" represents the net cash generated from operating activities less the impact of purchases of property and equipment.

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

	Fiscal Year Ended March 31,		
(Amounts in thousands, except share and per share data)	**2017**	**2016**	**2015**
		(Unaudited)	
Revenue, Excluding Billable Expenses			
Revenue	$ 5,804,284	$ 5,405,738	$ 5,274,770
Billable expenses	1,751,077	1,513,083	1,406,527
Revenue, Excluding Billable Expenses	$ 4,053,207	$ 3,892,655	$ 3,868,243
Adjusted Operating Income			
Operating Income	$ 484,247	$ 444,584	$ 458,822
Amortization of intangible assets (a)	4,225	4,225	4,225
Transaction expenses (b)	3,354	—	2,039
Adjusted Operating Income	$ 491,826	$ 448,809	$ 465,086
EBITDA, Adjusted EBITDA, & Adjusted EBITDA Margin			
Net income	$ 252,490	$ 294,094	$ 232,569
Income tax expense	159,410	85,368	153,349
Interest and other, net (c)	72,347	65,122	72,904
Depreciation and amortization	59,544	61,536	62,660
EBITDA	543,791	506,120	521,482
Transaction expenses (b)	3,354	—	2,039
Adjusted EBITDA	$ 547,145	$ 506,120	$ 523,521
Revenue	$ 5,804,284	$ 5,405,738	$ 5,274,770
Adjusted EBITDA Margin	9.4%	9.4%	9.9%
Adjusted Net Income			
Net income	$ 252,490	$ 294,094	$ 232,569
Amortization of intangible assets (a)	4,225	4,225	4,225
Transaction expenses (b)	3,354	—	2,039
Release of income tax reserves (d)	—	(53,301)	—
Amortization or write-off of debt issuance costs and write-off of original issue discount	8,866	5,201	6,545
Adjustments for tax effect (e)	(6,578)	(3,770)	(5,124)
Adjusted Net Income	$ 262,357	$ 246,449	$ 240,254
Adjusted Diluted Earnings Per Share			
Weighted-average number of diluted shares outstanding	150,274,640	149,719,137	150,375,531
Adjusted Net Income Per Diluted Share (f)	$ 1.75	$ 1.65	$ 1.60
Free Cash Flow			
Net cash provided by operating activities	$ 382,277	$ 249,234	$ 309,958
Less: Purchases of property and equipment	(53,919)	(66,635)	(36,041)
Free Cash Flow	$ 328,358	$ 182,599	$ 273,917

(a) Reflects amortization of intangible assets resulting from the acquisition of our Company by The Carlyle Group.

(b) Fiscal 2017 reflects debt refinancing costs incurred in connection with the refinancing transaction consummated on July 13, 2016. Fiscal 2015 reflects debt refinancing costs incurred in connection with the refinancing transaction consummated on May 7, 2014.

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

(d) Release of pre-acquisition income tax reserves assumed by the Company in connection with the acquisition of our Company by The Carlyle Group.

(e) Reflects tax effect of adjustments at an assumed marginal tax rate of 40%.
(f) Excludes an adjustment of approximately $2.3 million, $3.5 million, and $3.4 million of net earnings for fiscal 2017, 2016, and 2015, 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 address budgetary constraints, caps on the discretionary budget for defense and non-defense departments and agencies, as established by the Bipartisan Budget Control Act of 2011 and subsequently adjusted by the American Tax Payer Relief Act of 2012, the Bipartisan Budget Act of 2013 and the Bipartisan Budget Act of 2015, and 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 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 and defense-related programs as certain overseas operations end, and continued increased spending on cyber-security, Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance (C4ISR), advanced analytics, technology integration and healthcare;
- legislative and regulatory changes to limitations on the amount of allowable executive compensation permitted under flexibly priced contracts following adoption of interim rules adopted by federal agencies implementing a section of 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 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 cyber-security, managing federal health care cost growth and focus on reforming existing government regulation of various sectors of the economy, such as financial regulation and healthcare;
- 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; and
- changes in agency and mission priorities anticipated in the Department of Defense and Civilian agency landscape with the presidential and administration transition.

Sources of Revenue

Substantially all of our revenue is derived from services provided under contracts and task orders with the U.S. government, primarily by our consulting staff and, to a lesser extent, our subcontractors. Funding for our contracts and task orders is generally linked to trends in budgets and spending across various U.S. government agencies and departments. We provide services under a large portfolio of contracts and contract vehicles to a broad client base, and we believe that our diversified contract and client base lessens potential volatility in our business; however, a reduction in the amount of services that we are contracted to provide to the U.S. government or any of our significant U.S. government clients could have a material adverse effect on our business and results of operations. In particular, the Department of Defense is one of our significant clients, and the Budget Control Act of 2011 (as amended by the American Taxpayer Relief Act of 2012, the Bipartisan Budget Act of 2013 and the Bipartisan Budget Act of 2015), 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 2015 raised existing spending caps on defense spending by $15 billion for government fiscal 2017, but did not address spending caps beyond the government fiscal 2017. For example, under the Budget Control Act of 2011, as amended, approximately $91 billion in spending cuts are anticipated for the government fiscal year 2018. A reduction in the amount of services that we are contracted to provide to the Department of Defense could have a material adverse effect on our business and results of operations, and given the uncertainty of when and how these automatic reductions may be applied, we are unable to predict the nature or magnitude of the potential adverse effect.

Contract Types

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

- *Cost-Reimbursable Contracts.* Cost-reimbursable contracts provide for the payment of allowable costs incurred during performance of the contract, up to a ceiling based on the amount that has been funded, plus a fee. As we increase or decrease our spending on allowable costs, our revenue generated on cost-reimbursable contracts will increase, up to the ceiling and funded amounts, or decrease, respectively. We generate revenue under two general types of cost-reimbursable contracts: cost-plus-fixed-fee and cost-plus-award-fee, both of which reimburse allowable costs and provide for a fee. The fee under each type of cost-reimbursable contract is generally payable upon completion of services in accordance with the terms of the contract. Cost-plus-fixed-fee contracts offer no opportunity for payment beyond the fixed fee. Cost-plus-award-fee contracts also provide for an award fee that varies within specified limits based upon the client's assessment of our performance against a predetermined set of criteria, such as targets for factors like cost, quality, schedule, and performance.

- *Time-and-Materials Contracts.* Under a time-and-materials contract, we are paid a fixed hourly rate for each direct labor hour expended, and we are reimbursed for billable material costs and billable out-of-pocket expenses inclusive of allocable indirect costs. To the extent our actual direct labor including allocated indirect costs, and associated billable expenses decrease or increase in relation to the fixed hourly billing rates provided in the contract, we will generate more or less profit, respectively, or could incur a loss.
- *Fixed-Price Contracts.* Under a fixed-price contract, we agree to perform the specified work for a pre-determined price. To the extent our actual direct and allocated indirect costs decrease or increase from the estimates upon which the price was negotiated, we will generate more or less profit, respectively, or could incur a loss. Some fixed-price contracts have a performance-based component, pursuant to which we can earn incentive payments or incur financial penalties based on our performance. Fixed-price level of effort contracts require us to provide a specified level of effort (i.e., labor hours), over a stated period of time, for a fixed price.

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

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

	Fiscal Year Ended March 31,		
	2017	2016	2015
Cost-reimbursable (1)	50%	51%	55%
Time-and-materials	26%	26%	25%
Fixed-price (2)	24%	23%	20%

(1) Includes both cost-plus-fixed-fee and cost-plus-award-fee contracts.

(2) Includes fixed-price level of effort contracts.

Contract Diversity and Revenue Mix

We provide services to our clients through a large number of single award contracts and contract vehicles and multiple award contract vehicles. Most of our revenue is generated under indefinite delivery/indefinite quantity, or 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 compete under multiple award IDIQ contract vehicles for task orders to provide particular services, and we earn revenue under these contract vehicles only to the extent that we are successful in the bidding process for task orders. No single task order under any IDIQ contract represented more than 2.7% of our revenue in fiscal 2017. No single definite contract accounted for more than 3% of our revenue in fiscal 2017.

We generate revenue under our contracts and task orders through our provision of services as both a prime contractor and subcontractor, as well as from the provision of services by subcontractors under contracts and task orders for which we act as the prime contractor. For fiscal 2017, 2016, and 2015, 91%, 90%, and 91%, respectively, of our revenue was generated by contracts and task orders for which we served as a prime contractor; 9%, 10%, and 9%, respectively, of our revenue was generated by contracts and task orders for which we served as a subcontractor; and 25%, 24%, and 23%, respectively, of our revenue was generated by services provided by our subcontractors. The mix of these types of revenue affects our operating margin. Substantially all of our operating margin is derived from direct consulting staff labor as the portion of our operating margin derived from fees we earn on services provided by our subcontractors is not significant. We view growth in direct consulting staff labor as the primary driver of earnings growth. Direct consulting staff labor growth is driven by consulting staff headcount growth, after attrition, and total backlog growth.

Our People

Revenue from our contracts is derived from services delivered by consulting staff and, to a lesser extent, from our subcontractors. Our ability to hire, retain, and deploy talent with skills appropriately aligned with client needs is critical to our ability to grow our revenue. We continuously evaluate whether our talent base is properly sized and appropriately compensated and contains an optimal mix of skills to be cost competitive and meet the rapidly evolving needs of our clients. We seek to achieve that result through recruitment and management of capacity and compensation. As of March 31, 2017, 2016, and 2015 we employed approximately 23,300, 22,600, and 22,500 people, respectively, of which approximately 21,000, 20,300, and 20,500, respectively, were consulting staff.

Contract Backlog

We define backlog to include the following three components:

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

Backlog does not include any task orders under 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:

	Fiscal Year Ended March 31,		
	2017	2016	2015
	(In millions)		
Backlog:			
Funded	$ 2,815	$ 2,673	$ 2,691
Unfunded (1)	3,098	2,546	2,121
Priced options	7,679	6,595	4,548
Total backlog	$ 13,592	$ 11,814	$ 9,360

(1) Amounts as of fiscal 2015 reflect a reduction by management to the revenue value of orders for services under one then-existing single award IDIQ contract the Company had for several years, based on an established pattern of funding under this contract by the U.S. government.

Our backlog includes orders under contracts that in some cases extend for several years. The U.S. Congress generally appropriates funds for our clients on a yearly basis, even though their contracts with us may call for performance that is expected to take a number of years. As a result, contracts typically are only partially funded at any point during their term and all or some of the work to be performed under the contracts may remain unfunded unless and until the U.S. Congress makes subsequent appropriations and the procuring agency allocates funding to the contract.

We view growth in total backlog and consulting staff headcount as the two key measures of our potential business growth. Growing and deploying consulting staff is the primary means by which we are able to 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 15.1% from March 31, 2016 to March 31, 2017 and increased 26.2% from March 31, 2015 to March 31, 2016. Additions to funded backlog, during fiscal 2017 and 2016 totaled $5.9 billion and

$5.4 billion, respectively, with the increase from fiscal 2016 to fiscal 2017 due to the conversion of unfunded backlog to funded backlog, the award of new contracts and task orders under which funding was appropriated, and the 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. Funded backlog includes orders under contracts for which the period of performance has expired, and we may not recognize revenue on the funded backlog that includes such orders due to, among other reasons, the tardy submission of invoices by our subcontractors and the expiration of the relevant appropriated funding in accordance with a pre-determined expiration date such as the end of the U.S. government's fiscal year. The revenue value of orders included in funded backlog that has not been recognized as revenue due to period of performance expirations has not exceeded approximately 7.8% of funded backlog as of the end of any of the four fiscal quarters preceding the fiscal quarter ended March 31, 2017. In our recent experience, none of the following additional risks have had a material negative effect on our ability to realize revenue from our funded backlog: the unilateral right of the U.S. government to cancel multi-year contracts and related orders or to terminate existing contracts for convenience or default; in the case of unfunded backlog, the potential that funding will not be made available; and, in the case of priced options, the risk that our clients will not exercise their options.

Operating Costs and Expenses

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

Our most significant operating costs and expenses are described below.

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

Seasonality

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

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

Critical Accounting Estimates and Policies

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

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

Revenue Recognition and Cost Estimation

Substantially all of our revenue is derived from contracts to provide professional services to the U.S. government and its agencies. In most cases, we recognize revenue as work is performed. We recognize revenue for cost-reimbursable-plus-fixed-fee contracts with the U.S. government as hours are worked based on reimbursable and allowable costs, recoverable indirect costs and an accrual for the fixed fee component of these contracts. Executive compensation that we determine to be allowable for cost reimbursement based on management's estimates is recognized as revenue, net of reserves. Management's estimates in this regard are based on a number of factors that may change over time, including executive compensation survey data, our and other government contractors' experiences with the DCAA audit practices in our industry, and relevant decisions of courts and boards of contract appeals. Many of our U.S. government contracts include award fees, which are earned based on the client’s evaluation of our performance. We have significant history with the client for the majority of contracts on which we earn award fees. That history and management's evaluation and monitoring of performance form the basis for our ability to estimate such fees over the life of the contract. Based on these estimates, we recognize award fees as work on the contracts is performed. Revisions to these estimates may result in increases or decreases to revenue and income, and are reflected in the consolidated financial statements in periods in which they are identified. Historically, revisions to these estimates have not had a material effect on our results of operations.

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

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

Business Combinations

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

Goodwill and Intangible Assets Impairment

We test goodwill for impairment at the reporting unit level on an annual basis and more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. A significant amount of management judgment is required to determine if an event representing an impairment indicator has occurred during the year, including but not limited to: a decline in forecasted cash flows; a sustained, material decline in the stock price and market capitalization; a significant adverse change in the business climate or economy; or unanticipated competition. An adverse change in any of these factors could have a significant impact on the recoverability of goodwill and other intangible assets.

As our business is highly integrated and all of our components have similar economic characteristics, we concluded that we have one reporting unit at the consolidated entity level, which is the same as our single operating segment. We test goodwill for impairment using the quantitative method (primarily based on market capitalization). We test the trade name for impairment using the relief from royalty method. Our other amortizable intangible assets are tested by comparing revenue projections to actuals and assessing qualitative factors. We perform our annual testing for impairment of goodwill, the trade name, and other amortizable intangible assets as of January 1 of each year.

During the fiscal year ended March 31, 2017, the Company recorded impairment charges related to intangible assets acquired in an acquisition. During the fiscal years ended March 31, 2016, and 2015, the Company did not record any impairment of intangible assets. We do not consider any of the goodwill, trade name, or other amortizable intangible assets at risk of impairment.

Share-Based Payments

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

During fiscal 2017, the Company’s Board of Directors authorized and declared recurring cash dividends in the amount of $0.15 per share (declared in the first three quarters) and $0.17 per share (declared in the fourth quarter) to holders of Booz Allen Holding’s Class A Common Stock. Therefore, an annualized dividend yield between 1.90% and 1.94% was used in the Black-Scholes option-pricing model for all grants made during the fiscal year. Implied volatility is calculated as of each grant date based on our historical volatility along with an assessment of the historical volatility of a peer group of publicly traded companies. Until the historical volatility of the Company is available for a period consistent with the expected option term, we will continue to compare to a peer group volatility data to estimate expected volatility for future option grants. Other than the expected life of the option, volatility is the most sensitive input to our option grants. To be consistent with all other implied calculations, the same peer group used to calculate other implied metrics is also used to calculate implied volatility. The expected term is estimated using historical exercise patterns of our equity award recipients.

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

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

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

Accounting for Income Taxes

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

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

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

Recent Accounting Pronouncements

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

Segment Reporting

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

Basis of Presentation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, and have been prepared in accordance with GAAP, and the rules and regulations of the U.S. Securities and Exchange Commission, or SEC. All intercompany balances and transactions have been eliminated in consolidation.

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

The Company’s fiscal year ends on March 31 and unless otherwise noted, references to fiscal year or fiscal are for fiscal years ended March 31. The accompanying consolidated financial statements present the financial position of the Company as of March 31, 2017 and 2016 and the Company’s results of operations for fiscal 2017, fiscal 2016, and fiscal 2015.

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

Results of Operations

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

	Fiscal Year Ended March 31,			Fiscal 2017 Versus Fiscal 2016	Fiscal 2016 Versus Fiscal 2015
	2017	2016	2015		
	(In thousands)				
Revenue	$ 5,804,284	$ 5,405,738	$ 5,274,770	7.4 %	2.5 %
Operating costs and expenses:					
Cost of revenue	2,691,982	2,580,026	2,593,849	4.3 %	(0.5)%
Billable expenses	1,751,077	1,513,083	1,406,527	15.7 %	7.6 %
General and administrative expenses	817,434	806,509	752,912	1.4 %	7.1 %
Depreciation and amortization	59,544	61,536	62,660	(3.2)%	(1.8)%
Total operating costs and expenses	5,320,037	4,961,154	4,815,948	7.2 %	3.0 %
Operating income	484,247	444,584	458,822	8.9 %	(3.1)%
Interest expense	(62,298)	(70,815)	(71,832)	(12.0)%	(1.4)%
Other income (expense), net	(10,049)	5,693	(1,072)	NM	NM
Income before income taxes	411,900	379,462	385,918	8.5 %	(1.7)%
Income tax expense	159,410	85,368	153,349	86.7 %	(44.3)%
Net income	$ 252,490	$ 294,094	$ 232,569	(14.1)%	26.5 %

NM - Not meaningful

Fiscal 2017 Compared to Fiscal 2016

Revenue

Revenue increased to $5,804.3 million from $5,405.7 million, or a 7.4% increase, primarily driven by stronger client demand, as evidenced by our backlog growth. The increase in client demand coupled with our increased client staff headcount and staff billability, resulted in increases in our direct labor and corresponding generation of revenue growth. Revenue growth was also driven by an increase in billable expenses, including subcontractors and direct material and other direct cost purchases for clients. Conversions to funded backlog during fiscal 2017 totaled $5.9 billion in comparison to $5.4 billion for the comparable year with the increase from fiscal 2016 to fiscal 2017 due to the conversion of unfunded backlog to funded backlog, the award of new contracts and task orders under which funding was appropriated, and the subsequent funding of priced options.

Cost of Revenue

Cost of revenue increased to $2,692.0 million from $2,580.0 million, or a 4.3% increase. This increase was primarily due to an increase in salaries and salary-related benefits of $98.4 million and an increase in incentive compensation of $5.4 million. The increase in salaries and salary-related benefits was driven by an increase in headcount growth, annual base salary increases and consulting staff spending more time on direct contract activities. Cost of revenue as a percentage of revenue was 46.4% and 47.7% in fiscal 2017 and fiscal 2016, respectively.

Billable Expenses

Billable expenses increased to $1,751.1 million from $1,513.1 million, or a 15.7% increase. The overall increase was primarily attributable to an increase in use of subcontractors in the current year driven by client demand. In addition, contracts which require the Company to incur direct expenses on behalf of our clients have increased over the prior year period. Billable expenses as a percentage of revenue were 30.2% and 28.0% in fiscal 2017 and fiscal 2016, respectively.

General and Administrative Expenses

General and administrative expenses increased to $817.4 million from $806.5 million, or a 1.4% increase, primarily due to the correction of an immaterial misstatement discussed in Note 13. In addition the Company recorded an impairment charge of $3.8 million for the technologies, customer relationships and other intangible assets related to a business acquisition. These increases were partially offset by decreases in occupancy costs and other business expenses of approximately $11.6 million. General and administrative expenses as a percentage of revenue were 14.1% and 14.9% for fiscal 2017 and fiscal 2016, respectively.

Depreciation and Amortization Expense

Depreciation and amortization expense decreased to $59.5 million from $61.5 million, or a 3.2% decrease, primarily due to a decrease in depreciation expense resulting from the effect of lower capital expenditures in prior years.

Interest Expense

Interest expense decreased to $62.3 million from $70.8 million, or a 12.0% decrease, primarily as a result of the Third Amendment to the Credit Agreement consummated in July 2016, which reduced interest expense for fiscal 2017 as compared to fiscal 2016.

Income Tax Expense

Income tax expense increased to $159.4 million from $85.4 million, or an 86.7% increase. The effective tax rate increased from 22.5% in fiscal 2016 to 38.7% in fiscal 2017, primarily due to the release of uncertain tax position reserves in the prior year.

Fiscal 2016 Compared to Fiscal 2015

Revenue

Revenue increased to $5,405.7 million from $5,274.8 million, or a 2.5% increase as a result of an increase in client demand, which includes an increase in billable expenses, as well as the increase in indirect spending over the prior year period which had the effect of increasing revenue on cost reimbursable contracts. The increase in billable expenses was due to an increased use of subcontractors on contracts, which includes the impact of an increase in small business procurement goals set by the government. In addition, contracts which require the Company to incur direct expenses on behalf of our clients increased over the prior year period. The growth in indirect spending for the year was primarily driven by increased marketing, administrative, and bid and proposal activities in order to drive continued growth in fiscal 2017. The increase in revenue also benefitted from a net decrease in the Company's provisions for the potential recovery of allowable expenses recorded during fiscal 2016 without a similar net change for fiscal 2015. Conversions to funded backlog during fiscal 2016 totaled $5.4 billion in comparison to $5.7 billion for the comparable year with the decrease from fiscal 2015 to fiscal 2016 due to the increase in burn rate of funded backlog compared to awarded task orders under which funding was appropriated.

Cost of Revenue

Cost of revenue decreased to $2,580.0 million from $2,593.8 million, or a 0.5% decrease. This decrease was primarily due to a decrease in salaries and salary-related benefits of $5.8 million and a decrease in incentive compensation of $10.1 million. The decrease in salaries and salary-related benefits was due to a decrease in medical insurance expense as well as an increase in consulting staff time spent on strategic investment and bid and proposal activities, in lieu of direct contract activities, over the prior year. As proposal activity is a general and administrative activity, this contributes to a decrease within cost of revenue. Cost of revenue as a percentage of revenue was 47.7% and 49.2% in fiscal 2016 and fiscal 2015, respectively.

Billable Expenses

Billable expenses increased to $1,513.1 million from $1,406.5 million, or a 7.6% increase. The overall increase was primarily attributable to an increase in small business procurement goals set by the government which required the Company to utilize more subcontractors in the current year. In addition, contracts which require the Company to incur direct expenses on behalf of our clients has increased over the prior year period. Billable expenses as a percentage of revenue were 28.0% and 26.7% in fiscal 2016 and fiscal 2015, respectively.

General and Administrative Expenses

General and administrative expenses increased to $806.5 million from $752.9 million, or a 7.1% increase. This increase was mainly due to an increase in salaries and salary-related benefits of $43.5 million, primarily due to an increase in consulting staff time spent on strategic investment and bid and proposal activities, in lieu of direct contract activities, over the prior year. In addition, there was an increase in professional fees and other business expenses of $18.5 million. The increases were partially offset by a decrease in incentive compensation of $6.4 million. General and administrative expenses as a percentage of revenue were 14.9% and 14.3% for fiscal 2016 and fiscal 2015, respectively.

Depreciation and Amortization Expense

Depreciation and amortization expense decreased to $61.5 million from $62.7 million, or a 1.8% decrease.

Interest Expense

Interest expense decreased to $70.8 million from $71.8 million, or a 1.4% decrease.

Income Tax Expense

Income tax expense decreased to $85.4 million from $153.3 million, or a 44.3% decrease, primarily due to a decrease in the effective tax rate in fiscal 2016 from 39.7% to 22.5%. The effective tax rate decreased primarily due to the release of uncertain tax position reserves and certain income tax credits recognized in fiscal 2016.

Liquidity and Capital Resources

As of March 31, 2017, our total liquidity was $587.4 million, consisting of $217.4 million of cash and cash equivalents and $370.0 million available under the Revolving Credit Facility. In the opinion of management, we will be able to meet our liquidity and cash needs through a combination of cash flows from operating activities, available cash balances, and available borrowing under the Revolving Credit Facility. If these resources need to be augmented, additional cash requirements would likely be financed through the issuance of debt or equity securities.

The following table presents selected financial information for the periods presented:

	Fiscal Year Ended March 31,		
	2017	2016	2015
		(In thousands)	
Cash and cash equivalents	$ 217,417	$ 187,529	$ 207,217
Total debt	$ 1,663,324	$ 1,597,261	$ 1,612,824
Net cash provided by operating activities	$ 382,277	$ 249,234	$ 309,958
Net cash used in investing activities	(300,896)	(117,753)	(60,575)
Net cash used in financing activities	(51,493)	(151,169)	(302,160)
Total increase (decrease) in cash and cash equivalents	$ 29,888	$ (19,688)	$ (52,777)

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, recurring 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 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 our Revolving Credit Facility will be sufficient to meet our anticipated cash requirements for the next twelve months, which primarily include:

- operating expenses, including salaries;
- working capital requirements to fund the growth of our business;
- capital expenditures which primarily relate to the purchase of computers, business systems, furniture and leasehold improvements to support our operations;
- commitments and other discretionary investments;
- debt service requirements for borrowings under our Secured Credit Facility and interest payments for the 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.

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 reflect amounts billed to our clients as of each balance sheet date. Our clients generally pay our invoices within 30 days of the invoice date. At any month-end, we also include in accounts receivable the revenue that was recognized in the preceding month, which is generally billed early in the following month. Finally, we include in accounts receivable amounts related to revenue accrued in excess of amounts billed, primarily on our fixed-price and cost-reimbursable-plus-award-fee contracts. The total amount of our accounts receivable can vary significantly over time, but is generally sensitive to revenue levels. Total accounts receivable (billed and unbilled combined, net of allowance for doubtful accounts) days sales outstanding, or DSO, which we calculate by dividing total accounts receivable by revenue per day during the relevant fiscal quarter, was 60 for both March 31, 2017 and 2016.

Operating Cash Flow

Net cash provided by operations is primarily affected by the overall profitability of our contracts, our ability to invoice and collect from clients in a timely manner, and our ability to manage our vendor payments. 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 $382.3 million in fiscal 2017 compared to $249.2 million in the same prior year period, or a 53.4% increase. The increase in net cash provided by operations was primarily due to overall revenue and profitability growth while managing working capital needs inclusive of maintaining timely collections of cash at a DSO of 60 as of March 31, 2017 while managing vendor payments. Cash from operations also benefited from a reduction in cash taxes paid.

Investing Cash Flow

Net cash used in investing activities was $300.9 million in fiscal 2017 compared to $117.8 million in the prior year period, or a 155.5% increase. The increase in net cash used in investing activities was primarily due to the Company's acquisition of eGov Holdings, Inc. (d/b/a Aquilent) on January 24, 2017.

Financing Cash Flow

Net cash used in financing activities was $51.5 million in fiscal 2017 compared to $151.2 million in the prior year period, or a 65.9% decrease. The decrease in net cash used in financing activities was primarily due to a decrease in payments of dividend equivalents to option holders of $29.5 million primarily as a result of the final exercise or termination of all remaining rollover options. In addition, during fiscal 2017, the Company borrowed $575.0 million on its Revolving Credit Facility of which $480.0 million was repaid as of March 31, 2017, as compared to fiscal 2016 where the Company borrowed $273.0 million and repaid $238.0 million as of March 31, 2016, resulting in an increase in cash of $60.0 million year over year.

Dividends and Share Repurchases

The Company paid $0.62 in dividends per share to shareholders of record in fiscal 2017. On May 22, 2017, the Company announced a regular quarterly cash dividend in the amount of $0.17 per share. The quarterly dividend is payable on June 30, 2017 to stockholders of record on June 10, 2017.

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

	Fiscal Year Ended March 31,		
	2017	2016	2015
	(In thousands)		
Recurring dividends (1)	$ 92,925	$ 80,015	$ 67,846
Special dividends (2)	—	—	147,248
Dividend equivalents (3)	2,254	31,802	47,110
Total distributions	$ 95,179	$ 111,817	$ 262,204

(1) Amounts represent recurring dividends that were declared and paid for during each quarter of fiscal 2017, 2016, and 2015, respectively.

(2) Amounts represent aggregate special dividends of $1.00 per share ($1.00 paid on August 29, 2014) that were declared and paid for during fiscal 2015, respectively.

(3) Dividend equivalents are distributions made to option holders equal to the previously declared special dividends.

On December 12, 2011, the Board of Directors authorized the repurchase of up to $30.0 million of our shares. On January 27, 2015, the share repurchase authorization was increased to $180.0 million. On January 25, 2017, the Board of Directors approved an increase to share repurchase authorization from $180.0 million to $410.0 million. During fiscal 2017 and 2016, the Company purchased 1.3 million and 2.1 million shares of the Company’s Class A Common Stock for an aggregate of $46.4 million and $54.9 million respectively. Following the aforementioned repurchases, as of March 31, 2017, the Company had $255.3 million remaining under the repurchase program. Any determination to pursue one or more of the above alternative uses for excess cash is subject to the discretion of our Board 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

Our debt totaled $1,663.3 million and $1,597.3 million as of March 31, 2017 and 2016, respectively. Our debt bears interest at specified rates and is held by a syndicate of lenders (see Note 11 in our consolidated financial statements).

On July 13, 2016 and February 6, 2017, 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 Third Amendment (the “Third Amendment”) and the Fourth Amendment (the "Fourth Amendment), respectively, to the Credit Agreement (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, Collateral Agent and Issuing Lender (as previously amended by the First Amendment to the Credit Agreement, dated as of August 16, 2013 and the Second Amendment to the Credit Agreement, dated as of May 7, 2014). Pursuant to the Third Amendment, Booz Allen Hamilton borrowed approximately $441 million of additional Term Loan A, with such funds used to pay off a portion of the Term Loan B facility. The Third Amendment also extended the maturity date of Term Loan A and the termination date for the revolving credit facility to June 30, 2021 and extended the maturity date of Term Loan B to June 30, 2023. The Third Amendment also amended certain existing debt covenants to provide greater operational and financial flexibility. Pursuant to the Fourth Amendment, the Company reduced the interest rate spread applicable to Term Loan B. The interest rate spread applicable to Term Loan A remained unchanged.

Prior to the Fourth Amendment, $399 million was outstanding under Term Loan B. Pursuant to the Fourth 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 $399 million. 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.

As of March 31, 2017, the Credit Agreement, as amended, provided the Company with a $1,153 million Term Loan A and a $398.0 million Term Loan B, and a $500.0 million Revolving Credit Facility, with a sublimit for letters of credit of $100.0 million. Booz Allen Hamilton’s obligations and the guarantors’ guarantees under the Credit Agreement, as amended, 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, as amended, 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 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) $400 million plus (ii) the aggregate principal amount under which pro forma consolidated net secured leverage remains less than or equal to 3.50:1.00.

Booz Allen Hamilton occasionally borrows under the Revolving Credit Facility in anticipation of cash demands. During fiscal 2017 and 2016, Booz Allen Hamilton accessed a total of $575.0 million and $273.0 million, respectively of its $500.0 million Revolving Credit Facility. As of March 31, 2017, $130.0 million was outstanding on the Revolving Credit Facility. As of March 31, 2016, $35.0 million was outstanding on the Revolving Credit Facility.

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.

At our 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 B is 2.25% for LIBOR loans and 1.25% for base rate loans. The applicable margin for Term Loan A and borrowings under the Revolving Credit Facility ranges from 1.50% to 2.25% for LIBOR loans and 0.50% to 1.25% for base rate loans, in each case based on Booz Allen Hamilton’s consolidated total net leverage ratio. Unused commitments under the Revolving Credit Facility are subject to a quarterly fee ranging from 0.30% to 0.40% based on Booz Allen Hamilton’s consolidated total net leverage ratio.

We also have agreed to pay customary letter of credit and agency fees. As of March 31, 2017 and 2016, we were contingently liable under open standby letters of credit and bank guarantees issued by our banks in favor of third parties that totaled $8.6 million and $6.6 million, respectively. These letters of credit and bank guarantees primarily support insurance and bid and performance obligations. At March 31, 2017 and 2016, approximately $1.7 million and $1.8 million of these instruments reduce our available borrowings under the Revolving Credit Facility. The remainder is guaranteed under a separate $10.0 million facility established in fiscal 2015, of which $3.1 million and $5.2 million, respectively, was available to us at March 31, 2017 and 2016. As of March 31, 2017, we had $368.3 million of capacity available for additional borrowings under the Revolving Credit Facility.

The Credit Agreement, as amended, 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) sale and lease back transactions; (viii) change in fiscal periods; (ix) negative pledges; (x) restrictive agreements; (xi) line of business; and (xii) 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 ERISA events; (g) certain material judgments; (h) actual or asserted invalidity of the Guarantee and Collateral Agreements or the other security documents or failure of the guarantees or perfected liens thereunder; and (i) a change of control. In addition, we are required to meet certain financial covenants at each quarter end, namely Consolidated Net Total Leverage and Consolidated Net Interest Coverage Ratios. As of March 31, 2017, we were compliant with these covenants.

During fiscal 2017, interest payments of $28.8 million and $19.5 million were made for the Term Loan A and Term Loan B facilities, respectively. During fiscal 2016, interest payments of $22.0 million and $34.7 million were made for the Term Loan A and Term Loan B facilities, respectively.

The total outstanding debt balance is recorded in the accompanying consolidated balance sheets net of unamortized discount and debt issuance costs of $18.1 million and $20.7 million as of March 31, 2017 and 2016, respectively.

On April 25, 2017, Booz Allen Hamilton issued $350 million aggregate principal amount of its 5.125% Senior Notes (the "Notes") due 2025 under an Indenture, dated April 25, 2017, 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 April 25, 2017, among Booz Allen Hamilton, the Subsidiary Guarantors and the Trustee. The proceeds from the sale have been used to repay all outstanding loans under the Revolving Credit Facility. Booz Allen Hamilton intends to use the remaining proceeds for working capital and other general corporate purposes, which may include the repayment of a portion or all of the outstanding DPO. (See Note 24 in our consolidated financial statements).

On April 6, 2017, Booz Allen Hamilton executed a series of interest rate swaps totaling $300 million in order to manage the interest rate risk related to the floating portion of its term loan debt. The Company's objectives in using cash flow hedges are to reduce volatility to interest rate movements and to add stability to interest expense (See Note 24 in our consolidated financial statements).

Capital Structure and Resources

Our stockholders’ equity amounted to $573.6 million as of March 31, 2017, an increase of $165.1 million compared to stockholders’ equity of $408.5 million as of March 31, 2016. The increase was primarily due to net income of $252.5 million in fiscal 2017, $18.2 million in excess tax benefits for the exercise of stock options, and stock-based compensation expense of $21.2 million, partially offset by $92.9 million in dividend payments and a $46.5 million increase in treasury stock resulting from the repurchase of shares of our Class A Common stock during fiscal 2017.

Off-Balance Sheet Arrangements

As of March 31, 2017, we did not have any material off-balance sheet arrangements.

Contractual Obligations

The following table summarizes our contractual obligations that require us to make future cash payments as of March 31, 2017. For contractual obligations, we included payments that we have an unconditional obligation to make.

	Payments Due by Fiscal Periods				
	Total	Less Than 1 Year	1 to 3 Years	3 to 5 Years	More Than 5 years
	(In thousands)				
Long-term debt (a)	$ 1,551,425	$ 63,150	$ 126,300	$ 983,975	$ 378,000
Operating lease obligations	383,941	70,119	118,044	88,216	107,562
Interest on indebtedness	208,228	46,531	87,446	59,582	14,669
Deferred payment obligation (b)	84,000	84,000	—	—	—
Revolver debt	130,000	130,000	—	—	—
Payments to the Booz Allen Foundation (c)	5,000	5,000			
Liability to option holders (d)	1,340	983	357	—	—
Tax liabilities for uncertain tax positions (e)	11,647	23	1,369	10,255	—
Total contractual obligations	$ 2,375,581	$ 399,806	$ 333,516	$ 983,975	$ 500,231

(a) See Note 11 to our consolidated financial statements for additional information regarding debt and related matters.
(b) Includes $80 million deferred payment obligation balance plus interest due within the next year.
(c) See Note 19 to our consolidated financial statements for a discussion of the Company's binding and irrevocable pledge to the Booz Allen Foundation.
(d) Reflects liabilities to holders of stock options issued the Equity Incentive Plan, as amended, related to the reduction in the exercise price of such options as a result of special dividends paid in June 2012, November 2013, and February and August 2014.
(e) Reflects a reserve of $10.2 million for income tax uncertainties created with the acquisition discussed in Note 4.

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

Capital Expenditures

Since we do not own any of our facilities, our capital expenditure requirements primarily relate to the purchase of computers, business systems, furniture, and leasehold improvements to support our operations. Direct facility and equipment costs billed to clients are not treated as capital expenses. Our capital expenditures for fiscal 2017 and 2016 were $53.9 million and $66.6 million, respectively, and the majority of such capital expenditures related to facilities infrastructure, equipment, and information technology. Expenditures for facilities infrastructure and equipment are generally incurred to support new and existing programs across our business. We also incur capital expenditures for information technology to support programs and general enterprise information technology infrastructure.

Commitments and Contingencies

We are subject to a number of reviews, investigations, claims, lawsuits, and other uncertainties related to our business. For a discussion of these items, refer to Note 20 to our consolidated financial statements.

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

Market risk is the potential loss arising from adverse changes in market rates and market prices such as those related to interest rates. We actively monitor these exposures and manage such risks through our regular operating and financing activities or through the use of derivative financial instruments.

Our exposure to market risk for changes in interest rates relates primarily to our outstanding debt and cash equivalents, which consist primarily of funds invested in prime or U.S. government money-market funds. As of March 31, 2017 and 2016, we had $217.4 million and $187.5 million, respectively, in cash and cash equivalents. The interest expense associated with our term loans and any loans under our revolving credit facility will vary with market rates.

Our exposure to market risk for changes in interest rates related to our outstanding debt will impact our Secured Credit Facility. Pursuant to our interest rate risk management strategies, we began using interest rate cash flow hedges in April 2017 to add stability to our incurrence of interest rate expense and to manage its exposure to related interest rate movement. See Note 24 to our consolidated financial statements for further discussion. A hypothetical interest rate increase to 1% would have increased interest expense related to the term facilities under our Secured Credit Facility by approximately $0.9 million in fiscal 2017 and $6.2 million in fiscal 2016, and likewise decreased our income and cash flows. The year over year decrease in interest expense is primarily due to the Third and Fourth Amendments to the Credit Agreement consummated in July 2016 and February 2017, respectively. As a result of the Third Amendment, the Company increased its borrowing under Term Loan A, the proceeds of which were used to pay outstanding principal on the Term Loan B. As a result of the Fourth Amendment, the Company effectively lowered interest rates of Term Loan B. As the interest rates for Term Loan A are lower than those for Term Loan B, total interest expense decreased for fiscal 2017 as compared to fiscal 2016.

The return on our cash and cash equivalents balance as of March 31, 2017 and 2016 was less than 1%. Therefore, although investment interest rates may continue to decrease in the future, the corresponding impact to our interest income, and likewise to our income and cash flow, would not be material.

As of March 31, 2017, we have not entered into any hedging transactions for speculative or trading purposes.

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

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

We have audited the accompanying consolidated balance sheets of Booz Allen Hamilton Holding Corporation as of March 31, 2017 and 2016, and the related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended March 31, 2017. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Booz Allen Hamilton Holding Corporation at March 31, 2017 and 2016, and the consolidated results of its operations and its cash flows for each of the three years in the period ended March 31, 2017, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Booz Allen Hamilton Holding Corporation's internal control over financial reporting as of March 31, 2017, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated May 22, 2017 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Tysons, Virginia
May 22, 2017

BOOZ ALLEN HAMILTON HOLDING CORPORATION
CONSOLIDATED BALANCE SHEETS

	March 31, 2017	March 31, 2016
	(Amounts in thousands, except share and per share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 217,417	$ 187,529
Accounts receivable, net of allowance	991,810	892,289
Prepaid expenses and other current assets	85,253	109,953
Total current assets	1,294,480	1,189,771
Property and equipment, net of accumulated depreciation	139,167	130,169
Deferred income taxes	10,825	22,054
Intangible assets, net of accumulated amortization	271,880	220,658
Goodwill	1,571,190	1,361,913
Other long-term assets	85,563	85,606
Total assets	$ 3,373,105	$ 3,010,171
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 193,150	$ 112,813
Accounts payable and other accrued expenses	504,117	484,769
Accrued compensation and benefits	263,816	241,367
Other current liabilities	140,318	100,964
Total current liabilities	1,101,401	939,913
Long-term debt, net of current portion	1,470,174	1,484,448
Income tax reserves	11,647	1,517
Other long-term liabilities	216,292	175,805
Total liabilities	2,799,514	2,601,683
Commitments and contingencies (Note 20)		
Stockholders' equity:		
Common stock, Class A — $0.01 par value — authorized, 600,000,000 shares; issued, 155,901,485 shares at March 31, 2017 and 153,391,058 shares at March 31, 2016; outstanding, 148,887,708 shares at March 31, 2017 and 147,992,462 shares at March 31, 2016	1,559	1,534
Treasury stock, at cost — 7,013,777 shares at March 31, 2017 and 5,398,596 shares at March 31, 2016	(191,900)	(135,445)
Additional paid-in capital	302,907	243,475
Retained earnings	478,102	318,537
Accumulated other comprehensive loss	(17,077)	(19,613)
Total stockholders' equity	573,591	408,488
Total liabilities and stockholders' equity	$ 3,373,105	$ 3,010,171

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

BOOZ ALLEN HAMILTON HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

	Fiscal Year Ended March 31,		
	2017	2016	2015
	(Amounts in thousands, except per share data)		
Revenue	$ 5,804,284	$ 5,405,738	$ 5,274,770
Operating costs and expenses:			
Cost of revenue	2,691,982	2,580,026	2,593,849
Billable expenses	1,751,077	1,513,083	1,406,527
General and administrative expenses	817,434	806,509	752,912
Depreciation and amortization	59,544	61,536	62,660
Total operating costs and expenses	5,320,037	4,961,154	4,815,948
Operating income	484,247	444,584	458,822
Interest expense	(62,298)	(70,815)	(71,832)
Other income (expense), net	(10,049)	5,693	(1,072)
Income before income taxes	411,900	379,462	385,918
Income tax expense	159,410	85,368	153,349
Net income	$ 252,490	$ 294,094	$ 232,569
Earnings per common share (Note 3):			
Basic	$ 1.69	$ 1.98	$ 1.58
Diluted	$ 1.67	$ 1.94	$ 1.52

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

BOOZ ALLEN HAMILTON HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Fiscal Year Ended March 31,		
	2017	2016	2015
	(Amounts in thousands)		
Net income	$ 252,490	$ 294,094	$ 232,569
Income (loss) attributable to change in postretirement plan costs, net of tax (Note 14)	2,536	2,546	(15,523)
Comprehensive income	$ 255,026	$ 296,640	$ 217,046

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

BOOZ ALLEN HAMILTON HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Year Ended March 31,		
	2017	2016	2015
	(Amounts in thousands)		
Cash flows from operating activities			
Net income	$ 252,490	$ 294,094	$ 232,569
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	59,544	61,536	62,660
Stock-based compensation expense	21,249	24,992	26,163
Deferred income taxes	15,536	3,549	(2,543)
Excess tax benefits from stock-based compensation	(18,175)	(31,924)	(50,800)
Amortization of debt issuance costs and loss on extinguishment	15,566	8,359	11,582
Losses on dispositions and impairments	4,673	547	1,541
Changes in assets and liabilities:			
Accounts receivable	(87,154)	(31,229)	60,533
Income taxes receivable / payable	54,564	(4,170)	36,456
Prepaid expenses and other current assets	(115)	24,873	(1,591)
Other long-term assets	(10,146)	(49,060)	(8,240)
Accrued compensation and benefits	21,535	(8,409)	(44,329)
Accounts payable and other accrued expenses	14,846	4,911	(35,443)
Accrued interest	(806)	(2,829)	5,262
Income tax reserves	(91)	(56,927)	1,038
Other current liabilities	13,256	66,031	5,127
Other long-term liabilities	25,505	(55,110)	9,973
Net cash provided by operating activities	382,277	249,234	309,958
Cash flows from investing activities			
Purchases of property and equipment	(53,919)	(66,635)	(36,041)
Payments for business acquisitions, net of cash acquired	(247,627)	(51,118)	(24,534)
Insurance proceeds received for damage to equipment	650	—	—
Net cash used in investing activities	(300,896)	(117,753)	(60,575)
Cash flows from financing activities			
Proceeds from issuance of common stock	6,314	5,977	5,020
Stock option exercises	14,687	7,962	6,099
Excess tax benefits from stock-based compensation	18,175	31,924	50,800
Repurchases of common stock	(46,548)	(63,152)	(62,140)
Cash dividends paid	(92,925)	(80,015)	(215,094)
Dividend equivalents paid to option holders	(2,254)	(31,802)	(47,110)
Repayment of debt	(968,325)	(295,063)	(279,563)
Proceeds from debt issuance	1,019,383	273,000	239,828
Net cash used in financing activities	(51,493)	(151,169)	(302,160)
Net increase (decrease) in cash and cash equivalents	29,888	(19,688)	(52,777)
Cash and cash equivalents—beginning of year	187,529	207,217	259,994
Cash and cash equivalents—end of year	$ 217,417	$ 187,529	$ 207,217
Supplemental disclosures of cash flow information			
Cash paid during the period for:			
Interest	$ 49,062	$ 57,068	$ 50,074
Income taxes	$ 89,556	$ 143,083	$ 122,912
Supplemental disclosures of non-cash investing and financing activities			
Share repurchases transacted but not settled and paid	$ 9,907	$ —	$ —
Contingent consideration arising from businesses acquired	$ 3,576	$ —	$ —

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

BOOZ ALLEN HAMILTON HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(Amounts in thousands, except share data)	Class A Common Stock		Class B Non-Voting Common Stock		Class C Restricted Common Stock		Class E Special Voting Common Stock		Treasury Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Balance at March 31, 2014	143,962,073	$ 1,440	582,080	$ 6	935,871	$ 9	4,424,814	$ 13	(609,625)	$ (10,153)	$ 144,269	$ 42,688	$ (6,636)	$ 171,636
Issuance of common stock	1,365,008	14	0	—	0	—	0	—	0	—	5,006	—	—	5,020
Stock options exercised	3,392,643	33	0	—	0	—	(2,573,225)	(7)	0	—	6,073	—	—	6,099
Excess tax benefits from the exercise of stock options	0	—	0	—	0	—	0	—	0	—	50,800	—	—	50,800
Share exchange	1,517,951	15	(582,080)	(6)	(935,871)	(9)	0	—	0	—	—	—	—	—
Repurchase of common stock	0	—	0	—	0	—	0	—	(2,389,768)	(62,140)	—	—	—	(62,140)
Recognition of liability related to future stock option exercises (Note 17)	0	—	0	—	0	—	0	—	0	—	(13,032)	—	—	(13,032)
Net income	0	—	0	—	0	—	0	—	0	—	—	232,569	—	232,569
Change in postretirement plan costs, net of tax	0	—	0	—	0	—	0	—	0	—	—	—	(15,523)	(15,523)
Comprehensive income														217,046
Dividends paid (Note 16)	0	—	0	—	0	—	0	—	0	—	(44,294)	(170,800)	—	(215,094)
Stock-based compensation expense	0	—	0	—	0	—	0	—	0	—	26,163	—	—	26,163
Balance at March 31, 2015	150,237,675	$ 1,502	0	$ —	0	$ —	1,851,589	$ 6	(2,999,393)	$ (72,293)	$ 174,985	$ 104,457	$ (22,159)	$ 186,498
Issuance of common stock	443,813	4	0	—	0	—	0	—	0	—	5,973	—	—	5,977
Stock options exercised	2,709,570	28	0	—	0	—	(1,851,589)	(6)	0	—	7,940	—	—	7,962
Excess tax benefits from the exercise of stock options	0	—	0	—	0	—	0	—	0	—	31,924	—	—	31,924
Share exchange	0	—	0	—	0	—	0	—	0	—	—	—	—	—
Repurchase of common stock	0	—	0	—	0	—	0	—	(2,399,203)	(63,152)	—	—	—	(63,152)
Recognition of liability related to future stock option exercises (Note 17)	0	—	0	—	0	—	0	—	0	—	(2,339)	—	—	(2,339)
Net income	0	—	0	—	0	—	0	—	0	—	—	294,094	—	294,094
Change in postretirement plan costs, net of tax	0	—	0	—	0	—	0	—	0	—	—	—	2,546	2,546
Comprehensive income														296,640
Dividends paid (Note 16)	0	—	0	—	0	—	0	—	0	—	—	(80,014)	—	(80,014)
Stock-based compensation expense	0	—	0	—	0	—	0	—	0	—	24,992	—	—	24,992
Balance at March 31, 2016	153,391,058	$ 1,534	0	$ —	0	$ —	0	$ —	(5,398,596)	$ (135,445)	$ 243,475	$ 318,537	$ (19,613)	$ 408,488
Issuance of common stock	578,932	6	0	—	0	—	0	—	0	—	6,308	—	—	6,314
Stock options exercised	1,931,495	19	0	—	0	—	0	—	0	—	14,668	—	—	14,687
Excess tax benefits from the exercise of stock options	0	—	0	—	0	—	0	—	0	—	18,175	—	—	18,175
Repurchase of common stock	0	—	0	—	0	—	0	—	(1,615,181)	(56,455)	—	—	—	(56,455)
Recognition of liability related to future stock option exercises (Note 17)	0	—	0	—	0	—	0	—	0	—	(968)	—	—	(968)
Net income	0	—	0	—	0	—	0	—	0	—	—	252,490	—	252,490
Change in postretirement plan costs, net of tax	0	—	0	—	0	—	0	—	0	—	—	—	2,536	2,536
Comprehensive income														255,026
Dividends paid (Note 16)	0	—	0	—	0	—	0	—	0	—	—	(92,925)	—	(92,925)
Stock-based compensation expense	0	—	0	—	0	—	0	—	0	—	21,249	—	—	21,249
Balance at March 31, 2017	155,901,485	$ 1,559	0	$ —	0	$ —	0	$ —	(7,013,777)	$ (191,900)	$ 302,907	$ 478,102	$ (17,077)	$ 573,591

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

1. BUSINESS OVERVIEW

Our Business

Booz Allen Hamilton Holding Corporation, including its wholly owned subsidiaries, or Holding, the Company or we, us, and our, was incorporated in Delaware in May 2008. The Company provides management and technology consulting, engineering, analytics, digital solutions, mission operations, and cyber expertise to U.S. and international governments, major corporations, and not-for-profit organizations. The Company reports operating results and financial data in one operating segment. The Company is headquartered in McLean, Virginia, with approximately 23,300 employees as of March 31, 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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

The Company’s fiscal year ends on March 31 and unless otherwise noted, references to fiscal year or fiscal are for fiscal years ended March 31. The accompanying consolidated financial statements present the financial position of the Company as of March 31, 2017 and 2016 and the Company’s results of operations for fiscal 2017, fiscal 2016, and fiscal 2015.

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

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting periods. Areas of the consolidated financial statements where estimates may have the most significant effect include contractual and regulatory reserves, valuation and lives of tangible and intangible assets, contingent consideration related to business acquisitions, impairment of long-lived assets, accrued liabilities, revenue recognition and costs to complete fixed-price contracts, bonus and other incentive compensation, stock-based compensation, reserves for tax benefits and valuation allowances on deferred tax assets, provisions for income taxes, postretirement obligations, certain deferred costs, collectability of receivables, and loss accruals for litigation. Actual results experienced by the Company may differ materially from management's estimates.

Revenue Recognition

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

Revenue on cost-reimbursable-plus-fee contracts is recognized as services are performed, generally based on the allowable costs incurred during the period plus any recognizable earned fee. The Company considers fixed fees under cost-reimbursable-plus-fee contracts to be earned in proportion to the allowable costs incurred in performance of the contract. For cost-reimbursable-plus-fee contracts that include performance-based fee incentives, which are principally award fee arrangements, the Company recognizes income when such fees are probable and estimable. Estimates of the total fee to be earned are made based on contract provisions, prior experience with similar contracts or clients, and management’s evaluation of the performance on such contracts. Revisions to these estimates may result in increases or decreases to revenue and income, and are reflected in the consolidated financial statements in periods in which they are identified. Historically, revisions to these estimates have not had a material effect on our results of operations. Contract costs, including indirect expenses, are subject to audit by the Defense Contract Audit Agency, or DCAA, and, accordingly, are subject to possible cost disallowances. Executive compensation that we determine to be allowable for cost reimbursement based on management's estimates is recognized as revenue, net of reserves. Management's estimates in this regard are based on a number of factors that may change over time, including executive compensation survey data, our and other government contractors' experiences with the DCAA audit practices in our industry, and relevant decisions of courts and boards of contract appeals.

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

Revenue on fixed-price contracts is primarily recognized using the percentage of completion method based on actual costs incurred relative to total estimated costs for the contract. On some fixed-price contracts the Company may use an alternative input method to calculate the percent complete, such as labor hours or labor dollars. This method is used when a contract contains significant, up-front material purchases resulting in costs incurred that are not representative of the actual progress on the contract. In either method, these estimated costs are updated during the term of the contract, and may result in revision by the Company of recognized revenue and estimated costs in the period in which the changes in estimated costs are identified. Historically, revisions to these estimates have not had a material effect on our results of operations. Profits on fixed-price contracts result from the difference between incurred costs used to calculate the percentage of completion and revenue earned.

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

The Company’s contracts may include the delivery of a combination of one or more of the Company’s service offerings. In these situations, the Company determines whether such arrangements with multiple service offerings should be treated as separate units of accounting based on how the elements are bid or negotiated, whether the customer can accept separate elements of the arrangement, and the relationship between the pricing on the elements individually and combined. All other revenues are recognized when persuasive evidence of an arrangement exists, services or products have been provided to the customer, the sales price is fixed or determinable and collectability is reasonably assured.

Cash and Cash Equivalents

Cash and cash equivalents include operating cash on hand and highly liquid investments having a weighted average maturity of 60 days or less and a weighted average life of 120 days or less. The Company’s cash equivalents consist primarily of institutional and government money market funds. The Company maintains its cash and cash equivalents in bank accounts that, at times, exceed the federally insured FDIC limits. The Company has not experienced any losses in such accounts.

Valuation of Accounts Receivable

The Company maintains allowances for doubtful accounts against certain billed and unbilled receivables based upon the latest information regarding whether specific charges are recoverable or invoices are ultimately collectible. Assessing the recoverability of charges and collectability of customer receivables requires management judgment. The Company determines its allowance for doubtful accounts by specifically analyzing individual accounts receivable, historical bad debts, customer credit-worthiness, current economic conditions, accounts receivable aging trends for billed receivables, availability of funding, compliance with contractual terms and conditions, client satisfaction with work performed, and other factors impacting unbilled receivables. Valuation reserves are periodically re-evaluated and adjusted as more information about the ultimate recoverability and collectability of accounts receivable becomes available. Upon determination that a receivable is uncollectible, the receivable balance and any associated reserve are written off.

Concentrations of Credit Risk

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

Property and Equipment

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

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

Business Combinations

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

We have a contingent consideration arrangement in connection with a business acquisition which requires a fair value measurement determined using probability-weighted cash flows. See Note 18 to our consolidated financial statements for further information about the valuation of the contingent consideration liability and the inputs used in the fair value measurement.

Intangible Assets

Intangible assets primarily consist of the Company's trade name, customer relationships, and other amortizable intangible assets. Customer relationships are amortized on an accelerated basis over the expected life based on projected future cash flows of approximately seven to twelve years. The Company's trade name is not amortized, but is tested for impairment on at least an annual basis as of January 1 and more frequently if interim indicators of impairment exist. The trade name is considered to be impaired if the carrying value exceeds its estimated fair value. The Company used the relief from royalty method to estimate the fair value. The fair value of the asset is the present value of the license fees avoided by owning the asset, or the royalty savings. During the fiscal year ended March 31, 2017, the Company recorded impairment charges related to intangible assets acquired in an acquisition. During the fiscal year ended March 31, 2016, and 2015, the Company did not record any impairment of intangible assets.

Goodwill

The Company assesses goodwill for impairment on at least an annual basis on January 1 unless interim indicators of impairment exist. Goodwill is considered to be impaired when the net book value of a reporting unit exceeds its estimated fair value. The Company operates as a single operating segment and as a single reporting unit for the purpose of evaluating goodwill. As of January 1, 2017, the Company performed its annual impairment test of goodwill by comparing the fair value of the Company (based on market capitalization) to the carrying value of the Company's net equity, and concluded that the fair value of the reporting unit was significantly greater than the carrying amount. During the fiscal years ended March 31, 2017, 2016, and 2015, the Company did not record any impairment of goodwill.

Long-Lived Assets

The Company reviews its long-lived assets, including property and equipment and amortizable intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be fully recoverable. If the total of the expected undiscounted future net cash flows is less than the carrying amount of the asset, a loss is recognized for any excess of the carrying amount over the fair value of the asset. During the fiscal years ended March 31, 2017, 2016, and 2015, the Company did not record any impairment charges.

Income Taxes

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

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

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

Comprehensive Income

Comprehensive income is the change in equity of a business enterprise during a period from transactions and other events and circumstances from nonowner sources, and is presented in the consolidated statements of comprehensive income. Accumulated other comprehensive loss as of March 31, 2017 and 2016 consisted of net unrealized losses on the Company’s defined and postretirement benefit plans.

Share-Based Payments

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

Defined Benefit Plan and Other Postretirement Benefits

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

The Company also 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 become disability eligible and elects to participate in the benefit. The accrued cost for such benefits is calculated using an actuarial estimate of the present value of all future benefit payments for obligations at the end of the fiscal year. During the three months ended March 31, 2017 the Company identified misstatements related to unrecognized accrued costs, goodwill, deferred tax assets, and related effects on earnings associated with these benefits in previously issued consolidated financial statements. The Company evaluated the effects of the misstatements to the Company's current and prior period consolidated financial statements and determined the impact was immaterial. As result, the effects of the immaterial misstatements have been corrected in the current period. Refer to Notes 5, 12 and 13 for further discussion.

Self-Funded Medical Plans

The Company maintains self-funded medical insurance. Self-funded plans include Consumer Driven Health Plans with a Health Savings Account option and traditional choice plans. Further, self-funded plans also include prescription drug and dental benefits. The Company records an incurred but unreported claim liability in the accrued compensation and benefits line of the consolidated balance sheets for self-funded plans based on an actuarial valuation. The estimate of the incurred but unreported claim liability was provided by a third-party valuation firm, primarily based on claims and participant data for the medical, dental, and pharmacy related costs.

Fair Value Measurements

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

The accounting guidance for fair value measurements establishes a three-level fair value hierarchy that 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). Assets and liabilities are classified in their entirety within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement. See Note 18 to our consolidated financial statements for additional information on the Company’s fair value measurements.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued a new standard that will replace existing revenue recognition standards and significantly expand the disclosure requirements for revenue arrangements. In July 2015, the FASB approved a one year delay in the effective date of the standard, which will now be effective for the Company beginning on April 1, 2018 (i.e., beginning with the first quarter fiscal 2019 interim financial statements). The Company anticipates adopting the new revenue standard using the full retrospective transition method; however, the Company's ability to adopt using the full retrospective method is dependent on system and process readiness and the completion of our analysis of information necessary to recast our prior period financial statements.

A dedicated implementation team has been established that continues to make progress toward completing the evaluation of the impact of the new standard. An initial accounting assessment of the new standard has been completed and the Company is not currently expecting significant changes related to recognizing revenue and earnings over time for long-term contracts as work progresses because of the continuous transfer of control to the customer, generally using an input measure (e.g., costs incurred) to reflect progress. The Company is also continuing to evaluate the impact of the new standard in other areas, including contract modifications and estimation and recognition of variable consideration for contracts to provide services. The Company is in the process of quantifying the financial statement impacts, revising current accounting policies, evaluating changes to internal controls, and determining the appropriate changes to business processes.

In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting*, which simplifies several aspects of the accounting for share-based payment transactions including the accounting for income taxes, forfeitures, and statutory tax withholding requirements. The ASU is effective for annual reporting periods beginning after December 15, 2016, with early adoption permitted. The Company plans to adopt ASU 2016-09 in the first quarter of fiscal 2018.

In February 2016, the FASB issued ASU 2016-02, *Leases*, to increase transparency and comparability of accounting for lease transactions. The new standard requires lessees to recognize lease assets and lease liabilities on their balance sheet for all leases with a lease term of greater than 12 months. Lessor accounting is largely unchanged. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. The Company is assessing what effect the adoption of this standard may have on the consolidated financial statements.

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

Other recent accounting pronouncements issued by the FASB during fiscal 2017 and through the filing date did not and are not believed by management to have a material impact on the Company's present or historical consolidated financial statements.

3. EARNINGS PER SHARE

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

The Company currently has outstanding shares of Class A Common Stock. The Company purchased, at par value, all issued and outstanding shares of Class E Special Voting Common Stock in connection with the exercise of the final tranche of rollover options during the second quarter of fiscal 2016. Class E Special Voting Common Stock shares are not included in the calculation of EPS as these shares represent voting rights only and are not entitled to participate in dividends or other distributions. During fiscal 2015, the Company converted all issued and outstanding shares of Class B Non-Voting Common Stock and Class C Restricted Common Stock into shares of Class A Common Stock on a one-for-one basis. 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 paid in each quarter of fiscal 2017, 2016, and 2015. As such, EPS is calculated using the two-class method whereby earnings are reduced by distributed earnings as well as any available undistributed earnings allocable to holders of unvested restricted shares. A reconciliation of the income used to compute basic and diluted EPS for the periods presented are as follows:

	Fiscal Year Ended March 31,		
	2017	2016	2015
Earnings for basic computations (1)	$ 250,231	$ 290,542	$ 229,093
Weighted-average Class A Common Stock outstanding	148,218,968	146,494,407	144,809,906
Weighted-average Class B Non-Voting Common Stock outstanding	—	—	222,129
Weighted-average Class C Restricted Common Stock outstanding	—	—	382,085
Total weighted-average common shares outstanding for basic computations	148,218,968	146,494,407	145,414,120
Earnings for diluted computations (1)	$ 250,249	$ 290,596	$ 229,101
Dilutive stock options and restricted stock	2,055,672	3,224,730	4,961,411
Average number of common shares outstanding for diluted computations	150,274,640	149,719,137	150,375,531
Earnings per common share			
Basic	$ 1.69	$ 1.98	$ 1.58
Diluted	$ 1.67	$ 1.94	$ 1.52

(1) During fiscal 2017, 2016, and 2015 approximately 1.3 million, 1.8 million, and 2.2 million shares of participating securities were paid dividends totaling $0.9 million, $1.0 million, and $3.2 million, respectively. For fiscal 2017 there were undistributed earnings of $1.4 million allocated to the participating class of securities in basic and diluted earnings per share, respectively. For fiscal 2016 there were undistributed earnings of $2.5 million allocated to the participating class of securities in both basic and diluted earnings per share, respectively. For fiscal 2015 there were undistributed earnings of $0.3 million and $0.2 million allocated to the participating class of securities in basic and diluted earnings per share, respectively. The allocated undistributed earnings and the dividends paid comprise the difference between net income presented on the consolidated statements of operations and earnings for basic and diluted computations for fiscal 2017, 2016 and 2015.

The EPS calculation for fiscal 2017, 2016, and 2015 excludes 0.05 million, 0.6 million, and 0.3 million options as their impact was anti-dilutive.

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

4. ACQUISITION

On January 24, 2017, the Company acquired eGov Holdings, Inc., which we refer to as "Aquilent". As a result of the transaction, eGov Holdings, Inc. became a wholly owned subsidiary of Booz Allen Hamilton Inc. Aquilent is an architect of IT solutions for the U.S. Federal government. We expect the acquisition will further expand the Company's ability to blend its consulting heritage with advanced technical expertise.

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

The following table summarizes the preliminary determination of the total consideration transferred at the acquisition date of January 24, 2017:

Cash purchase price paid to Aquilent shareholders	$	250,000
Working capital and other closing adjustments		(1,570)
Acquired cash on hand		2,998
Acquisition-related compensation expenses		(1,291)
Acquisition-related contingent consideration		3,576
Total estimated purchase consideration and liabilities paid at closing	$	253,713

As part of the acquisition, the Company and Aquilent agreed to jointly make an election under Section 338(h)(10) of the Internal Revenue Code (Section 338(h)(10)) to treat the acquisition as an asset purchase for income tax purposes and as part of the acquisition, the Company agreed to indemnify the selling stockholders for potential, incremental increases in income taxes and related costs as a result of the Section 338(h)(10) election. The indemnity is evaluated to be acquisition-related contingent consideration, which is preliminarily estimated at the acquisition date fair value of $3.6 million. The acquisition-related contingent consideration was estimated using probability-weighted cash flows and Level 3 inputs as described under the fair value hierarchy of ASC 820, *Fair Value Measurements* ("ASC 820").

Under the terms of the purchase agreement, the Company has 120 days after closing to provide proposed post-closing working capital adjustments to the stockholders' representatives on behalf of the selling stockholders, which are subject to dispute by the stockholders' representatives. The final purchase price allocations will be completed after the underlying information has been finalized and agreed upon by the stockholders' representatives and the Company. Preliminary transaction costs were $4.0 million, which were recorded as incurred, primarily as general and administrative expense.

The Company recorded, on a preliminary basis, the assets acquired and liabilities assumed at their acquisition date fair value, with the difference between the fair value of the net assets acquired and the acquisition consideration reflected as goodwill. The following table represents the preliminary fair value of assets acquired and liabilities assumed as of the acquisition date:

Preliminary allocation:		
Current assets	$	15,809
Other tangible assets		1,144
Customer-relationship intangible assets		69,000
Goodwill		199,830
Current liabilities		(8,295)
Tax indemnification liability		(13,554)
Income tax uncertainty		(10,221)
Estimated total purchase consideration and liabilities paid at closing	$	253,713

The identifiable customer-relationship intangible assets of $69 million was valued using the excess earnings method discounted cash flow approach, incorporating Level 3 inputs as described under the fair value hierarchy of ASC 820. These unobservable inputs reflect the Company's own assumptions about which assumptions market participants would use in pricing an asset on a non-recurring basis. This asset is expected to be amortized over the estimated useful life of 12 years.

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

As part of the acquisition, the Company agreed to contractually reimburse the selling stockholders for previously unrealized tax consequences on Aquilent's prior tax-return positions that become realized with the acquisition. Accordingly, the Company recognized a tax indemnification liability of $13.6 million. The Company also recognized a related reserve of $10.2 million for income tax uncertainties created with the acquisition resulting from uncertainties in the sustainability of Aquilent's prior tax-return positions under examination with the relevant tax authorities.

The goodwill of $199.8 million is primarily attributed to the specialized workforce and the expected synergies between the Company and Aquilent. The majority of the goodwill is expected to be deductible for tax purposes.

The fair values of assets acquired and liabilities assumed are preliminary and based on valuation estimates and assumptions that are subject to change and could result in material changes since the timing of the acquisition and related judgments required to make certain valuation estimates could necessitate the use of the one year measurement period to adequately analyze and assess a number of factors used in establishing the fair value of the net assets acquired. Although the Company does not currently expect material changes to the initial value of net assets acquired, the Company continues to evaluate assumptions associated with the customer-relationship intangible, assumptions underlying income tax related liabilities and contingent consideration, and working capital adjustments.

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

5. GOODWILL AND INTANGIBLE ASSETS

Goodwill

As of March 31, 2017 and 2016, goodwill was $1,571.2 million and $1,361.9 million, respectively. The increase in the carrying amount of goodwill was attributable to the Company's acquisition of Aquilent as discussed in Note 4 and an increase of $9.4 million as a result of the correction of the immaterial misstatement discussed in Note 2.

The Company performed an annual impairment test of goodwill as of January 1, 2017 and 2016, and did not identify any impairment.

Intangible Assets

Intangible assets consisted of the following:

	March 31, 2017			March 31, 2016		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Amortizable intangible assets:						
Customer relationships and other amortizable intangible assets	$ 274,915	$ 193,235	$ 81,680	$ 209,759	$ 179,301	$ 30,458
Unamortizable intangible assets:						
Trade name	$ 190,200	$ —	$ 190,200	$ 190,200	$ —	$ 190,200
Total	$ 465,115	$ 193,235	$ 271,880	$ 399,959	$ 179,301	$ 220,658

Intangible assets are primarily amortized on an accelerated basis over periods ranging from 7 years to 12 years. The weighted-average remaining period of amortization for all customer relationships is 11 years.

The Company performed an annual impairment test of the trade name as of January 1, 2017 and 2016, and did not identify any impairment. However, the Company recognized an impairment charge of $3.8 million in fiscal 2017 for acquired technology, customer relationships and other intangible assets associated with a historical business acquisition.

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

Amortization expense for fiscal 2017, 2016, and 2015 was $13.9 million, $12.1 million, and $10.7 million, respectively. The following table summarizes the estimated annual amortization expense for future periods indicated below:

For the Fiscal Year Ended March 31,	
2018	$ 16,026
2019	13,742
2020	11,004
2021	9,011
2022	7,647
Thereafter	24,250
Total estimated amortization expense	$ 81,680

6. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consisted of the following:

	March 31,	
	2017	2016
Current		
Accounts receivable–billed	$ 340,716	$ 308,670
Accounts receivable–unbilled	651,094	584,275
Allowance for doubtful accounts	—	(656)
Accounts receivable, net	991,810	892,289
Long-term		
Accounts receivable–unbilled	59,913	51,145
Total accounts receivable, net	$ 1,051,723	$ 943,434

Unbilled amounts represent revenues for which billings have not been presented to customers at year end. These amounts are usually billed and collected within one year. Long-term unbilled receivables not anticipated to be billed and collected within one year, which are primarily related to retainage, holdbacks, and long-term rate settlements to be billed at contract closeout, are included in other long-term assets in the accompanying consolidated balance sheets. The Company recognized a provision (benefit) for doubtful accounts (including certain unbilled reserves) of $0.6 million, $1.1 million, and $(1.0) million for fiscal 2017, 2016, and 2015, respectively.

7. PROPERTY AND EQUIPMENT, NET

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

	March 31,	
	2017	2016
Furniture and equipment	$ 151,552	$ 145,292
Computer equipment	75,159	69,075
Software	48,361	48,316
Leasehold improvements	177,009	155,803
Total	452,081	418,486
Less: Accumulated depreciation and amortization	(312,914)	(288,317)
Property and equipment, net	$ 139,167	$ 130,169

Property and equipment, net, includes $8.1 million and $6.9 million of internally developed software, net of depreciation as of March 31, 2017 and 2016, respectively. Depreciation and amortization expense relating to property and equipment for fiscal 2017, 2016, and 2015 was $46.3 million, $50.1 million, and $52.7 million, respectively. During fiscal 2017 and 2016, the Company reduced the gross cost and accumulated depreciation and amortization by $11.9 million and $6.6 million, respectively, for zero net book value assets deemed no longer in service.

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

8. ACCOUNTS PAYABLE AND OTHER ACCRUED EXPENSES

Accounts payable and other accrued expenses consisted of the following:

	March 31,	
	2017	2016
Vendor payables	$ 268,630	$ 246,670
Accrued expenses	235,487	238,099
Total accounts payable and other accrued expenses	$ 504,117	$ 484,769

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

9. ACCRUED COMPENSATION AND BENEFITS

Accrued compensation and benefits consisted of the following:

	March 31,	
	2017	2016
Bonus	$ 77,765	$ 73,040
Retirement	31,879	30,388
Vacation	124,486	114,599
Other	29,686	23,340
Total accrued compensation and benefits	$ 263,816	$ 241,367

10. DEFERRED PAYMENT OBLIGATION

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

The remaining $80.0 million is available to indemnify the Company for certain pre-acquisition tax contingencies, related interest and penalties, and other matters pursuant to the Merger Agreement. Any amounts remaining after the settlement of all claims will be paid out to the selling shareholders. During fiscal 2016, the Company effectively settled approximately $56.9 million of its pre-acquisition uncertain tax positions, thereby relieving an amount of approximately $21.4 million that was previously indemnified under the DPO. As of March 31, 2016, there were no estimated tax indemnified amounts recorded against the DPO. Remaining potential claims outstanding that may be indemnified pursuant to the Merger Agreement relate to former officers and stockholders’ suits that are still in litigation (See Note 20).

During fiscal 2017, the Company accrued interest at a rate of 5% per six-month period on the unpaid DPO balance, net of any settled claims or payments, which was $80.0 million as of March 31, 2017 and 2016. Accordingly, the $81.3 million and $81.3 million recorded within other current liabilities as of March 31, 2017 and March 31, 2016, respectively, represent the residual balances estimated to be paid to the selling shareholders subject to any remaining potential claims based on consideration of accrued interest and other matters.

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

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

	March 31,	
	2017	2016
Deferred payment obligation:	$ 80,000	$ 80,000
Indemnified pre-acquisition uncertain tax positions	—	(21,407)
Release of indemnified pre-acquisition uncertain tax positions	—	21,407
Accrued interest	1,304	1,319
Amount recorded in the consolidated balance sheet	$ 81,304	$ 81,319

The Company paid $8.0 million in each of fiscal 2017 and 2016 of accrued interest to the selling shareholders.

11. DEBT

Debt consisted of the following:

	March 31, 2017		March 31, 2016	
	Interest Rate	Outstanding Balance	Interest Rate	Outstanding Balance
Term Loan A	2.98%	$ 1,153,425	2.94%	$ 741,813
Term Loan B	3.08%	398,000	3.75%	841,188
Revolving credit facility (ABR)	5.00%	80,000	5.00%	35,000
Revolving credit facility (LIBOR)	2.98%	50,000	—%	—
Less: Unamortized debt issuance costs and discount on debt		(18,101)		(20,740)
Total		1,663,324		1,597,261
Less: Current portion of long-term debt		(193,150)		(112,813)
Long-term debt, net of current portion		$ 1,470,174		$ 1,484,448

On July 13, 2016 and February 6, 2017, 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 Third Amendment (the “Third Amendment”) and the Fourth Amendment (the "Fourth Amendment), respectively, to the Credit Agreement (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, Collateral Agent and Issuing Lender (as previously amended by the First Amendment to the Credit Agreement, dated as of August 16, 2013 and the Second Amendment to the Credit Agreement, dated as of May 7, 2014). Pursuant to the Third Amendment, Booz Allen Hamilton borrowed approximately $441 million of additional Term Loan A, with such funds used to pay off a portion of the Term Loan B facility. The Third Amendment also extended the maturity date of Term Loan A and the termination date for the revolving credit facility to June 30, 2021 and extended the maturity date of Term Loan B to June 30, 2023. The Third Amendment also amended certain existing debt covenants to provide greater operational and financial flexibility. Pursuant to the Fourth Amendment, the Company reduced the interest rate spread applicable to Term Loan B. The interest rate spread applicable to Term Loan A remained unchanged.

Prior to the Fourth Amendment, $399 million was outstanding under Term Loan B. Pursuant to the Fourth 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 $399 million. 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.

In connection with the Third and Fourth Amendments, the Company accelerated the amortization of ratable portions of the amortization of debt issuance costs (DIC) and original issue discount (OID) that did not qualify for deferral of approximately $5.5 million and $0.1 million, respectively. These expenses are reflected in other income (expense), net in fiscal 2017. Furthermore, the Company expensed third party debt issuance costs and creditor fees of approximately $3.4 million and

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

$0.9 million in connection with the Third and Fourth Amendments, respectively, that did not qualify for deferral and are reflected in general and administrative costs in fiscal 2017.

As of March 31, 2017, the Credit Agreement, as amended, provided the Company with a $1,153 million Term Loan A and a $398.0 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. Booz Allen Hamilton’s obligations and the guarantors’ guarantees under the Credit Agreement, as amended, 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, as amended, 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 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) $400.0 million plus (ii) the aggregate principal amount under which pro forma consolidated net secured leverage remains less than or equal to 3.50:1.00.

Booz Allen Hamilton occasionally borrows under the Revolving Credit Facility in anticipation of cash demands. During fiscal 2017 and 2016, Booz Allen Hamilton accessed a total of $575.0 million and $273.0 million, respectively, of its $500.0 million Revolving Credit Facility. As of March 31, 2017, $130.0 million was outstanding on the Revolving Credit Facility. As of March 31, 2016, $35.0 million was outstanding on the Revolving Credit Facility. See Note 24.

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 following table summarizes required future debt principal repayments on the term loans:

	Payments Due By March 31,						
	Total	2018	2019	2020	2021	2022	Thereafter
Term Loan A	$ 1,153,425	$ 59,150	$ 59,150	$ 59,150	$ 59,150	$ 916,825	$ —
Term Loan B	398,000	4,000	4,000	4,000	4,000	4,000	378,000
Total	$ 1,551,425	$ 63,150	$ 63,150	$ 63,150	$ 63,150	$ 920,825	$ 378,000

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 B is 2.25% for LIBOR loans and 1.25% for base rate loans. The applicable margin for Term Loan A and borrowings under the Revolving Credit Facility ranges from 1.50% to 2.25% for LIBOR loans and 0.50% to 1.25% for base rate loans, in each case based on the Booz Allen Hamilton’s consolidated total net leverage ratio. Unused commitments under the Revolving Credit Facility are subject to a quarterly fee ranging from 0.30% to 0.40% based on Booz Allen Hamilton’s consolidated total net leverage ratio.

The Credit Agreement, as amended, 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) sale and lease back transactions; (viii) change in fiscal periods; (ix) negative pledges; (x) restrictive agreements; (xi) line of business; and (xii) 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 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 March 31, 2017 and 2016, Booz Allen Hamilton was in compliance with all of these covenants.

During fiscal 2017, interest payments of $28.8 million and $19.5 million were made for Term Loan A and Term Loan B, respectively. During fiscal 2016, interest payments of $22.0 million and $34.7 million were made for Term Loan A and Term Loan B, respectively.

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

	Fiscal Year Ended March 31,		
	2017	2016	2015
		(In thousands)	
Term Loan A Interest Expense	$ 28,646	$ 21,790	$ 22,189
Term Loan B Interest Expense	18,874	32,070	33,079
Interest on Revolving Credit Facility	751	363	68
Deferred Payment Obligation Interest [1]	7,985	8,015	8,000
Amortization of Debt Issuance Costs (DIC) and Original Issue Discount (OID) [2]	5,683	8,359	8,331
Other	359	218	165
Total Interest Expense	$ 62,298	$ 70,815	$ 71,832

[1] Interest payments on the deferred payment obligation are made twice a year in January and July. See Note 10.

[2] DIC and OID on the Company's term loans are recorded as a reduction of long-term debt in the consolidated balance sheet and are amortized ratably over the life of the related debt using the effective rate method. DIC on the Company's revolving line of credit is recorded as a long term asset on the consolidated balance sheet and amortized ratably over the term of the revolving credit facility.

12. INCOME TAXES

The components of income tax expense were as follows:

	Fiscal Year Ended March 31,		
	2017	2016	2015
Current			
U.S. Federal	$ 119,601	$ 61,339	$ 133,400
State and local	24,273	20,480	22,492
Total current	143,874	81,819	155,892
Deferred			
U.S. Federal	18,451	8,664	(2,938)
State and local	(2,915)	(5,115)	395
Total deferred	15,536	3,549	(2,543)
Total	$ 159,410	$ 85,368	$ 153,349

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

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

	Fiscal Year Ended March 31,		
	2017	**2016**	**2015**
Income tax expense computed at U.S. federal statutory rate (35%)	$ 144,165	$ 132,812	$ 135,071
Increases (reductions) resulting from:			
Changes in uncertain tax positions	(92)	(56,428)	1,038
State and local income taxes, net of federal tax	13,882	10,092	15,039
Meals and entertainment	1,328	1,321	1,513
Other	127	(2,429)	688
Income tax expense from operations	$ 159,410	$ 85,368	$ 153,349

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

	March 31,	
	2017	**2016**
Deferred income tax assets:		
Accrued expenses	$ 85,459	$ 85,412
Accrued compensation	41,421	35,950
Stock-based compensation	15,326	20,032
Pension and postretirement benefits	48,672	46,743
Property and equipment	3,885	14,760
Capital loss carryforwards	246	283
Deferred rent and tenant allowance	25,167	20,964
Extended disability benefits	8,860	—
Other	6,817	4,793
Total gross deferred income tax assets	235,853	228,937
Less: Valuation allowance	—	—
Total net deferred income tax assets	235,853	228,937
Deferred income tax liabilities:		
Unbilled receivables	(141,357)	(122,744)
Intangible assets	(78,871)	(80,604)
Debt issuance costs	(4,709)	(3,354)
Other	(91)	(181)
Total deferred income tax liabilities	(225,028)	(206,883)
Net deferred income tax asset	$ 10,825	$ 22,054

Deferred tax balances arise from temporary differences between the carrying amount of assets and liabilities and their tax basis and are stated at the enacted tax rates in effect for the year in which the differences are expected to reverse. A valuation allowance is provided against deferred tax assets when it is more likely than not that some or all of the deferred tax asset will not be realized. In determining if the Company's deferred tax assets are realizable, management considers all positive and negative evidence, including the history of generating financial reporting earnings, future reversals of existing taxable temporary differences, projected future taxable income, as well as any tax planning strategies. As discussed in Note 2, the Company recognized deferred income tax assets of $8.9 million associated with the correction of an immaterial misstatement with the medical and dental benefits provided to employees and their eligible dependents on long-term disability. The Company believes it is more likely than not that the results of future operations will generate sufficient taxable income to realize the net deferred tax assets.

As of March 31, 2017, the Company has no State net operating loss or NOL carryforwards.

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

Uncertain Tax Positions

The Company maintains reserves for uncertain tax positions related to income tax benefits recognized. These reserves involve considerable judgment and estimation and are evaluated by management based on the best information available including changes in tax laws and other information. As of March 31, 2017, 2016, and 2015, the Company has recorded $11.6 million, $1.5 million, and $58.4 million, respectively, of reserves for uncertain tax positions which includes potential tax benefits of $1.4 million, $1.4 million, and $55.2 million respectively, that, when recognized, impact the effective tax rate. As discussed in Note 4, the Company has a pre-acquisition tax uncertainty that was recorded in purchase accounting in the amount of $10.2 million.

For the fiscal year ended March 31, 2016, the Company's reserves for uncertain tax positions decreased primarily as a result of expired statute of limitations for a prior tax year and management's conclusion that the uncertain tax positions related to the statute lapse were effectively settled. The Company released approximately $56.9 million of its pre-acquisition uncertain tax positions during fiscal 2016, including $3.2 million of net interest and penalties that were incurred by the Company subsequent to the acquisition. This resulted in a decrease in the Company's effective tax rate for fiscal 2016. As part of this settlement, an amount of $21.4 million, previously indemnified under the remaining available DPO was relieved. As of March 31, 2016, there were no estimated tax indemnified amounts recorded against the DPO.

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

	March 31,		
	2017	2016	2015
Beginning of year	$ 1,449	$ 55,164	$ 54,966
Increases in prior year position	127	79	27
Increases in current year position	10,278	—	203
Settlements with taxing authorities	—	(2,581)	(32)
Lapse of statute of limitations	(266)	(51,213)	—
End of year	$ 11,588	$ 1,449	$ 55,164

The Company recognized accrued (released) interest and penalties of $(9) thousand, $(3.2) million and $0.8 million for fiscal 2017, 2016, and 2015, respectively, related to the reserves for uncertain tax positions in the income tax provision. Included in the total reserve for uncertain tax positions are accrued penalties and interest of approximately $0.1 million, $0.1 million and $3.3 million at March 31, 2017, 2016, and 2015 respectively.

The Company is subject to taxation in the United States and various state and foreign jurisdictions. As of March 31, 2017, the Company's tax years ended March 31, 2013 and forward are open and subject to examination by the federal tax authorities. The other jurisdictions currently open or under examination are not considered to be material.

13. EMPLOYEE BENEFIT PLANS

Defined Contribution Plan

The Company sponsors the Employees' Capital Accumulation Plan, or ECAP, which is a qualified defined contribution plan that covers eligible U.S. and international employees. The ECAP provides for distributions, subject to certain vesting provisions, to participants by reason of retirement, death, disability, or termination of employment. Effective April 1, 2014, the Company transitioned from a discretionary employer contribution to an annual matching contribution of up to 6% of eligible annual income as determined by the Internal Revenue Code for the ECAP. Total expense recognized under ECAP for fiscal 2017, 2016, and 2015 was $116.6 million, $108.7 million, and $110.7 million, respectively, and the Company-paid contributions were $114.8 million, $107.5 million, and $124.8 million, 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. The Company also provides a fixed annual allowance after retirement to cover financial counseling and other expenses. The Retired Officers'

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Bonus Plan is not salary related, but rather is based primarily on years of service. In the fourth quarter of fiscal 2017, the Company adopted a new plan which will provide for a one-time, lump sum retirement payment of one month's salary when a vice-president retires from the Company, effective April 1, 2017. This is referred to as the Retired Vice-President Bonus Plan.

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

	Fiscal Year Ended March 31,		
	2017	2016	2015
Service cost	$ 4,851	$ 5,702	$ 4,086
Interest cost	4,782	4,505	3,568
Net actuarial loss	3,052	3,536	582
Total postretirement medical expense	$ 12,685	$ 13,743	$ 8,236

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

	Fiscal Year Ended March 31,		
	2017	2016	2015
Officer Medical Plan	4.30%	4.25%	4.25%
Retired Officers' Bonus Plan	4.30%	4.25%	4.25%
Retired Vice Presidents' Bonus Plan	4.30%	—%	—%

Assumed healthcare cost trend rates for the Officer Medical Plan at March 31, 2017 and 2016 were as follows:

Pre-65 initial rate	2017	2016
Healthcare cost trend rate assumed for next year	7.25%	7.50%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.50%	4.50%
Year that the rate reaches the ultimate trend rate	2024	2024

Post-65 initial rate	2017	2016
Healthcare cost trend rate assumed for next year	8.50%	9.00%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.50%	4.50%
Year that the rate reaches the ultimate trend rate	2024	2024

Assumed healthcare cost trend rates have a significant effect on the amounts reported for the healthcare plans. A one-percentage-point change in assumed healthcare cost trend rates calculated as of March 31, 2017 would have the following effects:

	1% Increase	1% Decrease
Effect on total of service and interest cost	$ 2,160	$ (1,667)
Effect on postretirement benefit obligation	20,446	(16,374)

Total defined benefit plan expense, consisting of service, interest, and net actuarial gain associated with the Retired Officers' Bonus Plan was $0.7 million, $0.7 million, and $0.7 million for fiscal 2017, 2016, and 2015, respectively. Benefits paid associated with the Retired Officers' Bonus Plan were $0.9 million, $0.3 million, and $1.3 million for fiscal 2017, 2016, and 2015, respectively. The end-of-period benefit obligation of $4.4 million and $4.5 million as of March 31, 2017 and 2016, respectively, is included in postretirement obligations within other long-term liabilities in the accompanying consolidated balance sheets. The projected benefit obligation associated with the Retired Vice-President Bonus Plan was $1.0 million as of March 31, 2017, which was recorded as postretirement obligations within other long-term liabilities in the accompanying consolidated balance sheets.

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

Accumulated other comprehensive loss for fiscal 2017 includes unrecognized gross actuarial gain and prior service cost of $1.1 million, reduced by taxes of $0.4 million, that has not yet been recognized in net periodic pension cost for fiscal 2017 for the Retired Officers' Bonus Plan, the Officer Medical Plan, and the Retired Vice-President Bonus Plan. Accumulated other comprehensive loss includes unrecognized gross actuarial gain of $0.7 million, reduced by taxes of $0.3 million for fiscal 2016 that has not yet been recognized in net periodic pension cost for the Retired Officers' Bonus Plan and the Officer Medical Plan.

The amounts in accumulated other comprehensive loss expected to be recognized as components of net periodic cost in fiscal 2018 are $2.3 million of net actuarial loss, $0.1 million of net prior service cost, and $0 of net transition (asset) obligation.

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

	Fiscal Year Ended March 31,		
	2017	2016	2015
Benefit obligation, beginning of the year	$ 114,008	$ 107,317	$ 75,902
Service cost	4,851	5,702	4,086
Interest cost	4,782	4,505	3,568
Net actuarial (gain) loss	(2,219)	(496)	26,293
Benefits paid	(3,333)	(3,020)	(2,532)
Benefit obligation, end of the year	$ 118,089	$ 114,008	$ 107,317

	Fiscal Year Ended March 31,		
Changes in plan assets	2017	2016	2015
Fair value of plan assets, beginning of the year	$ —	$ —	$ —
Employer contributions	3,333	3,020	2,532
Benefits paid	(3,333)	(3,020)	(2,532)
Fair value of plan assets, end of the year	$ —	$ —	$ —

As of March 31, 2017 and 2016, the unfunded status of the Officer Medical Plan was $118.1 million and $114.0 million, respectively, which is included in other long-term liabilities in the accompanying consolidated balance sheets.

Funded Status for Defined Benefit Plans

Generally, annual contributions are made at such times and in amounts as required by law and may, from time to time, exceed minimum funding requirements. The Retired Officers' Bonus Plan and the Retired Vice-President Bonus Plan are unfunded plans and contributions are made as benefits are paid. As of March 31, 2017 and 2016, there were no plan assets for either the Retired Officers' Bonus Plan or the Retired Vice-President Bonus Plan and therefore, the accumulated liability of $5.4 million and $4.5 million, respectively, is unfunded. The liability will be distributed in a lump-sum payment as each officer or vice-president retires.

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

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

For the Fiscal Year Ending March 31,		
2018	$	3,303
2019	$	3,691
2020	$	4,081
2021	$	4,605
2022	$	5,041
2023 - 2027	$	30,862

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. As discussed in Note 2, the Company identified misstatements associated with these benefits and as result, the effects of the immaterial misstatements have been corrected in the current period. The accrued cost for these benefits was $22.5 million at March 31, 2017 and is presented in other long-term liabilities. The cumulative effect of the changes in the historical actuarial gains and losses, including for fiscal 2017, has been recognized in earnings for $6.9 million and is recorded in general and administrative expenses.

14. ACCUMULATED OTHER COMPREHENSIVE LOSS

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

	March 31,		
	2017	2016	2015
Beginning of year	$ (19,613)	$ (22,159)	$ (6,636)
Other comprehensive income (loss) before reclassifications	688	404	(15,873)
Amounts reclassified from accumulated other comprehensive loss	1,848	2,142	350
Net current-period other comprehensive income (loss)	2,536	2,546	(15,523)
End of year	$ (17,077)	$ (19,613)	$ (22,159)

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

	March 31,		
	2017	2016	2015
Amortization of net actuarial loss included in net periodic benefit cost (See Note 13)			
Total before tax	$ 3,050	$ 3,536	$ 577
Tax benefit	(1,202)	(1,394)	(227)
Net of tax	$ 1,848	$ 2,142	$ 350

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

15. OTHER LONG-TERM LIABILITIES

Other long-term liabilities consisted of the following:

	March 31, 2017	March 31, 2016
Deferred rent	$ 63,854	$ 53,170
Postretirement benefit obligations	123,492	118,554
Other (1)	28,946	4,081
Total other long-term liabilities	$ 216,292	$ 175,805

(1) Balance at March 31, 2017 includes a long-term disability obligation as discussed in Note 13 for $22.5 million and contingent consideration of $3.6 million as discussed in Note 4.

16. STOCKHOLDERS' EQUITY

Common Stock

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

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

When shares of Class B Non-Voting Common Stock or Class C Restricted Common Stock are sold on the open market, they become Class A Common Stock shares. At the annual meeting of stockholders held on July 31, 2014, the stockholders approved a proposal to amend and restate the certificate of incorporation, which had the effect of converting all issued and outstanding shares of Class B Non-Voting Common Stock and Class C Restricted Common Stock into shares of Class A Common Stock on a one-for-one basis. The conversion was effected on August 13, 2014 when the Company filed its third amended and restated certificate of incorporation with the Secretary of State of the State of Delaware. As a result of the conversion, there were no shares of Class B Non-Voting Common Stock and Class C Restricted Common Stock outstanding at such time.

Class E Special Voting Common Stock represents the voting rights that accompany the Rollover Options. Rollover Options have a fixed vesting and exercise schedule to comply with IRS Section 409A. Upon exercise, the option will convert to Class A Common Stock, and the corresponding Class E Special Voting Common Stock will be repurchased by the Company and retired. On September 30, 2015, the Company purchased, at par value, all issued and outstanding shares of Class E special voting common stock in connection with the exercise of the final tranche of rollover options during the second quarter of fiscal 2016. Refer to Note 17 for further discussion of the Rollover Options.

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

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

Employee Stock Purchase Plan

In connection with the Company's initial public offering in November 2010, the Company established a tax qualified Employee Stock Purchase Plan, or ESPP, which is designed to enable eligible employees to periodically purchase shares of the Company's Class A Common Stock up to an aggregate of 10,000,000 shares at a five percent discount from the fair market value of the Company's common stock. The ESPP provides for quarterly offering periods, the first of which commenced on

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April 1, 2011. For the year ended March 31, 2017, 201,558 Class A Common Stock shares were purchased by employees under the ESPP. Since the program's inception, 1,934,907 shares have been purchased by employees.

Share Repurchase Program

On December 12, 2011, the Board of Directors approved a $30.0 million share repurchase program, to be funded from cash on hand. A special committee of the Board of Directors was appointed to evaluate market conditions and other relevant factors and initiate repurchases under the program from time to time. On January 27, 2015, the Board of Directors approved an increase to the share repurchase authorization to $180.0 million. On January 25, 2017, the Board of Directors approved an increase to the share repurchase authorization from $180.0 million to up to $410.0 million The share repurchase program may be suspended, modified or discontinued at any time at the Company's discretion without prior notice. On November 5, 2014, the Company entered into an agreement with an affiliate of The Carlyle Group to repurchase 1,000,000 shares of our Class A common stock pursuant to the repurchase program. The shares were repurchased at a price of $25.10 per share as part of a private non-underwritten transaction. On February 2, 2015, the Company entered into a similar agreement with an affiliate of the Carlyle Group to repurchase an additional 1,000,000 shares of our Class A common stock pursuant to the repurchase program. The shares were repurchased from the Underwriter at a price of $28.36 per share. During fiscal 2016, the Company purchased 2,100,000 shares of the Company's Class A Common Stock in a series of open market transactions for $54.9 million. During fiscal 2017, the Company purchased 1,306,388 shares of the Company's Class A Common Stock in a series of open market transactions for $46.4 million. As of March 31, 2017, the Company had $255.3 million remaining under the repurchase program.

Dividends

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

	Fiscal Year Ended March 31,		
	2017	**2016**	**2015**
Recurring dividends (1)	$ 92,925	$ 80,015	$ 67,846
Special dividends (2)	—	—	147,248
Dividend equivalents (3)	2,254	31,802	47,110
Total distributions	$ 95,179	$ 111,817	$ 262,204

(1) Amounts represent recurring quarterly dividends that were declared and paid for during each quarter of fiscal 2017, 2016, and 2015.

(2) Amount represents aggregate special dividends of $1.00 per share ($1.00 paid on August 29, 2014) that were declared and paid for during fiscal 2015.

(3) Dividend equivalents are distributions made to option holders equal to the special dividends declared and paid.

For each special dividend authorized and declared, the Board of Directors, acting as the Administrator of the Officers' Rollover Stock Plan and the Amended and Restated Equity Incentive Plan, or EIP, is required to make a determination under the respective plan's antidilution provision to adjust the outstanding options. Refer to Note 17 for further discussion of the special dividends.

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

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

17. STOCK-BASED COMPENSATION

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

	Fiscal Year Ended March 31,		
	2017	2016	2015
Cost of revenue	$ 5,756	$ 7,001	$ 8,652
General and administrative expenses	15,493	17,991	17,511
Total	$ 21,249	$ 24,992	$ 26,163

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

	Fiscal Year Ended March 31,		
	2017	2016	2015
Equity Incentive Plan Options	$ 2,523	$ 3,702	$ 4,897
Class A Restricted Common Stock	18,726	21,290	21,266
Total	$ 21,249	$ 24,992	$ 26,163

As of March 31, 2017 and 2016, there was $12.8 million and $20.3 million, respectively, of total unrecognized compensation cost related to unvested stock-based compensation agreements. The unrecognized compensation cost as of March 31, 2017 is expected to be fully amortized over the next 5 years. Absent the effect of accelerating stock compensation cost for any departures of employees who may continue to vest in their equity awards, the following tables summarize the unrecognized compensation cost, the weighted average period the cost is expected to be amortized, and the estimated annual compensation cost for the future periods indicated below (excludes any future awards):

	Unrecognized Compensation Cost		Weighted Average Remaining Period to be Recognized	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Equity Incentive Plan Options	$ 1,777	$ 4,324	2.84	2.77
Class A Restricted Common Stock	11,007	15,951	1.75	2.02
Total	$ 12,784	$ 20,275		

	Total Unrecognized Compensation Cost					
	Total	2018	2019	2020	2021	2022
Equity Incentive Plan Options	$ 1,777	$ 1,050	$ 497	$ 197	$ 31	$ 2
Class A Restricted Common Stock	11,007	8,542	2,183	282	—	—
Total	$ 12,784	$ 9,592	$ 2,680	$ 479	$ 31	$ 2

Equity Incentive Plan

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

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

On October 26, 2016, 43,086 options were granted under the EIP. The estimated fair value of the per-option grant was $6.96, resulting in a total fair value of $0.3 million.

On January 25, 2017, 5,812 options were granted under the EIP. The estimated fair value of the per-option grant was $8.60, resulting in a total fair value of $0.1 million.

The aggregate grant date fair value of the EIP Options issued during fiscal 2017 and 2016, was $0.4 million and $3.4 million respectively, and is being recorded as expense over the vesting period. The total fair value of EIP Options vested during fiscal 2017 and 2016 was $11.8 million and $14.9 million, respectively. The total intrinsic value of EIP options exercised during fiscal 2017 and 2016 was $49.0 million and $16.1 million, respectively. As of March 31, 2017 and 2016, there were 12,026,970 and 12,147,850 options, respectively, available for future grant under the EIP.

In addition to options, the Board of Directors also grants restricted stock awards to members of the Board as compensation for services rendered to the Company. These awards generally vest over one year.

During fiscal 2017, the Company also issued several equity awards in the form of restricted stock to certain newly hired and existing employees and officers of the Company. These awards will vest over a three year period subject to the employees' continued employment with the Company.

Adoption of Annual Incentive Plan

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

Grants of Class A Restricted Common Stock and Restricted Stock Units

During fiscal 2017, the Board of Directors granted an aggregate of 433,218 Class A Restricted Stock Units and 40,029 shares of Class A Restricted Common Stock to newly promoted and hired partners and vice presidents, existing employees, and members of the Board of Directors. The aggregate value of these awards approximated $14.1 million and were based on the grant date stock price, which ranged from $28.94 to $35.83. The majority of these awards were issued in conjunction with the Annual Incentive Plan, whereby the amount of the annual incentive payment is determined based on performance targets established by the Compensation Committee and a portion of the incentive payment is paid in the form of Restricted Stock Units. A Restricted Stock Unit represents a contingent right to receive one share of Class A Common Stock upon vesting. The Restricted Stock Units will vest over a period of three years, subject to the participant's continued employment with the Company.

The total fair value of restricted stock shares vested during fiscal 2017 and 2016 was $30.2 million and $26.5 million, respectively.

Officers’ Rollover Stock Plan

The Rollover Plan was adopted as a mechanism to enable Company officers to exchange a portion of their previous equity interests in the pre-acquisition Company for equity interests in the Company. Unvested stock rights that would have vested in 2008 were exchanged for 2,028,270 shares of new Class C Restricted Stock issued by the Company. For the fiscal years ended March 31, 2016 and March 31, 2017 all shares of Class C Restricted Stock were fully vested. At March 31, 2017 and 2016, 3,971,730 shares of Class C Restricted Stock were authorized but unissued under the Plan.

As permitted under the terms of the EIP, the Compensation Committee, as Administrator of the Plan, authorized the withholding of taxes not to exceed the minimum statutory withholding amount, through the surrender of shares of Class A common stock issuable upon the vesting or accelerated vesting of Restricted Stock. For those holders who elected to participate, the trade dates were as listed in the table below. As a result of these transactions, the Company repurchased a total of 308,793 shares and recorded them as treasury shares at a cost of $10.0 million, detailed as follows:

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

Total Shares Withheld to Cover Taxes

Trade Date	Shares	Cost	Total
April 1, 2016	19	$30.55	$ 580
April 11, 2016	9	$29.29	264
April 18, 2016	1	$28.37	28
June 30, 2016	154,012	$29.64	4,564,916
July 11, 2016	6	$30.18	181
December 6, 2016	10	$37.96	380
March 31, 2017	154,736	$35.39	5,476,107
Total	308,793		$ 10,042,456

Methodology

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

During fiscal 2017, the Company's Board of Directors authorized and declared three regular quarterly cash dividends of $0.15 per share and one quarterly cash dividend of $0.17 per share. Therefore, an annualized dividend yield between 1.90% and 1.94% was used in the Black-Scholes option-pricing model for all grants issued during the fiscal year. The Company plans to continue paying recurring dividends in the near term and assessing its excess cash resources to determine the best way to utilize its excess cash flow to meet its objectives. One way the Company may utilize excess cash includes the payment of special dividends. The Company does not anticipate or forecast the payment of special dividends and therefore does not include special dividends in the annual dividend yield that the company uses to calculate the fair value of stock options, as the Company does not pay these special dividends on a regular basis.

Implied volatility is calculated as of each grant date based on our historical volatility. Other than the expected life of the option, volatility is the most sensitive input to our option grants.

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

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

	For The Fiscal Year Ended March 31,		
	2017	2016	2015
Dividend yield	1.94%	1.83%	1.90%
Expected volatility	29.65%	29.85%	30.42%
Risk-free interest rate	1.38%	1.33%	1.60%
Expected life (in years)	5.00	5.08	5.00
Weighted-average grant date fair value	$7.16	$6.67	$5.55

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

Special Dividends

The Compensation Committee, acting as the Administrator of the EIP, has discretion in how to effect the required adjustment to keep option holders whole in the event of a distribution of dividends that trigger certain anti-dilution clauses within the respective plans. In the event the Compensation Committee elects to grant option holders a cash payment equal to the amount of the special dividend, the Company accrues a stock-based compensation liability as the EIP options are scheduled to be vested. The obligation will be settled on the later of the date the dividend is paid or the vesting date of the EIP options. The stock-based compensation liability includes all special dividends declared for which eligible EIP option holders have not yet received a distribution.

On July 30, 2014, the Board of Directors authorized and declared a special cash dividend of $1.00 per share. The dividend was paid on August 29, 2014 to stockholders of record on August 11, 2014. For each special dividend declared, the Compensation Committee, acting as the Administrator of the Officers' Rollover Stock Plan and the EIP, made a determination to adjust outstanding Rollover and EIP options for the special dividend to prevent the dilution of the benefit or potential benefit of the options. The adjustment was in the form of a $1.00 dividend equivalent. Holders of EIP options will receive a cash payment equal to the amount of the special dividend payable on the date the dividend was paid or the vesting of the EIP option, whichever is later.

On June 30, 2016, vested EIP option holders received a payment of $2.2 million related to the special dividends declared in fiscal years 2013, 2014, and 2015. On March 31, 2017, vested EIP option holders received a payment of $0.1 million related to the special dividends declared in fiscal years 2014 and 2015. Payment of the dividend equivalents were accounted for as modifications resulting in incremental benefit to the option holders resulting in additional compensation expense. Total compensation expense recorded in conjunction with the payment of all dividend equivalents to holders of unvested EIP options for the fiscal year ended March 31, 2017 was $0.2 million. Future compensation cost related to payment of the dividend equivalents to holders of EIP options not yet recognized in the statement of operations is $0.03 million and is expected to be recognized over 0.25 years.

As of March 31, 2017 and 2016, the Company calculated a total recorded and unrecorded stock-based compensation liability of $1.3 million and $3.8 million, respectively, related to the special dividends paid in June 2012, November 2013, and February and August 2014, with $1.0 million and $2.3 million recorded as a current liability as of March 31, 2017 and 2016, respectively.

As of March 31, 2017, $0.4 million related to EIP Options will be recorded as liabilities as the options vest over the next two years. As of March 31, 2016, there was an unrecorded liability of $1.5 million related to EIP options.

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

	Number of Shares	Weighted Average Grant Date Fair Value
Unvested Restricted Stock Awards		
Unvested at March 31, 2016	1,759,952	23.00
Granted	473,247	29.69
Vested	946,393	22.63
Forfeited	9,298	28.98
Unvested at March 31, 2017	1,277,508	25.71

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

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

	Number of Options	Weighted Average Exercise Price	
Equity Incentive Plan Options			
Options outstanding at March 31, 2016	5,793,008	$ 11.82	*
Granted	48,898	31.57	
Forfeited	82,422	20.85	
Expired	3,752	27.16	
Exercised	1,931,495	7.60	
Options outstanding at March 31, 2017	3,824,237	$ 13.99	*

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

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

	Number of Options	Weighted Average Grant Date Fair Value
Equity Incentive Plan Options		
Unvested at March 31, 2016	1,565,841	$ 5.73
Granted	48,898	7.16
Vested	719,756	6.02
Forfeited	82,422	5.33
Unvested at March 31, 2017	812,561	$ 5.61

The following table summarizes stock options outstanding at March 31, 2017:

Range of exercise prices	Stock Options Outstanding	Weighted Average Exercise Price		Weighted Average Remaining Contractual Life	Intrinsic Value	Stock Options Exercisable	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Intrinsic Value
				(In years)				(In years)	
Equity Incentive Plan									
$4.28 - $35.83	3,824,237	$13.99	(1)	4.78	$ 81,817	3,011,676	$11.79	4.18	$71,073

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

18. 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).

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

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 consolidated balance sheets consist of the following:

	Recurring Fair Value Measurements as of March 31, 2017			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents:				
Cash and cash equivalents	$ 59,825	$ —	$ —	$ 59,825
Money market funds (1)	—	157,592	—	157,592
Total cash and cash equivalents	$ 59,825	$ 157,592	$ —	$ 217,417
Liabilities:				
Contingent consideration liability (2)	—	—	3,576	3,576
Total liabilities	$ —	$ —	$ 3,576	$ 3,576

	Recurring Fair Value Measurements as of March 31, 2016			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents:				
Cash and cash equivalents	$ 42,102	$ —	$ —	$ 42,102
Money market funds (1)	—	145,427	—	145,427
Total cash and cash equivalents	$ 42,102	$ 145,427	$ —	$ 187,529

(1) Level 2 cash and cash equivalents are invested in money market funds that are intended to maintain a stable net asset value of $1.00 per share by investing in liquid, high quality U.S. dollar-denominated money market instruments. Therefore, the fair value approximates the carrying value. Depending on our short-term liquidity needs, we make regular transfers between money market funds and other cash equivalents.

(2) As discussed in Note 4, the Company recognized a contingent consideration liability in connection with the acquisition of Aquilent. As of March 31, 2017, the estimated fair value of the contingent consideration liability was $3.6 million and was valued using probability-weighted cash flows, which is based on the use of Level 3 fair value measurement inputs. The liability is recorded in other long-term liabilities in the consolidated balance sheet.

The fair value of the Company's debt instruments approximated its carrying value at March 31, 2017 and March 31, 2016. 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.

19. RELATED-PARTY TRANSACTIONS

In March 2017, the Company supported the formation of the Booz Allen Foundation, a nonprofit corporation organized and operated exclusively for charitable, scientific and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The Company is the sole member of the foundation, which gives it the authority to appoint two out of five of the Booz Allen Foundation’s directors and consent rights regarding certain extraordinary corporate actions approved by the board of directors. The Company has made a binding and irrevocable pledge of $5.0 million to the Booz Allen Foundation. The pledge expense is presented in other income (expenses), net and the pledge obligation is presented in other current liabilities on the consolidated balance sheet of the Company.

During the third quarter of fiscal 2017, The Carlyle Group, or Carlyle, sold its remaining shares of Class A common stock of the Company in an underwritten transaction. As of March 31, 2017, Carlyle does not beneficially own any shares of Class A common stock of the Company. Prior to this transaction, Carlyle was the largest shareholder of the Company. From time to time, and in the ordinary course of business: (1) other Carlyle portfolio companies engage the Company as a subcontractor or service provider, and (2) the Company engages other Carlyle portfolio companies as subcontractors or service providers. Revenue and cost associated with these related parties for fiscal 2017, 2016, and 2015 were not material.

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

On July 31, 2008, the Company entered into a management agreement, or Management Agreement, with TC Group V US, L.L.C., or TC Group, a company affiliated with Carlyle. On June 7, 2012, TC Group assigned all of its right, title and interest in, and obligations under, the Management Agreement to Carlyle Investment Management L.L.C., or Carlyle Investment Management. In accordance with the Management Agreement, Carlyle Investment Management provided the Company with advisory, consulting and other services and the Company paid Carlyle Investment Management an aggregate annual fee of $1.0 million, plus expenses. For fiscal 2017, 2016, and 2015, the Company incurred $0.8 million, $1.0 million and $1.0 million per year in advisory fees, respectively. The Management Agreement terminated on December 6, 2016, upon the closing of the sale by Carlyle of their remaining shares of Class A common stock of the Company.

20. COMMITMENTS AND CONTINGENCIES

Leases

The Company leases office space under noncancelable operating leases that expire at various dates through 2028. The terms for the facility leases generally provide for rental payments on a graduated scale, which are recognized on a straight-line basis over the terms of the leases, including reasonably assured renewal periods, from the time the Company controls the leased property. Sometimes lease payments include payments for insurance, maintenance, and property taxes. There are no purchase options on operating leases at terms favorable to market rents. Lease incentives are recorded as a deferred credit and recognized as a reduction to rent expense on a straight-line basis over the lease term. Rent expense was approximately $81.6 million, net of $0.5 million of sublease income, $88.5 million, net of $0.5 million of sublease income, and $92.9 million, net of $0.7 million of sublease income, for fiscal 2017, 2016, and 2015, respectively.

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

For the Fiscal Year Ending March 31,	Operating Lease Payments	Operating Sublease Income
2018	$ 70,119	$ 386
2019	63,198	184
2020	54,846	54
2021	50,033	41
2022	38,183	20
Thereafter	107,562	—
	$ 383,941	$ 685

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

Letters of Credit and Third-Party Guarantees

As of March 31, 2017 and 2016, the Company was contingently liable under open standby letters of credit and bank guarantees issued by our banks in favor of third parties that totaled $8.6 million and $6.6 million, respectively. These letters of credit and bank guarantees primarily support insurance and bid and performance obligations. At March 31, 2017 and 2016, approximately $1.7 million and $1.8 million, respectively, of these instruments reduce the available borrowings under the Revolving Credit Facility. The remainder is guaranteed under a separate $10.0 million facility established in fiscal 2015 of which $3.1 million and $5.2 million, respectively, was available to the Company at March 31, 2017 and 2016.

Government Contracting Matters

For fiscal 2017, 2016, and 2015, approximately 97%, 97%, and 98%, respectively, of the Company's revenue was generated from contracts where the end client was an agency or department of the U.S. government, including contracts where the Company performed in either a prime or subcontract position, and regardless of the geographic location in which the work was performed. Contracts with the U.S. government 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 contract 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, routinely audit our contract costs, including allocated 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. U.S. government audits, inquiries, or investigations of the Company, whether related to the Company's U.S. government contracts or conducted for other reasons, could result in administrative, civil, or criminal liabilities, including 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 any audit, inquiry, or investigation of which it is aware. During fiscal 2017, the Defense Contract Management Agency Administrative Contracting Officer negotiated annual final indirect cost rates for fiscal years 2010 and 2011. As a result, the Company reduced a portion of its provision for the recovery of allowable expenses based on the outcome of these negotiations and the settlement of the final indirect costs for fiscal years 2010 and 2011. The Company also revised its provision based on the outcome of the negotiations and related and new emerging exposures that may result in future cost disallowance, including cost reductions and/or penalties. Management believes it has recorded the appropriate provision for the estimated losses that may be experienced from any such reductions and/or penalties. As of March 31, 2017 and 2016, the Company has recorded a liability of approximately $175.7 million and $189.9 million, respectively, for its current best estimate of amounts to be refunded to customers for potential adjustments from audits or reviews of contract costs incurred subsequent to fiscal year 2011, and for contracts not yet closed that are impacted by settlement of audits or reviews of contract costs incurred in prior fiscal years.

Litigation

The Company is involved in legal proceedings and investigations arising in the ordinary course of business, including those relating to employment matters, relationships with clients and contractors, intellectual property disputes, and other business matters. These legal proceedings seek various remedies, including claims for monetary damages in varying amounts, 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, management does not expect any of the currently ongoing audits, reviews, investigations, or litigation to have a material adverse effect on the Company's financial condition and results of operations. As of March 31, 2017 and 2016, there were no material amounts accrued in the consolidated financial statements related to these proceedings.

Six former officers and stockholders who had departed the company prior to the acquisition have filed a total of nine suits in various jurisdictions, with original filing dates ranging from July 3, 2008 through December 15, 2009, against us and certain of our current and former directors and officers. Three of these suits were amended on July 2, 2010 and then further amended into one consolidated complaint on September 7, 2010. Another two of the original nine suits were consolidated into one complaint on September 24, 2014. Each of the suits arises out of the acquisition and alleges that the former stockholders are entitled to certain payments that they would have received if they had held their stock at the time of the acquisition. Some of the suits also allege that the acquisition price paid to stockholders was insufficient. The various suits assert claims for breach of contract, tortious interference with contract, breach of fiduciary duty, civil Racketeer Influenced and Corrupt Organizations Act, or RICO, violations, violations of the Employee Retirement Income Security Act, and/or securities and common law fraud. Three of these suits have been dismissed with all appeals exhausted. The two suits that were consolidated into one action on September 24, 2014 were settled on April 16, 2015. One of the remaining suits has been dismissed by the United States District Court for the Southern District of California and such dismissal was upheld by the United States Court of Appeals for the Ninth Circuit. The plaintiff in this suit subsequently filed a Petition for Writ of Certiorari to the United States Supreme Court, which was denied by the United States Supreme Court on January 9, 2017. The other three remaining suits that were previously consolidated on September 7, 2010 have been dismissed by the United States District Court for the Southern District of New York and are on appeal before the United States Court of Appeals for the Second Circuit. On December 15, 2016, hearings relating to the appeal were held before the United States Court of Appeals for the Second Circuit. As of March 31, 2017, the United States Court of Appeals for the Second Circuit has not ruled on this appeal. As of March 31, 2017, the aggregate alleged damages sought in these three remaining suits was approximately $241.7 million (substantially all of which is sought to be trebled pursuant to RICO), plus punitive damages, costs, and fees. Although the outcome of any of these cases is inherently uncertain and may be materially adverse, based on current information, management does not expect them to have a material adverse effect on our financial condition and results of operations.

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

21. BUSINESS SEGMENT INFORMATION

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

22. UNAUDITED QUARTERLY FINANCIAL DATA

	2017 Quarters			
	First	Second	Third	Fourth
Revenue	$ 1,422,722	$ 1,394,853	$ 1,404,638	$ 1,582,071
Operating income	129,301	117,661	108,124	129,161
Income before income taxes	113,364	97,747	92,615	108,174
Net income	67,817	62,830	55,590	66,253
Earnings per common share:				
Basic (1)	$ 0.46	$ 0.42	$ 0.37	$ 0.44
Diluted (1)	$ 0.45	$ 0.41	$ 0.37	$ 0.44

	2016 Quarters			
	First	Second	Third	Fourth
Revenue	$ 1,351,604	$ 1,322,154	$ 1,307,663	$ 1,424,317
Operating income	126,144	108,816	105,116	104,508
Income before income taxes	108,586	90,953	87,909	92,014
Net income	64,306	56,216	108,055	65,517
Earnings per common share:				
Basic (1)	$ 0.44	$ 0.38	$ 0.72	$ 0.44
Diluted (1)	$ 0.43	$ 0.37	$ 0.71	$ 0.43

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

23. SUPPLEMENTAL FINANCIAL INFORMATION

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

	Fiscal Year Ended March 31,		
	2017	2016	2015
Allowance for doubtful accounts:			
Beginning balance	$ 656	$ 357	$ 1,457
Provision for doubtful accounts	(135)	352	(1,100)
Charges against allowance	(521)	(53)	—
Ending balance	$ —	$ 656	$ 357

24. SUBSEQUENT EVENTS

Interest Rate Swaps

On April 6, 2017, Booz Allen Hamilton entered into three interest rate swap agreements with three different financial institutions to fix the LIBOR portion of the interest rate on outstanding debt under the Credit Agreement, as amended. Each swap has a notional amount of $100 million and fixes LIBOR at 1.998% with an effective date of April 30, 2018 and a maturity date of June 30, 2021.

Senior Notes Offering

On April 25, 2017, Booz Allen Hamilton issued $350 million aggregate principal amount of its 5.125% Senior Notes due 2025 under an Indenture, dated as of April 25, 2017, 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 April 25, 2017, among Booz Allen Hamilton, the Subsidiary Guarantors and the Trustee. The proceeds from the sale have been used to repay all outstanding loans under the Revolving Credit Facility.

Share Re-purchase Program

The Company paid $9.9 million during the first quarter of fiscal 2018 for 279,600 shares repurchased during the fourth quarter of fiscal 2017 that had not settled in cash by March 31, 2017.

Dividend Declared

On May 22, 2017, the Company announced that its Board of Directors had declared a quarterly cash dividend of $0.17 per share. Payment of the dividend will be made on June 30, 2017 to stockholders of record at the close of business on June 10, 2017.

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

None.

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

Disclosure Controls and Procedures

The Company's management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as of the end of the period covered by this Annual Report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this Annual Report, our disclosure controls and procedures were effective as of March 31, 2017.

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

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

Our management conducted an assessment of the effectiveness of our internal control over financial reporting as of March 31, 2017. This assessment was based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control — Integrated Framework (2013 framework)*. Based on this assessment, management has concluded that, as of March 31, 2017, our internal control over financial reporting was effective.

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

Changes in Internal Control Over Financial Reporting

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

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

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

We have audited Booz Allen Hamilton Holding Corporation’s internal control over financial reporting as of March 31, 2017, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Booz Allen Hamilton Holding Corporation’s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management’s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company’s internal control over financial reporting based on our audit.

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

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

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

In our opinion, Booz Allen Hamilton Holding Corporation maintained, in all material respects, effective internal control over financial reporting as of March 31, 2017 based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Booz Allen Hamilton Holding Corporation as of March 31, 2017 and March 31, 2016 and the related consolidated statements of operations, comprehensive income, stockholders’ equity, and cash flows for each of the three years in the period ended March 31, 2017 of Booz Allen Hamilton Holding Corporation and our report dated May 22, 2017 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Tysons, Virginia
May 22, 2017

Item 9B. *Other Information.*

On May 19, 2017, the Company's compensation committee approved for the 2018 fiscal year increases in (and changes in the composition of) the compensation of Horacio D. Rozanski, the Company's President and Chief Executive Officer, Karen M. Dahut, Executive Vice President, and Lloyd W. Howell, Jr., Executive Vice President, Chief Financial Officer and Treasurer.

The compensation committee approved an increase in Mr. Rozanski's total target direct compensation for fiscal year 2018 to $4.0 million. The compensation committee also approved a change in Mr. Rozanski's pay mix for fiscal year 2018 to increase the portion of his total target compensation provided in the form of equity to 58%, taking into consideration the annual value of $1.5 million in respect of a previously granted special equity award. In addition, 65% of the fiscal 2018 equity granted to Mr. Rozanski was in the form of long-term performance equity awards. As a result of these changes, effective for fiscal year 2018, Mr. Rozanski's base salary, target annual cash bonus and target annual equity grant value will equal $1.5 million, $0.8 million and $1.7 million, respectively.

The compensation committee approved an increase in each of Ms. Dahut's and Mr. Howell's total target direct compensation for fiscal year 2018 to $2.4 million. The compensation committee also approved a change in pay mix for fiscal year 2018 to increase the portion of target compensation provided in the form of equity to 55%, taking into consideration the annual value of the $1.0 million in respect of a previously granted special award. In addition, 60% of the fiscal 2018 equity granted was in the form of long-term performance equity awards. As a result of these changes, effective for fiscal 2018, each of Ms. Dahut's and Mr. Howell's base salary, target annual cash bonus and target annual equity grant value will equal $1.025 million, $0.5 million, and $0.875 million, respectively. In addition, Ms. Dahut and Mr. Howell will each be eligible for a one-time advancement equity stock option grant with a value of $0.5 million, to be granted in fiscal year 2018.

PART III

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

Information related to our directors is set forth under the caption "Election of Directors" of our Proxy Statement for our Annual Meeting of Stockholders scheduled for August 3, 2017. Such information is incorporated herein by reference.

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

Information relating to compliance with Section 16(a) of the Exchange Act is set forth under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" of our 2017 Proxy Statement. Such information is incorporated herein by reference.

Information related to our code of ethics is set forth under the caption "Corporate Governance and General Information Concerning the Board of Directors and its Committees" of our 2017 Proxy Statement. Such information is incorporated herein by reference.

Information relating to the Audit Committee and Board of Directors determinations concerning whether a member of the Audit Committee is a "financial expert" as that term is defined under Item 407(d)(5) of Regulation S-K is set forth under the caption "Corporate Governance and General Information Concerning the Board of Directors and its Committees" of our 2017 Proxy Statement. Such information is incorporated herein by reference.

Item 11. *Executive Compensation.*

Information relating to this item is set forth under the captions "Compensation Discussion and Analysis," "Director Compensation," "Compensation Committee Interlocks and Insider Participation" and "Compensation Committee Report on Executive Compensation" of our 2017 Proxy Statement. Such information is incorporated herein by reference.

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

Equity Compensation Plans

The following table presents information concerning the securities authorized for issuance pursuant to our equity compensation plans as of March 31, 2017:

Plan Category	Number of Securities to Be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)		Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by securityholders	4,680,212	(1)(2)	$ 13.99	12,026,970
Equity compensation plans not approved by securityholders	—		N/A	—
Total	4,680,212	(1)(2)	$ 13.99	12,026,970

(1) Column (a) includes: 855,975 shares that have been granted as restricted stock units (RSUs) and 3,824,237 shares granted as options under our equity compensation plans. The weighted average price in column (b) does not take into account shares issued pursuant to RSUs.

Information relating to the security ownership of certain beneficial owners and management is included in our 2017 Proxy Statement under the caption "Security Ownership of Certain Beneficial Owners and Management" and is incorporated herein by reference.

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

Information relating to this item is set forth under the captions "Certain Relationships and Related Party Transactions" and "Corporate Governance and General Information Concerning the Board of Directors and its Committees" of our 2017 Proxy Statement. Such information is incorporated herein by reference.

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

Information relating to this item is set forth under the caption "Independent Registered Public Accounting Firm Fees" of our 2017 Proxy Statement. Such information is incorporated herein by reference.

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

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

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

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

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

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on this 22nd day of May, 2017.

BOOZ ALLEN HAMILTON HOLDING CORPORATION
(Registrant)

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

SIGNATURES

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

Signature	Title	Date
/s/ Horacio D. Rozanski Horacio D. Rozanski	President, Chief Executive Officer and Director (Principal Executive Officer)	May 22, 2017
/s/ Lloyd W. Howell, Jr. Lloyd W. Howell, Jr.	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)	May 22, 2017
/s/ Laura S. Adams Laura S. Adams	Vice President, Corporate Controller and Chief Accounting Officer (Principal Accounting Officer)	May 22, 2017
/s/ Ralph W. Shrader Ralph W. Shrader	Chairman of the Board	May 22, 2017
/s/ Joan Lordi C. Amble Joan Lordi C. Amble	Director	May 22, 2017
/s/ Melody C. Barnes Melody C. Barnes	Director	May 22, 2017
/s/ Peter Clare Peter Clare	Director	May 22, 2017
/s/ Ian Fujiyama Ian Fujiyama	Director	May 22, 2017
/s/ Mark Gaumond Mark Gaumond	Director	May 22, 2017
/s/ Arthur E. Johnson Arthur E. Johnson	Director	May 22, 2017

/s/ Gretchen W. McClain Gretchen W. McClain	Director	May 22, 2017
/s/ Philip A. Odeen Philip A. Odeen	Director	May 22, 2017
/s/ Charles O. Rossotti Charles O. Rossotti	Director	May 22, 2017

Exhibit Index

Exhibit Number	Description
2.1	Agreement and Plan of Merger, dated as of May 15, 2008, by and among Booz Allen Hamilton Inc., Booz Allen Hamilton Holding Corporation (formerly known as Explorer Holding Corporation), Booz Allen Hamilton Investor Corporation (formerly known as Explorer Investor Corporation), Explorer Merger Sub Corporation and Booz & Company Inc. (Incorporated by reference to Exhibit 2.1 to the Company's Registration Statement on Form S-1 (File No. 333-167645))
2.2	Spin Off Agreement, dated as of May 15, 2008, by and among Booz Allen Hamilton Inc., Booz & Company Holdings, LLC, Booz & Company Inc., Booz & Company Intermediate I Inc. and Booz & Company Intermediate II Inc. (Incorporated by reference to Exhibit 2.2 to the Company's Registration Statement on Form S-1 (File No. 333-167645))
2.3	Amendment to the Agreement and Plan of Merger and the Spin Off Agreement, dated as of July 30, 2008, by and among Booz Allen Hamilton Inc., Booz Allen Hamilton Holding Corporation (formerly known as Explorer Holding Corporation), Booz Allen Hamilton Investor Corporation (formerly known as Explorer Investor Corporation), Explorer Merger Sub Corporation, Booz & Company Holdings, LLC, Booz & Company Inc., Booz & Company Intermediate I Inc. and Booz & Company Intermediate II Inc. (Incorporated by reference to Exhibit 2.3 to the Company's Registration Statement on Form S-1 (File No. 333-167645))
3.1	Third Amended and Restated Certificate of Incorporation of Booz Allen Hamilton Holding Corporation (Incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report for the period ended September 30, 2014 on Form 10-Q (File No. 001-34972))
3.2	Second Amended and Restated Bylaws of Booz Allen Hamilton Holding Corporation (Incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report for the period ended December 31, 2010 on Form 10-Q (File No. 001-34972))
4.1	Form of Stock Certificate (Incorporated by reference to Exhibit 4.5 to the Company's Registration Statement on Form S-1 (File No. 333-167645))
4.2	Indenture, dated April 25, 2017, among Booz Allen Hamilton Inc., the Subsidiary Guarantors party thereto and Wilmington Trust, National Association (Incorporated by reference to Exhibit 4.1 to the Company's Periodic Report on Form 8-K filed on April 25, 2017 (File No. 001-34972))
4.3	First Supplemental Indenture, dated April 25, 2017, among Booz Allen Hamilton Inc., the Subsidiary Guarantors party thereto and Wilmington Trust, National Association (Incorporated by reference to Exhibit 4.2 to the Company's Periodic Report on Form 8-K filed on April 25, 2017 (File No. 001-34972))
4.4	Form of 5.125% Senior Note due 2025 (Incorporated by reference to Exhibit 4.3 to the Company's Periodic Report on Form 8-K filed on April 25, 2017 (File No. 001-34972) (included in Exhibit 4.1 thereto))
10.1†	Second Amended and Restated Equity Incentive Plan of Booz Allen Hamilton Holding Corporation (Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report for the period ended September 30, 2014 on Form 10-Q (File No. 001-34972))
10.2†	Booz Allen Hamilton Holding Corporation Officers' Rollover Stock Plan (Incorporated by reference to Exhibit 10.8 to the Company's Registration Statement on Form S-1 (File No. 333-167645))
10.3†	Form of Booz Allen Hamilton Holding Corporation Rollover Stock Option Agreement (Incorporated by reference to Exhibit 10.9 to the Company's Registration Statement on Form S-1 (File No. 333-167645))
10.4†	Form of Stock Option Agreement under the Equity Incentive Plan of Booz Allen Hamilton Holding Corporation (Incorporated by reference to Exhibit 10.10 to the Company's Registration Statement on Form S-1 (File No. 333-167645))
10.5†	Form of Stock Option Agreement under the Equity Incentive Plan of Booz Allen Hamilton Holding Corporation (Incorporated by reference to Exhibit 10.11 to the Company's Registration Statement on Form S-1 (File No. 333-167645))
10.6†	Form of Subscription Agreement (Incorporated by reference to Exhibit 10.12 to the Company's Registration Statement on Form S-1 (File No. 333-167645))

10.7†	Form of Restricted Stock Agreement for Directors under the Equity Incentive Plan of Booz Allen Hamilton Holding Corporation (Incorporated by reference to Exhibit 10.13 to the Company's Registration Statement on Form S-1 (File No. 333-167645))
10.8†	Form of Restricted Stock Agreement for Employees under the Equity Incentive Plan of Booz Allen Hamilton Holding Corporation (Incorporated by reference to Exhibit 10.14 to the Company's Registration Statement on Form S-1 (File No. 333-167645))
10.9†	Amended and Restated Booz Allen Hamilton Holding Corporation Annual Incentive Plan (Incorporated by reference to Exhibit 10.10 to the Company's Quarterly Report for the period ended September 30, 2014 on Form 10-Q (File No. 001-34972))
10.10†	Booz Allen Hamilton Holding Corporation Officers' Retirement Plan (Incorporated by reference to Exhibit 10.16 to the Company's Registration Statement on Form S-1 (File No. 333-167645))
10.11†	Officer's Comprehensive Medical and Dental Choice Plans (Incorporated by reference to Exhibit 10.17 to the Company's Registration Statement on Form S-1 (File No. 333-167645))
10.12†	Retired Officer's Comprehensive Medical and Dental Choice Plans (Incorporated by reference to Exhibit 10.18 to the Company's Registration Statement on Form S-1 (File No. 333-167645))
10.13†	Group Variable Universal Life Insurance (Incorporated by reference to Exhibit 10.14 to the Company's Annual Report for the year ended March 31, 2015 on Form 10-K (File No. 001-34972))
10.14†	Group Personal Excess Liability Insurance (Incorporated by reference to Exhibit 10.21 to the Company's Registration Statement on Form S-1 (File No. 333-167645))
10.15†	Annual Performance Program (Incorporated by reference to Exhibit 10.22 to the Company's Registration Statement on Form S-1 (File No. 333-167645))
10.16†	Form of Booz Allen Hamilton Holding Corporation Director and Officer Indemnification Agreement (Incorporated by reference to Exhibit 10.23 to the Company's Registration Statement on Form S-1 (File No. 333-167645))
10.17†	Form of Stock Option Agreement under the Amended and Restated Equity Incentive Plan of Booz Allen Hamilton Holding Corporation (Incorporated by reference to Exhibit 10.23 to the Company's Annual Report for the year ended March 31, 2011 on Form 10-K (File No. 001-34972))
10.18†	Officer Transition Policy (Incorporated by reference to Exhibit 10.24 to the Company's Annual Report for the year ended March 31, 2011 on Form 10-K (File No. 001-34972))
10.19†	Form of Stock Option Agreement under the Amended and Restated Equity Incentive Plan of Booz Allen Hamilton Holding Corporation (Incorporated by reference to Exhibit 10.25 to the Company's Quarterly Report for the period ended December 31, 2011 on Form 10-Q (File No. 001-34972))
10.20	Credit Agreement among Booz Allen Hamilton Inc., as the Borrower, the several lenders from time to time parties thereto, Bank of America, N.A., as Administrative Agent, Collateral Agent and Issuing Lender, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Credit Suisse Securities (USA) LLC, as Joint Lead Arrangers, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Credit Suisse Securities (USA) LLC, Barclays Bank PLC, Citigroup Global Markets Inc., HSBC Securities (USA) Inc., J.P. Morgan Securities LLC, Morgan Stanley Senior Funding, Inc. and Sumimoto Mitsui Banking Corporation, as Joint Bookrunners, Credit Suisse Securities (USA) LLC, as Syndication Agent, Barclays Bank PLC, Citigroup Global Markets Inc., HSBC Securities (USA) Inc., J.P. Morgan Securities LLC, Morgan Stanley Senior Funding, Inc., Sumimoto Mitsui Banking Corporation and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as Co-Documentation Agents, dated as of July 31, 2012 (Incorporated by reference to Exhibit 10.1 to the Company's Periodic Report on Form 8-K filed on August 1, 2012 (File No. 001-34972))
10.21	Guarantee and Collateral Agreement, among Booz Allen Hamilton Investor Corporation, Booz Allen Hamilton Inc., ASE, Inc. and Booz Allen Hamilton International, Inc., in favor of Bank of America, N.A., as Collateral Agent, dated as of July 31, 2012 (Incorporated by reference to Exhibit 10.2 to the Company's Periodic Report on Form 8-K filed on August 1, 2012 (File No. 001-34972))
10.22	First Amendment to Credit Agreement, dated as of August 16, 2013, among Booz Allen Hamilton Inc., as Borrower, Booz Allen Hamilton Investor Corporation, Booz Allen Hamilton Engineering Holding Co., LLC, Booz Allen Hamilton Engineering Services, LLC, SDI Technology Corporation, and Booz Allen Hamilton International, Inc., as Guarantors,, Bank of America, N.A., as Administrative Agent, Collateral Agent and New Refinancing Tranche B Term Lender, and the other Lenders and financial institutions from time to time party thereto. (Incorporated by reference to Exhibit 10.1 to the Company's Periodic Report on Form 8-K filed on August 20, 2013 (File No. 001-34972))
10.23†	Form of Employment Agreement (Incorporated by reference to Exhibit 10.27 to the Company's Annual Report for the year ended March 31, 2014 on Form 10-K (File No. 001-34972))

10.24†	Form of Restricted Stock Agreement under the Amended and Restated Equity Incentive Plan of Booz Allen Hamilton Holding Corporation (Incorporated by reference to Exhibit 10.28 to the Company’s Annual Report for the year ended March 31, 2014 on Form 10-K (File No. 001-34972))
10.25†	Form of Restricted Stock Unit Agreement under the Amended and Restated Equity Incentive Plan of Booz Allen Hamilton Holding Corporation (Incorporated by reference to Exhibit 10.29 to the Company’s Annual Report for the year ended March 31, 2014 on Form 10-K (File No. 001-34972))
10.26	Second Amendment to Credit Agreement, dated as of May 7, 2014, among Booz Allen Hamilton Inc., as Borrower, Booz Allen Hamilton Investor Corporation, Booz Allen Hamilton Engineering Holding Co., LLC, Booz Allen Hamilton Engineering Services, LLC, SDI Technology Corporation, ASE, Inc. and Booz Allen Hamilton International, Inc., as Guarantors, Bank of America, N.A., as Administrative Agent, Collateral Agent and Issuing Lender, and the other Lenders and financial institutions from time to time party thereto (Incorporated by reference to Exhibit 10.1 to the Company’s Periodic Report on Form 8-K filed on May 13, 2014 (File No. 001-34972))
10.27	Third Amendment to Credit Agreement, dated as of July 13, 2016, among Booz Allen Hamilton Inc., as Borrower, Booz Allen Hamilton Investor Corporation, Booz Allen Hamilton Engineering Holding Co., LLC, Booz Allen Hamilton Engineering Services, LLC, SDI Technology Corporation, ASE, Inc. and Booz Allen Hamilton International, Inc., as Guarantors, Bank of America, N.A., as Administrative Agent, Collateral Agent and New Refinancing Tranche B Term Lender, and the other Lenders and financial institutions from time to time party thereto (Incorporated by reference to Exhibit 10.1 to the Company’s Periodic Report on Form 8-K filed on July 18, 2016 (File No. 001-34972))
10.28	Fourth Amendment to Credit Agreement, dated as of February 6, 2017, among Booz Allen Hamilton Inc., as Borrower, Booz Allen Hamilton Investor Corporation, Booz Allen Hamilton Engineering Holding Co., LLC, Booz Allen Hamilton Engineering Services, LLC and SDI Technology Corporation, as Guarantors, Bank of America, N.A., as Administrative Agent, Collateral Agent and New Refinancing Tranche B Term Lender, and the other Lenders and financial institutions from time to time party thereto (Incorporated by reference to Exhibit 10.1 to the Company’s Periodic Report on Form 8-K filed on February 7, 2017 (File No. 001-34972))
10.29	ISDA 2002 Master Agreement, by and between Booz Allen Hamilton Inc. and Bank of America, N.A., dated as of December 17, 2014 (the “Bank of America Master Agreement”), and the Amended and Restated Schedule to the Bank of America Master Agreement, dated as of February 6, 2017 (Incorporated by reference to Exhibit 10.1 to the Company’s Periodic Report on Form 8-K filed on April 11, 2017 (File No. 001-34972))
10.30	ISDA 2002 Master Agreement, by and between Booz Allen Hamilton Inc. and JPMorgan Chase Bank, N.A., dated as of December 17, 2014 (the “JPM Master Agreement”), and the Amended and Restated Schedule to the JPM Master Agreement, dated as of February 8, 2017 (Incorporated by reference to Exhibit 10.2 to the Company’s Periodic Report on Form 8-K filed on April 11, 2017 (File No. 001-34972))
10.31	ISDA 2002 Master Agreement, by and between Booz Allen Hamilton Inc. and Fifth Third Bank, dated as of December 16, 2014 (the “Fifth Third Master Agreement”), and the Amended and Restated Schedule to the Fifth Third Master Agreement, dated as of February 7, 2017 (Incorporated by reference to Exhibit 10.3 to the Company’s Periodic Report on Form 8-K filed on April 11, 2017 (File No. 001-34972))
10.32	Confirmation of transaction, by and between Booz Allen Hamilton Inc. and Bank of America, N.A., dated as of April 10, 2017 (Incorporated by reference to Exhibit 10.4 to the Company’s Periodic Report on Form 8-K filed on April 11, 2017 (File No. 001-34972))
10.33	Confirmation of transaction, by and between Booz Allen Hamilton Inc. and JPMorgan Chase Bank, N.A., dated as of April 11, 2017 (Incorporated by reference to Exhibit 10.5 to the Company’s Periodic Report on Form 8-K filed on April 11, 2017 (File No. 001-34972))
10.34	Confirmation of transaction, by and between Booz Allen Hamilton Inc. and Fifth Third Bank, dated as of April 6, 2017 (Incorporated by reference to Exhibit 10.6 to the Company’s Periodic Report on Form 8-K filed on April 11, 2017 (File No. 001-34972))
10.35†	Booz Allen Hamilton Inc. Nonqualified Deferred Compensation Plan*
10.36†	Form of Stock Option Agreement under the Second Amended and Restated Equity Incentive Plan of Booz Allen Hamilton Holding Corporation*
10.37†	Form of Performance Restricted Stock Unit Agreement under the Second Amended and Restated Equity Incentive Plan of Booz Allen Hamilton Holding Corporation*
10.38†	Form of Restricted Stock Unit Agreement under the Second Amended and Restated Equity Incentive Plan of Booz Allen Hamilton Holding Corporation*
10.39†	Form of Restricted Stock Unit Agreement under the Second Amended and Restated Equity Incentive Plan of Booz Allen Hamilton Holding Corporation*

21	Subsidiaries of the registrant*
23	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm*
31.1	Rule 13a-14(a)/15d-14(a) Certification of the Chief Executive Officer*
31.2	Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer*
32.1	Certification of the Chief Executive Officer required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350)*
32.2	Certification of the Chief Financial Officer required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350)*
101	The following materials from Booz Allen Hamilton Holding Corporation's Annual Report on Form 10-K for the fiscal year ended March 31, 2017, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of March 31, 2017 and 2016; (ii) Consolidated Statements of Operations for the fiscal years ended March 31, 2017, 2016 and 2015; (iii) Consolidated Statements of Comprehensive Income for the fiscal years ended March 31, 2017, 2016 and 2015; (iv) Consolidated Statements of Cash Flows for the fiscal years ended March 31, 2017, 2016 and 2015; (v) Consolidated Statements of Stockholders' Equity for the fiscal years ended March 31, 2017, 2016 and 2015; and (vi) Notes to Consolidated Financial Statements.

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* Filed electronically herewith.

† Management contract or compensatory arrangement.

Exhibit 10.35

BOOZ ALLEN HAMILTON INC.
NONQUALIFIED DEFERRED COMPENSATION PLAN

ARTICLE I
PURPOSE

The purpose of the Booz Allen Hamilton Inc. Nonqualified Deferred Compensation Plan is to enhance the ability of Booz Allen Hamilton Inc. to attract and retain employees by providing a select group of senior management and highly compensated employees of the Company and its Affiliates with an opportunity to defer receipt of certain compensation.

ARTICLE II
DEFINITIONS

2.1 ***"Account"*** means the bookkeeping account established by the Company for each Participant who elects to defer Eligible Compensation under Section 5.1 (or is credited with a Discretionary Contribution under Section 5.2 and 5.3), which may include subaccounts for different types of Eligible Compensation deferred and/or Discretionary Contributions, for amounts attributable to different Plan Years and/or for amounts payable at different times or in different forms.

2.2 ***"Affiliate"*** means (i) any person or entity that directly or indirectly controls, is controlled by or is under common control with the Company and/or (ii) to the extent provided by the Committee, any person or entity in which the Company has a significant interest. The term "control" (including, with correlative meaning, the terms "controlled by" and "under common control with"), as applied to any person or entity, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person or entity, whether through the ownership of voting or other securities, by contract or otherwise.

2.3 ***"Base Salary"*** means the regular annual base salary paid to a Participant for services to the Company or an Affiliate.

2.4 ***"Beneficiary"*** means the person or persons designated in writing by a Participant pursuant to Section 8.3(c).

2.5 ***"Board"*** means the Board of Directors of the Company.

2.6 ***"Bonus"*** means the cash bonus payable to a Participant under the Company's annual incentive compensation plan in which the Participant is eligible to participate.

2.7 "***Cause***" means the Participant's violation of any applicable Company policies or code of ethics.

2.8 "***Change in Control***" means "change in control event" within the meaning Treas. Reg §1.409A-3(i)(5) or any successor thereto.

2.9 ***"Claimant"*** means a Participant or Beneficiary who files a claim pursuant to Article XI.

2.10 ***"Code"*** means the Internal Revenue Code of 1986, as amended.

2.11 ***"Committee"*** means the persons or committee appointed by the Compensation Committee to administer the Plan as provided in Article III. The Committee shall have only those powers as are delegated to the Committee by the Board and/or Compensation Committee and all references to the Committee shall include the Board and/or the Compensation Committee to the extent the Board and/or Compensation have retained any authority or responsibility with respect to the administration of the Plan. All references to the Committee shall also include any other person or committee that the Committee has designated to carry out any of its responsibilities with respect to administration of the Plan as provided in Article III.

2.12 ***"Company"*** means Booz Allen Hamilton Inc., a Delaware corporation.

2.13 ***"Compensation Committee"*** means the Compensation Committee of the Board.

2.14 ***"Disability" or "Disabled"*** means that, as determined by the Committee in its sole discretion, the Participant (a) is unable to engage in any substantially gainful activity or (b) receiving income replacement benefits for a period of not less than 3 months under any disability or accident or health plan covering employees of the Company and Affiliates, in each case, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

2.15 "***Discretionary Contribution***" means the discretionary employer contributions, if any, credited to a Participant's Account in the sole discretion of the Committee pursuant to Section 5.2.

2.16 ***"Eligible Compensation"*** means the types of compensation payable to a Participant which may be deferred under the Plan, as from time to time determined by the Committee in its sole discretion and may (but is not required to) include Bonus and/or Base Salary.

2.17 ***"Eligible Employee"*** means an employee of the Company or an Affiliate who is designated as being eligible to participate in the Plan in accordance with Article IV.

2.18 ***"ERISA"*** means the Employee Retirement Income Security Act of 1974, as amended.

2.19 ***"Fiscal Year Compensation"*** means "fiscal year compensation" as defined under Treas. Reg §1.409A-2(a)(6) or any successor thereto.

2.20 ***"Investment Fund"*** means any of the notional investments as may be designated by the Committee from time to time for purposes of determining the increase or decrease in value of the Participants' Accounts.

2.21 ***"Participant"*** means an Eligible Employee who becomes a participant in this Plan in accordance with Article IV.

2.22 ***"Performance-Based Compensation"*** means "performance-based compensation" as defined under Treas. Reg §1.409A-1(e) or any successor thereto.

2.23 ***"Plan***" means the Booz Allen Hamilton Inc. Nonqualified Deferred Compensation Plan, as amended from time to time.

2.24 ***"Plan Year***" means the calendar year.

2.25 ***"Separation from Service"*** means a "separation from service" within the meaning of section 409A of the Code and the regulations thereunder.

2.26 ***"Specified Employee"*** means a Participant who is a "specified employee," within the meaning of section 409A of the Code and the regulations thereunder.

2.27 "***Unforeseeable Emergency***" means a severe financial hardship to a Participant resulting from (a) an illness or accident of the Participant, the Participant's spouse, the Participant's Beneficiary or the Participant's dependent (as defined in section 152 of the Code, without regard to section 152(b)(1), (b)(2) and (d)(1)(B) of the Code, (b) the loss of the Participant's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance, irrespective of whether caused by a natural disaster) or (c) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

ARTICLE III
ADMINISTRATION

The Plan shall be administered by the Committee. The Committee shall be appointed by, and serve at the pleasure of, the Board or the Compensation Committee. If no Committee has been appointed, the Compensation Committee shall serve as the Committee. The Committee shall have full authority and discretion to construe and interpret the terms and provisions of this Plan, which interpretations or construction shall be final and binding on all parties, including but not limited to the Company and any Participant or Beneficiary. The duties and the authority of the Committee shall include (i) interpretation of the provisions of the Plan, (ii) the adoption of any rules and regulations which may become necessary or advisable in the operation of the Plan, (iii) the making, in its sole discretion, of such determinations as may be permitted or required pursuant to the Plan, and (iv) the taking of such other actions as may be required for the proper administration of the Plan in accordance with its terms. Benefits under this Plan shall be paid only if the Committee decides, in its sole discretion, that the Participant, Beneficiary or other person is entitled to them. Any action taken by the Committee with respect to any one or more Participants shall not be binding on the Committee as to any action to be taken with respect to any other Participant. The Committee may designate any other person or committee, including employees of the Company, to carry out any of its responsibilities with respect to administration of the Plan. The Committee is authorized at the expense of the Company to employ such legal counsel or other advisors as it may deem advisable to assist in the performance of its duties hereunder.

ARTICLE IV
ELIGIBILITY AND PARTICIPATION

4.1 **Eligibility**. Eligible Employees shall consist of those management or highly-compensated employees of the Company or an Affiliate designated by the Committee and set forth in Exhibit I. The Committee may, from time to time, change which employees are Eligible Employees under the Plan and Exhibit I shall be revised accordingly.

4.2 **Participation**. An Eligible Employee shall become a Participant in the Plan by electing to make a deferral in accordance with Section 5.1 (or being credited with a Discretionary Contribution pursuant to Section 5.2). A Participant shall cease to be a Participant on the date his or her Account is fully distributed.

ARTICLE V
PARTICIPANT DEFERRALS AND EMPLOYER CONTRIBUTIONS

5.1 **Elections to Defer Eligible Compensation**.

(a) Initial Deferral Election. An Eligible Employee may make an irrevocable election to defer Eligible Compensation subject to guidelines and limitations as determined by the Committee in its sole discretion. The Committee shall specify the types of Eligible Compensation from which an Eligible Employee may make a deferral election and, with respect to each such type of Eligible Compensation, the Committee shall prescribe the maximum percentage that may be deferred and the timing and manner in which such election shall be made (which may be different for different types of Eligible Compensation); provided, however, that except as otherwise provided under Section 5.1(b), (c) and (d), such election must be made no later than the first day of the Plan Year for which such Eligible Compensation would be earned.

(b) Fiscal Year Compensation. Notwithstanding Section 5.1(a), elections to defer Eligible Compensation that constitutes Fiscal Year Compensation must be made no later than the last day of the Company's fiscal year immediately preceding the first fiscal year in which services are performed relate to such Eligible Compensation.

(c) Performance Based Compensation. Notwithstanding Section 5.1(a), elections to defer Eligible Compensation that constitutes Performance-Based Compensation that is based on services performed over a performance period of at least twelve (12) month must be made no later than six (6) months before the end of the applicable performance period, provided, that the Participant remains continuously employed from the later of the beginning of the applicable performance period or the date of the applicable performance criteria are established through the date of the election and provided further, that no election shall be permitted to be made after any performance-based compensation has become readily ascertainable.

(d) Special Rule. Notwithstanding Section 5.1(a), (b) and (c), the Committee may permit a newly Eligible Employee to make an initial deferral election under this Section 5.1 within 30 calendar days of his or her initial eligibility to participate in this Plan (*i.e.*, the date of hire or promotion to an eligible position described in Exhibit I); provided, however, that in such event any deferral election made shall apply only to Eligible Compensation that is earned after the date of such election. Any election made to defer Bonus shall apply solely to that portion of the Bonus equal to the total Bonus multiplied by the ratio of the number of days remaining in the applicable bonus period subsequent to the date of such election over the total number of days in such bonus period. An Eligible Employee is not newly eligible if he or she was, at any time during the 24-month period ending on the date on which he or she became eligible to participate in this Plan, eligible to participate in this Plan or any other plan of the Company or an Affiliate that is required to be aggregated with this Plan under section 409A of the Code.

5.2 **Discretionary Contributions.** The Committee may, at any time and in its sole discretion, credit on behalf of one or more Participants a discretionary employer contribution. Discretionary employer contributions shall be or become vested in accordance with Section 7.2.

5.3 **Crediting of Deferrals and Contributions**. The Committee shall credit to the Account of each Participant the amount of the Eligible Compensation deferred and/or the amount of Discretionary Contributions to be credited on behalf of each Participant. Deferrals with respect to Eligible Compensation shall be credited as soon as administratively practicable following the date on which the Participant's Eligible Compensation is reduced by the amount of such deferral. Discretionary Contributions shall be credited at such time as determined by the Committee in its sole discretion.

ARTICLE VI
DEEMED INVESTMENT OF ACCOUNTS

6.1 **Participant Elections**. Each Participant shall make an election, at the time and in the manner prescribed by the Committee, regarding the deemed investment of his or her Account among the Investment Funds made available by the Committee. If no such election is made, the Participant's Account shall be deemed invested in a default Investment Fund selected by the Committee from time to time.

6.2 **Investment Funds**. The Committee shall determine the Investment Funds that are available for the deemed investment of Accounts. The Committee may alter, modify, eliminate or replace any Investment Fund at any time. Participants shall be allowed to select the Investment Funds in which their Accounts will be deemed invested, and the portion of each Account deemed invested in each selected Investment Funds at such times (which shall be at least annually) and in the manner prescribed by the Committee. The Company may invest Company assets, or establish a grantor trust to invest assets, in Investment Funds to provide for the payment of benefits under the Plan, but shall not be required to do so.

6.3 **Valuation of Accounts**. Unless otherwise determined by the Committee, each Account shall be adjusted no less frequently than quarterly to reflect the increases or decreases that the Accounts would have experienced had they actually been invested in the Investment Funds chosen by the applicable Participant (or in the default Investment Fund, if and as applicable).

ARTICLE VII
VESTING

7.1 **Vesting in Deferrals**. Participants shall be 100% vested at all times in his or her Account to the extent attributable to deferrals (and any earnings thereon) from Eligible Compensation.

7.2 **Vesting in Discretionary Contributions**. As of the date the Committee determines that a Discretionary Contribution shall be credited to a Participant's Account, the Committee shall determine, in its sole discretion, the terms and conditions on which such Discretionary Contribution, and any earnings thereon, shall be or become vested (including the terms and conditions on which such Discretionary Contribution shall be or become vested in the event of a Change in Control).

7.3 **Effect of Separation from Service**. Except to the extent waived by the Committee, if a Participant incurs a Separation from Service, that portion of his or her Account in which the Participant has not yet vested as of the date of his or her Separation from Service shall thereupon be forfeited. Notwithstanding Section 7.1 and 7.2 above, if a Participant incurs a Separation from Service due to Cause, the entire portion of his or her Account, to the extent not yet distributed, shall be forfeited.

ARTICLE VIII
DISTRIBUTIONS

8.1 **Distribution of Deferrals**. Each Participant shall elect (a) the date on which amounts deferred pursuant to Section 5.1 and (b) the form in which distribution of such deferred amounts shall be paid or commence to be paid, in each case, as adjusted by any increases or decreases.

(a) Payment Date. Distribution of a Participant's Account attributable to amounts deferred pursuant to Section 5.1 (and any earnings thereon) shall be made or commence upon the earlier of (i) a distribution date specified by the Participant that is at least two (2) years after the date on which the final payment of the deferred amount would have been made to the Participant absent the deferral or (ii) the Participant's Separation from Service.

(b) Form of Distribution. A Participant may elect that amounts deferred be distributed in either (i) a lump sum payment or (ii) annual installments over a period to be determined by the Committee, not to exceed 20 years. Each installment shall be determined by dividing the value of the Participant's Account as of the applicable valuation date by the number of remaining installments. For purposes of section 409A of the Code, the entitlement to a series of installment payments under the Plan shall be treated as the entitlement to a single payment as of the date the first installment is scheduled to be paid.

All distribution elections pursuant to this Section 8.1 shall be made at the time of making the initial deferral election under Section 5.1. Distributions shall be paid or begin within 90 days after the scheduled distribution date; provided that to the extent any amount is credited to the Participant's Account after such 90 day period, any distributions of such amount that are otherwise payable prior to the date credited to the Participant's Account shall be payable within 30 days after the date credited to the Participant's Account. All distributions shall be paid in cash.

8.2 **Special Distribution Provisions**.

(a) Default Distribution Election. If a Participant fails to make an election specifying the time or form in which all or any portion of the Participant's Account will be paid, the Participant shall be deemed to have elected to receive (i) a lump sum distribution, if the Participant has failed to make an election specifying the form of payment, and (ii) a payment upon Separation from Service, if the Participant has failed to make an election specifying the time of payment.

(b) Small Account. Notwithstanding a Participant's election, if the value of the Participant's Account under the Plan (and all plans required to be aggregated with the Plan under section 409A of the Code) is less than or equal to the applicable dollar amount under section 402(g)(1)(B) of the Code at any time on or after the date of the Participant's Separation from Service, the Committee may provide that the recipient shall receive a distribution of the Participant's Account in a single lump sum payment, provided the payment results in the termination and liquidation of the entirety of the Participant's interest in the Plan (and all plans required to be aggregated with the Plan under section 409A of the Code).

(c) Discretionary Contributions. At the time the Committee determines that a Discretionary Contribution will be credited to a Participant's Account, the Committee shall specify the time and form of distribution of such Discretionary Contribution, as adjusted for any earnings or losses thereon. Alternatively, the Committee may require or permit the Participant to elect the time and form of such distribution in accordance with Section 8.1.

(d) Specified Employee. Notwithstanding anything in this Plan to the contrary, if a distribution is to be made or commence upon the Separation of Service of a Specified Employee, no portion of such distribution shall be made or commence until after the six-month anniversary of the Participant's Separation from Service (or, if earlier, the date of the Participant's death). The aggregate amount of any payments which a Participant cannot receive. due to being a Specified Employee during such six-month period, shall be paid to the Participant in a lump sum during the seventh calendar month following the calendar month in which the Participant's Separation from Service occurs.

(e) Leave of Absence. For purposes of this Plan, a Participant shall not have a Separation from Service while the Participant is on military leave, sick leave or other bona fide leave of absence (such as temporary employment by the government) if such leave does not exceed 6 months (or if the leave exceeds 6 months, but the Participant's right to reemployment is protected either by statute or contract). If the Participant's leave exceeds 6 months and the right to reemployment is not protected by statute or contract, then the Participant shall be deemed to have a Separation from Service for purposes of this Plan as of the first day immediately following the end of the 6-month period.

(f) Change in Control. In the event of a Change in Control, the Committee may in its discretion determine to terminate the Plan and provide that all Accounts under the Plan shall be distributed to Participants in accordance with section 409A of the Code; provided, that all plans required to be aggregated with the Plan under Treas. Reg. §1.409A-3(j)(4)(ix)(B) are also terminated and liquidated.

8.3 **Death and Disability**.

(a) Death. Notwithstanding anything in this Article VIII to the contrary, in the case of the death of a Participant, either while employed by the Company or an Affiliate, or prior to distribution of the Participant's entire Account, the Participant's Account shall be distributed to the Participant's Beneficiary in a lump sum payment as soon as administratively possible and in no event later than 90 days following the death of the Participant.

(b) Disability. Notwithstanding anything in this Article VIII to the contrary, in the event a Participant's Separation from Service is due to his or her Disability, the Participant's Account shall be distributed to the Participant in a lump sum payment as soon as administratively possible following the date of the Participant's Separation from Service and in no event later than 90 days following such date.

(c) Designation of Beneficiary. A Participant may designate one or more Beneficiaries (who may be designated contingently or successively) in accordance with procedures established by the Committee to receive the benefits specified hereunder in the event of the Participant's death. No beneficiary designation shall become effective until it is filed with the Committee at the time and in the manner prescribed by the Committee during the lifetime of the Participant and each designation will automatically revoke any prior designations by the same Participant. All Beneficiary designations shall be subject to applicable community property laws. If there is no such designation or if there is no surviving designated Beneficiary, then the Participant's surviving spouse shall be the Beneficiary. If there is no surviving spouse to receive any benefits payable in accordance with the preceding sentence, the Participant's estate shall be the Beneficiary.

8.4 **Payments on Account of Failure to Comply with Section 409A of the Code**. If any portion of the Participant's Account that has not yet been distributed must be included in the Participant's taxable income for a calendar year pursuant to section 409A of the Code, the Committee shall distribute the portion of the Account that has been included in the Participant's taxable income as soon as administratively practicable.

8.5 **Permitted Acceleration of Payment.** The Committee may permit acceleration of the time or schedule of any payment or amount scheduled to be paid pursuant to a payment under the Plan provided such acceleration is also permitted by the provisions of Treas. Reg. §1.409A-3(j)(4), including, but not limited to, the following events:

(a) Domestic Relations Order. A payment may be accelerated if such payment is made to an alternate payee pursuant to and following the receipt and qualification of a domestic relations order as defined in section 414(p) of the Code.

(b) Compliance with Ethics Agreements and Legal Requirements. A payment may be accelerated as may be necessary to comply with ethics agreements with the federal government or as may be reasonably necessary to avoid the violation of federal, state, local or bona fide foreign ethics law or conflicts of interest laws, in accordance with the requirements of section 409A of the Code and the Treasury regulations thereunder.

8.6 **Unforeseeable Emergency**.

(a) In General. A Participant may request a withdrawal all or a portion of his or her Account for an Unforeseeable Emergency. In the event that the Committee approves a withdrawal due to an Unforeseeable Emergency, the amounts distributed with respect to an Unforeseeable Emergency may not exceed the amounts necessary to satisfy such Unforeseeable Emergency plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution, after taking into account the extent to which such hardship is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets (to the extent that the liquidation of such assets would not itself cause severe financial hardship) or by cessation of deferrals under the Plan. Payments made upon an Unforeseeable Emergency shall be made to the Participant in a lump sum payment as soon as practicable following such approval, but in no event later than ninety (90) days after the occurrence of the Unforeseeable Emergency.

(b) Coordination with Employees' Capital Accumulation Plan. Except as other permitted under section 409A of the Code, a Participant shall be required to take any available hardship withdrawals from the Company's Employees' Capital Accumulation Plan (the "401(k) Plan") before being eligible to receive a withdrawal under this Section 8.6.

ARTICLE IX
AMENDMENT AND TERMINATION

The Board or the Compensation Committee may, at its sole discretion, amend or terminate the Plan at any time provided that the amendment or termination shall not decrease the amounts credited to a Participant's Account as of such amendment or termination. Upon termination of the Plan, Participants' Accounts shall be distributed in accordance with Article VIII unless the Board or the Compensation Committee determines in its sole discretion that all such amounts shall be distributed upon termination of the Plan in accordance with the requirements of section 409A of the Code and the regulations thereunder.

ARTICLE X
MISCELLANEOUS

10.1 **Unsecured General Creditor**. Participants and their Beneficiaries, heirs, successors, and assigns shall have no legal or equitable rights, claims, or interest in any specific property or assets of the Company. No assets of the Company shall be held in any way as security for the fulfilling of the obligations of the Company under this Plan. Any and all of the Company's assets shall be, and remain, the general unpledged, unrestricted assets of the Company. The Company's obligation under the Plan shall be merely that of an unfunded and unsecured promise of the Company to pay money in the future, and the rights of the Participants and Beneficiaries shall be no greater than those of unsecured general creditors. It is the intention of the Company that this Plan be unfunded for purposes of the Code and for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended.

10.2 **Non-assignability**. Neither a Participant nor a Beneficiary may voluntarily or involuntarily anticipate, assign, or alienate (either at law or in equity) any benefit under the Plan, and the Committee shall not recognize any such anticipation, assignment, or alienation. Furthermore, a benefit under the Plan shall not be subject to attachment, garnishment, levy, execution, or other legal or equitable process. Any attempted sale, conveyance, transfer, assignment, pledge or encumbrance of the rights, interests, or benefits provided pursuant to the terms of the Plan or the levy of any attachment or similar process thereupon, shall be null and void and without effect.

10.3 **Taxes**. Except as otherwise permitted by the Committee, the Participant's share of any applicable withholding taxes owed on Eligible Compensation that the Participant elects to defer (or Discretionary Contributions credited to a Participant's Account) shall be deducted from other compensation payable to the Participant. The Company shall deduct from all payments made under this Plan all applicable federal or state taxes required by law to be withheld. The Company also may, to the extent permitted under section 409A of the Code, reduce a Participant's Account balance to provide for the withholding of employment taxes pursuant to section 3121(v) of the Code prior to the distribution of such Account.

10.4 **Facility of Payment**. If the Committee determines that any Participant or Beneficiary is unable to care for his or her affairs because of illness or injury or because he or she is a minor, any amounts due to such Participant or Beneficiary under this Plan may be paid to any of the following, as the Committee may determine: (i) the spouse or parent of such Participant or Beneficiary; (ii) a legal representative or duly-appointed guardian of such Participant or Beneficiary or (iii) some other person duly designated to receive such payments on behalf of such Participant or Beneficiary.

10.5 **Governing Law**. To the extent not preempted by federal law, the Plan shall be construed in accordance with, and shall be governed by, the laws of the state of Delaware without regard to any conflict of laws provisions thereunder.

10.6 **Gender and Number**. Except when otherwise indicated by the context, the masculine gender shall also include the feminine gender and vice versa, and the singular shall also include the plural and vice versa.

10.7 **No Right to Continued Employment**. Nothing contained in the Plan shall confer upon any Participant any right with respect to the continuation of the Participant's employment by, or consulting relationship with, the Company or an Affiliate, or interfere in any way with the right of the Company or an Affiliate, subject to the terms of any separate employment agreement or other contract to the contrary, at any time to terminate such services or to increase or decrease the compensation of the Participant.

10.8 **Section 409A**. The provisions of the Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under section 409A of the Code. If the Committee determines that any amounts payable hereunder may be taxable to a Participant under section 409A of the Code, the Company may (i) adopt such amendments to the Plan and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Committee determines necessary or appropriate to preserve the intended tax treatment of the benefits provided by the Plan and/or (ii) take such other actions as the Committee determines necessary or appropriate to avoid or limit the imposition of an additional tax under section 409A of the Code; provided, that neither the Company nor any of its

Affiliates nor any other person or entity shall have any liability to a Participant or Beneficiary with respect to the tax imposed by section 409A of the Code.

10.9 **<u>Provisions Severable</u>**. To the extent that any one or more of the provisions of the Plan shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired.

10.10 **<u>Headings</u>**. The article and section headings are for convenience only and shall not be used in interpreting or construing the Plan.

10.11 **<u>Inability to Locate Participant or Beneficiary</u>**. If, as of the Latest Payment Date, the Committee is unable to make payment of all or a portion of a Participant's Account to such Participant or his or her Beneficiary because the whereabouts of such person cannot be ascertained (notwithstanding the mailing of notice to any last known address or addresses and the exercise by the Committee of other reasonable diligence), then such Participant's Account, or portion thereof, as applicable, shall be forfeited. For this purpose, the "Latest Payment Date" shall be the latest date on which a Participant's Account, or portion thereof, as applicable, may be paid to the Participant or the Beneficiary without the imposition of excise taxes and other penalties under section 409A of the Code.

10.12 **<u>Clawback</u>**. To the maximum extent permitted under applicable law, a Participant's Account and any amounts distributed with respect to a Participant's Account are subject to forfeiture, recovery by the Company or other action pursuant to any clawback or recoupment policy which the Company may adopt from time to time, including without limitation any such policy which the Company may be required to adopt under the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder, or as otherwise required by law.

ARTICLE XI
CLAIMS PROCEDURE AND LEGAL ACTIONS

11.1 **<u>Filing a Claim</u>.** A Participant or Beneficiary who believes that he or she is being denied a benefit to which such Participant or Beneficiary is entitled under the Plan may file a written request for such benefit with the Committee, setting forth his or her claim. The request must be addressed to the Committee at the Company's principal place of business.

11.2 **<u>Claim Decision</u>.** Upon receipt of a claim, the Committee shall advise the Claimant that a reply shall be forthcoming within 90 days and shall, in fact, deliver such reply within such period. The Committee may, however, extend the reply period for an additional 90 days for special circumstances. If the claim is denied in whole or in part, the Committee shall inform the Claimant in writing, using language calculated to be understood by the Claimant, setting forth: (i) the specified reason or reasons for such denial; (ii) the specific reference to pertinent provisions of this Plan on which such denial is based; (iii) a description of any additional material or information necessary for the Claimant to perfect his or her claim and an explanation of why such material or such information is necessary; (iv) appropriate information as to the steps to be taken if the Claimant wishes to submit the claim for review; and (v) the time limits for requesting a review under Section 11.3.

11.3 **<u>Request For Review</u>.** Within 60 days after the receipt by the Claimant of the written decision described above, the Claimant may request in writing a review of the determination of the Committee. Such review shall be completed by the Committee. Such request must be addressed to the Committee, at the Company's then principal place of business. The Claimant or his or her duly authorized representative may, but need not, review the pertinent documents and submit issues and comments in writing for consideration by the Committee. If the Claimant does not request a review within such 60-day period, the Participant shall be barred and estopped from challenging the Committee's determination.

11.4 **<u>Review of Decision</u>.** Within 60 days after the receipt of a request for review by the Committee, after considering all materials presented by the Claimant, the Committee shall inform the Claimant in writing, in a manner calculated to be understood by the Claimant, the decision setting forth the specific reasons for the decision and any specific references to the pertinent provisions of this Plan on which the decision is based. If special circumstances require that the 60 day time period be extended, the Committee shall so notify the Claimant and shall render the decision as soon as possible, but no later than 120 days after receipt of the request for review.

11.5 **<u>Legal Actions</u>.** Except for actions to which any statute of limitations prescribed by ERISA applies, (a) no legal or equitable action relating to a claim for benefits under section 502 of ERISA with respect to the Plan may be commenced later than one (1) year after the Claimant receives a final decision from the Committee in response to the Claimant's request for review of an adverse benefit determination and (b) no other legal or equitable action involving the Plan may be commenced later than two (2) years after the date the person bringing the action knew, or had reason to know, of the circumstances giving rise to the action. This Section 11.5 shall not bar the Plan or the Committee from recovering, in accordance with section 409A of the Code or other applicable law, overpayments of benefits or other amounts incorrectly paid to any person under the Plan at any time or bringing any legal or equitable action against any party. Any legal actions involving benefits or payments claimed under this Plan or legal obligations relating to or arising under this Plan may be filed only in Federal court in the Eastern District of Virginia. By participating in this Plan, each Participant shall be deemed to have elected to waive any right to a jury trial.

ARTICLE XII
EFFECTIVE DATE

The Plan is effective as of January 25, 2017.

The Company hereby agrees to the provisions of the Plan and in witness of its agreement, the Company by its duly authorized officer has executed the Plan on the date written below.

BOOZ ALLEN HAMILTON INC.

By:
Title:
Date:

EXHIBIT I

Eligible Employees

As of the effective date of the Plan, the Eligible Employees shall include employees of the Company who are employed in one of the following roles:

- Vice-President
- Senior Vice President
- Executive Vice President
- President
- Chief Executive Officer

Exhibit 10.36

SECOND AMENDED AND RESTATED EQUITY INCENTIVE PLAN OF

BOOZ ALLEN HAMILTON HOLDING CORPORATION

STOCK OPTION AGREEMENT

GRANT NOTICE

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

You (the "Optionee") have been granted an Option to purchase the number of shares (the "Shares") of Class A Common Stock, par value $0.01 per share (the "Common Stock"), of Booz Allen Hamilton Holding Corporation (the "Company"), as set forth on the Fidelity NetBenefits system at www.netbenefits.com, subject to the terms and conditions of the Plan and this Agreement, as follows:

Type of Option:	Non-Qualified Stock Option
Final Expiration Date:	Ten years from the date of grant

Your acceptance of this Option indicates your agreement and understanding that this Option is subject to all of the terms and conditions contained in the Agreement (including this Grant Notice and Appendix A to the Agreement) and the Plan. **ACCORDINGLY, PLEASE BE SURE TO READ ALL OF THE PLAN AND APPENDIX A, WHICH CONTAIN THE SPECIFIC TERMS AND CONDITIONS OF THIS OPTION. IN PARTICULAR, BY ACCEPTANCE OF THIS OPTION, YOU AGREE TO THE TERMS AND CONDITIONS CONTAINED IN THE AGREEMENT RELATING TO ELECTRONIC DELIVERY OF ANY DOCUMENTS RELATED TO THE OPTION.**

APPENDIX A TO STOCK OPTION AGREEMENT

ARTICLE I.
GRANT OF OPTION

Section 1.1 Grant of Option. The Company hereby grants to the Optionee the Option to purchase any part or all of the Shares upon the terms and conditions set forth in the Plan and this Agreement (including the Grant Notice and this Appendix). The Optionee hereby agrees that, except as required by law, he or she will not disclose to any Person other than the Optionee's spouse and/or tax or financial advisor (if any) the grant of the Option or any of the terms or provisions hereof without prior approval from the Administrator.

Section 1.2 Option Subject to Plan. The Option granted hereunder is subject to the terms and provisions of the Plan, including, but not limited to, Article V, Article XI, Article XII, Article XIII and Article XIV thereof.

Section 1.3 Exercise Price. The Exercise Price of the Shares covered by the Option has been determined in accordance with the provisions set forth in the Plan and does not include any commission or other charges.

ARTICLE II.
VESTING SCHEDULE; EXERCISABILITY

Section 2.1 Vesting and Exercisability of the Option.

(a) *Vesting*. Except as provided below, the Option shall become vested and exercisable, so long as the Optionee remains continuously in service as a Service Provider, from the date hereof through each relevant date set forth below, as follows:

(i) 20% of the Option shall become vested and exercisable on March 31, 2018;

(ii) 20% of the Option shall become vested and exercisable on March 31, 2019;

(iii) 20% of the Option shall become vested and exercisable on March 31, 2020;

(iv) 20% of the Option shall become vested and exercisable on March 31, 2021; and

(v) 20% of the Option shall become vested and exercisable on March 31, 2022.

(b) *Change in Control Vesting*. Upon the occurrence of a Change in Control, any Option shall vest as set forth in Section 2.9.

(c) *Discretionary Vesting*. The Administrator in its sole discretion may accelerate the vesting of any portion of the Option that does not otherwise vest pursuant to this Section 2.1.

Section 2.2 Termination of Employment or Service.

(a) *Termination Due to Death*. If an Optionee's employment or service terminates due to the Optionee's death, all Options shall immediately vest and shall remain outstanding until (i) the first anniversary of the date of the Optionee's death or (ii) the Option's Final Expiration Date, whichever is earlier, after which any unexercised Options shall immediately terminate.

(b) *Termination Due to Disability*. If an Optionee's employment or service terminates due to the Optionee's Disability, unvested Options shall not be forfeited and shall continue to vest in accordance with the schedule set forth in this Stock Option Agreement. All vested Options shall remain outstanding until (i) the later of the first anniversary of either (x) the date of termination due to Disability or (y) the date of vesting or (ii) the Option's Final Expiration Date, whichever is earlier, after which any unexercised Options shall immediately terminate.

(c) *Termination by Reason of a Company Approved Departure*. Unless otherwise determined by the Administrator, if an Optionee's employment or service terminates in a Company Approved Departure, unvested Options shall not be forfeited and shall continue to vest in accordance with the schedule set forth in this Stock Option Agreement. All vested Options shall remain outstanding until (i) the later of the 60^{th} day after either (x) the date of termination of Optionee's employment or service or (y) the date of vesting or (ii) the Option's Final Expiration Date, whichever is earlier, after which any unexercised Options shall immediately terminate.

(d) *Termination for Cause*. Unless otherwise determined by the Administrator, if the Optionee's employment or service terminates for Cause, all Options, whether vested or unvested, shall be immediately forfeited and canceled, effective as of the date of the Optionee's termination of employment or service. Notwithstanding the foregoing, unless otherwise determined by the Administrator and set forth in writing, any Option that vested during the twelve months prior to or any time after the Optionee engaged in the conduct that gave rise to the termination for Cause shall upon demand by the Administrator be immediately forfeited and disgorged or paid to the Company together with all gains earned or accrued due to the exercise of such Option or sale of Company Common Stock issued pursuant to such Option.

(e) *Termination for Any Other Reason*. Unless otherwise determined by the Administrator and set forth in writing, if an Optionee's employment or service terminates for any reason other than death, Disability, a Company Approved Departure, or Cause, all Options that are unvested shall be immediately forfeited and canceled, and all Options that are vested shall remain outstanding until (x) the 60^{th} day after the date of termination of Optionee's employment or service or (y) the Final Expiration Date, whichever is earlier, after which any unexercised Options shall immediately terminate.

Section 2.3 Additional Forfeiture Provisions. The Optionee acknowledges and agrees that the Option shall be immediately forfeited and cease to be exercisable, and the Optionee shall be required to disgorge to the Company all gains earned or accrued due to the exercise of Options or sale of any Shares issued pursuant to such Options upon certain accounting restatements, if the Optionee engages in Competitive

Activity (excluding, only if the Optionee is located in California, clause (a) of the definition of Competitive Activity contained in the Plan), as required by applicable law or if the Optionee engages in certain other misconduct as provided in Section 11.4 of the Plan.

Section 2.4 Exercisability of the Option. The Optionee shall not have the right to exercise the Option until the date the applicable portion of the Option becomes vested pursuant to Section 2.1 or Section 2.2. The date that the applicable portion of the Option becomes exercisable is referred to herein as the "Exercise Commencement Date." Subject to Section 14.1 of the Plan, following the Exercise Commencement Date, the applicable portion of the Option shall remain exercisable until it becomes unexercisable under Section 2.5. Once the Option becomes unexercisable, it shall be forfeited immediately.

Section 2.5 Expiration of Option.

(a) The Option may not be exercised to any extent by anyone after the first to occur of the following events:

(i) The Final Expiration Date;

(ii) Except for such longer period of time as the Administrator may otherwise approve, in the event of a termination of the Optionee's employment or service as a Service Provider for any reason other than Cause, death or Disability or in a Company Approved Departure, sixty (60) days following the date of the Optionee's termination of employment or service as a Service Provider for any reason other than Cause, death, or Disability or in a Company Approved Departure;

(iii) Except as the Administrator may otherwise approve, the date that the Company terminates the Optionee's employment or service as a Service Provider for Cause;

(iv) Except for such longer period of time as the Administrator may otherwise approve, the first anniversary of the Optionee's termination of employment or service as a Service Provider by reason of the Optionee's death;

(v) Except for such longer period of time as the Administrator may otherwise approve, in the event of the Optionee's termination of employment or service as a Service Provider by reason of the Optionee's Disability, the first anniversary of the later of (A) the Optionee's termination of employment or service or (B) the date of vesting of the applicable Option;

(vi) Except for such longer period of time as the Administrator may otherwise approve, in the event of the Optionee's termination of employment or service as a Service Provider by reason of a Company Approved Departure, the 60th day after the later of (A) the Optionee's termination of employment or service or (B) the date of vesting of the applicable Option; or

(vii) Upon forfeiture of an Option as provided in Section 11.4 of the Plan.

(b) For the purposes of the Plan and this Agreement, the date of the Optionee's termination of service as a Service Provider shall be the last day that the Optionee provided service as a Service Provider, as determined by the Administrator, whether such day is selected by agreement with the Optionee or unilaterally by the Company or its Subsidiaries and whether with or without advance notice. For the avoidance of doubt, except as expressly provided in Section 2.2, no period of notice that is given or that ought to have been given to the Optionee under applicable law in respect of such termination of service as a Service Provider will be utilized in determining entitlement under the Plan or this Agreement. Any action by the Company or its Subsidiaries taken in accordance with the terms of the Plan and this Agreement as set out aforesaid shall be deemed to fully and completely satisfy any liability or obligation of the Company or its Subsidiaries to the Optionee in respect of the Plan or this Agreement arising from or in connection with the Optionee's termination of service as a Service Provider, including in respect of any period of notice given or that ought to have been given under applicable law in respect of such termination of service as a Service Provider.

Section 2.6 Partial Exercise. Any exercisable portion of the Option or the entire Option, if then wholly exercisable, may be exercised in whole or in part at any time prior to the time when the Option or portion thereof becomes unexercisable.

Section 2.7 Exercise of Option. The exercise of the Option shall be governed by the terms of this Agreement and the terms of the Plan, including, without limitation, the provisions of Article V of the Plan.

Section 2.8 Manner of Exercise; Tax Withholding.

(a) As a condition to the exercise of the Option, the Optionee shall (i) notify the Company at least three (3) days prior to exercise and no earlier than ninety (90) days prior to exercise that the Optionee intends to exercise and (ii) provide the Company with payment of the Exercise Price of the Option, together with any Withholding Tax payment required by Section 3.8 below, which shall be payable to the Company in full as set forth in Section 2.8(b) or Section 2.8(c) below, as applicable.

(b) To the extent permitted by law or the applicable listing rules, if any, the Optionee may pay for the Shares with respect to which such Option or portion of such Option is exercised through (i) payment in cash; (ii) with the consent of the Administrator, the delivery of Shares which are owned by the Optionee, duly endorsed for transfer to the Company with a Fair Market Value on the date of delivery equal to the aggregate Exercise Price of the exercised portion of the Option; (iii) with the consent of the Administrator, through the surrender of Shares then issuable upon exercise of the Option having a Fair Market Value on the date of the exercise of the Option equal to the aggregate Exercise Price of the exercised portion of the Option; or (iv) with the consent of the Administrator, delivery of a notice that the Optionee has placed a market sell order with a broker with respect to Shares then-issuable upon exercise of the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the aggregate Exercise Price; *provided*, that payment of such proceeds is then made to the Company upon settlement of such sale. Notwithstanding the foregoing, the consent of the Administrator shall not be required with respect to clauses (iii) and (iv) of this Section 2.8(b) if the Optionee exercises such Option on or after the date of the Optionee's Retirement.

(c) As a condition to exercise, the Optionee must make appropriate arrangements for the payment to the Company (or its Subsidiary, as applicable) in cash or by delivery of a certified or bank cashier check, or by any other means of payment approved by the Administrator, of the amount which the Company (or its Subsidiary, as applicable) is required to withhold under applicable law in connection with the exercise of the Option. With the consent of the Administrator and subject to any applicable legal conditions or restrictions, the Company shall, upon the Optionee's request, withhold from the Shares issuable to the Optionee upon the exercise of the Option (or any portion thereof) a number of whole Shares having a Fair Market Value, determined as of the date of exercise, not in excess of the minimum of tax required to be withheld by law (or such lower amount as may be necessary to avoid liability award accounting). Any adverse consequences to the Optionee arising in connection with the Share withholding procedure set forth in the preceding sentence shall be the sole responsibility of the Optionee.

Section 2.9 Change in Control. Upon the occurrence of a Change in Control, the Options shall vest, forfeit or continue as set forth in Article XIII of the Plan. At the discretion of the Administrator (as constituted immediately prior to the Change in Control), any or all vested Options may be canceled in exchange for an amount equal to the product of (A) the excess, if any, of the Fair Market Value of the Shares upon the Change in Control over the exercise price for such vested Options, multiplied by (B) the aggregate number of shares of Company Common Stock covered by such vested Options. Payment of any amounts calculated in accordance with this Section 2.9 shall be made in cash or, if determined by the Administrator (as constituted immediately prior to the Change in Control), in shares of common stock of the new employer having an aggregate fair market value equal to such amount or in such securities or other property as are paid to the stockholders of the Company in connection with the Change of Control and shall be payable in full, as soon as reasonably practicable, but in no event later than 30 days, following the Change in Control or such later date as such consideration is paid to the stockholders of the Company generally *provided* that all such payments shall in all events be payable to the stockholders generally within five years after the Change in Control.

ARTICLE III.
OTHER PROVISIONS

Section 3.1 Optionee Representation; Not a Contract of Employment or Service. The Optionee hereby represents that the Optionee's execution of this Agreement and participation in the Plan is voluntary and that the Optionee has in no way been induced to enter into this Agreement in exchange for or as a requirement of the expectation of employment or service with the Company or any of its Subsidiaries. Nothing in this Agreement or in the Plan shall confer upon the Optionee any right to continue as a Service Provider, or shall interfere with or restrict in any way the rights of the Company or its Subsidiaries, which are hereby expressly reserved, to discharge the Optionee at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written employment or other agreement between the Optionee and the Company or any of its Subsidiaries.

Section 3.2 Shares Subject to Plan; Restrictions on the Transfer of Option and Company Common Stock. The Optionee acknowledges that this Option and any Shares acquired upon exercise of the Option are subject to the terms of the Plan, including, without limitation, the restrictions set forth in Sections 5.7 and 5.8 of the Plan.

Section 3.3 Registration of Shares. The Company may postpone the issuance and delivery of Company Common Stock upon the exercise of the Option until such Shares may be issued in compliance with any applicable state or federal law, rule or regulation. Notwithstanding any other provision in this Agreement, the Optionee may not sell the Shares acquired upon exercise of the Option unless such Shares are registered under the Securities Act of 1933, as amended from time to time (the "Securities Act"), or, if such Shares are not then so registered, such sale would be exempt from the registration requirements of the Securities Act. The sale must also comply with other applicable laws and regulations governing the Shares, and the Optionee shall not sell the Shares if the Administrator determines that such sale would not be in compliance with such laws and regulations.

Section 3.4 Construction. This Agreement shall be administered, interpreted and enforced under the laws of the State of Delaware.

Section 3.5 Conformity to Securities Laws. The Optionee acknowledges that the Plan is intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act and any and all regulations and rules promulgated thereunder by the Securities and Exchange Commission, including without limitation Rule 16b-3. Notwithstanding anything herein to the contrary, the Plan and this Agreement shall be administered, and the Option is granted and may be exercised, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

Section 3.6 Amendment, Suspension and Termination. The Option may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator or the Board, *provided that*, except as provided by Section 14.1 of the Plan, neither the amendment, modification, suspension nor termination of this Agreement (including the Grant Notice) shall, without the consent of the Optionee, materially alter or impair any rights or obligations under the Option.

Section 3.7 Data Privacy Consent. As a condition of the Option grant if the Optionee is a Non-U.S. Optionee, the Optionee explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of personal data as described in this paragraph by and among, as applicable, the Company and its Subsidiaries and Affiliates for the exclusive purpose of implementing, administering and managing the Optionee's participation in the Plan. The Optionee understands that the Company and its Subsidiaries and Affiliates hold certain personal information about the Optionee, including the Optionee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all restricted stock or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Optionee's favor, for the purpose of implementing, managing and administering the Plan (the "Data"). The Optionee further understands that the Company and its Subsidiaries and Affiliates may transfer the Data amongst themselves as necessary for the purpose of implementation, administration and management of the Optionee's participation in the Plan, and that the Company and its Subsidiaries and Affiliates may each further transfer the Data to any third parties assisting the Company in the implementation, administration and management of the Plan. The Optionee understands that these recipients may be located in the Optionee's country, or elsewhere, and that the recipient's country may have different data privacy laws and protections than the Optionee's country. The Optionee understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. The Optionee authorizes such recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Optionee's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Optionee may elect to deposit any Shares. The Optionee understands that the Data will be held only as long as is necessary to implement, administer, and manage the Optionee's participation in the Plan. The Optionee understands that he or she may, at any time, view the Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data, or refuse or withdraw the consents herein in writing, in any case without cost, by contacting his or her local human resources representative. The Optionee understands that refusal or withdrawal of consent may affect the Optionee's ability to participate in the Plan. For more information on the consequences of refusal to consent or withdrawal of consent, the Optionee understands that he or she may contact his or her local human resources representative.

Section 3.8 Withholding Taxes. In addition to any rights or obligations with respect to Withholding Taxes under this Agreement or the Plan, the Company shall have the right to withhold from the Optionee, or otherwise require the Optionee or an assignee to pay, any Withholding Taxes arising as a result of exercise of the Option, or any other taxable event occurring pursuant to the Plan or this Agreement, including, but not limited to, to the extent permitted by law, have the right to deduct any such Withholding Taxes from any payment of any kind otherwise due to the Optionee or to take such other action (including, but not limited to, withholding Shares or cash deliverable pursuant to the Plan or any Option) as may be necessary to satisfy such Withholding Taxes; *provided*, *however*, that in the event that the Company withholds Shares issuable to the Optionee upon the exercise of the Option (or any portion thereof) to satisfy the Withholding Taxes, the Company shall withhold a number of whole Shares having a Fair Market Value, determined as of the date of exercise, not in excess of the minimum of tax required to be withheld by law (or such lower amount as may be necessary to avoid liability award accounting). The Optionee shall be responsible for all Withholding Taxes and other tax consequences of this Award.

Section 3.9 Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to any Option granted under the Plan by electronic means or request the Optionee's consent to participate in the Plan by electronic means. The Optionee hereby explicitly and unambiguously consents to receive such documents (including, without limitation, information required to be delivered to the Optionee pursuant to applicable securities laws) by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company, and such consent shall remain in effect throughout the Optionee's term of employment or service with the Company and thereafter until withdrawn in writing by the Optionee. The Optionee acknowledges that he or she may receive from the Company a paper copy of any documents delivered electronically at no cost to the Optionee by contacting the Company by telephone or in writing. The Optionee further acknowledges that the Optionee will be provided with a paper copy of any documents if the attempted electronic delivery of such documents fails. Similarly, the Optionee understands that the Optionee must provide the Company or any designated third party administrator with a paper copy of any documents if the attempted electronic delivery of such documents fails.

Section 3.10 Miscellaneous.

(a) The Optionee shall have no rights as a stockholder of the Company with respect to the shares of Company Common Stock subject to this Agreement until such time as the purchase price has been paid and the other requirements of Section 2.8 above have been satisfied, and the shares of Company Common Stock have been issued and delivered to the Optionee.

(b) This Agreement shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or United States or foreign securities exchanges as may be required.

(c) This Agreement shall be governed by the laws of the State of Delaware regardless of the application of rules of conflict of law that would apply the laws of any other jurisdiction.

(d) All obligations of the Company under this Agreement and the Plan, with respect to the Option, shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

(e) In the event any provision of this Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of this Agreement, and this Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

ARTICLE IV.
DEFINITIONS

Whenever the following terms are used in this Agreement (including the Grant Notice), they shall have the meaning specified below unless the context clearly indicates to the contrary. Capitalized terms used in this Agreement and not defined below shall have the meaning given such terms in the Plan. The singular pronoun shall include the plural, where the context so indicates.

Section 4.1 "Company" shall mean Booz Allen Hamilton Holding Corporation, a Delaware corporation.

Section 4.2 “Company Approved Departure” shall mean a termination of employment that the Company (through the members of its senior management), in its sole discretion, determines to be in the best interest of the Company and the Company’s approval of such termination as a Company Approved Departure is approved or ratified by the Board or the Administrator.

Section 4.3 “Exchange Act” shall mean the Securities and Exchange Act of 1934, as amended.

Section 4.4 “Exercise Price” shall mean the Fair Market Value of a share of Common Stock on the grant date of the Option, determined in accordance with the provisions of the Plan, which Exercise Price has been communicated to the Optionee in a communication accompanying the Grant Notice.

Section 4.5 “Final Expiration Date” shall mean the date set forth in the Grant Notice.

Section 4.6 “Grant Notice” shall mean the Grant Notice referred to in Section 1.1 of this Agreement, which Grant Notice is for all purposes a part of the Agreement.

Section 4.7 “Option” shall mean the option to purchase Company Common Stock granted under this Agreement.

Section 4.8 “Optionee” shall mean the Person designated as such in the Grant Notice.

Section 4.9 “Plan” shall mean the Second Amended and Restated Equity Incentive Plan of Booz Allen Hamilton Holding Corporation, as amended from time to time.

Section 4.10 “Retirement” shall have the meaning set forth in the Company’s Retirement Policy.

Section 4.11 “Shares” shall have the meaning set forth in the Grant Notice.

Section 4.12 “Withholding Taxes” means any federal, state, local, or foreign income taxes, withholding taxes, or employment taxes required to be withheld under Applicable Law.

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Exhibit 10.37

Performance Restricted Stock Unit Agreement

SECOND AMENDED AND RESTATED EQUITY INCENTIVE PLAN OF

BOOZ ALLEN HAMILTON HOLDING CORPORATION

PERFORMANCE RESTRICTED STOCK UNIT AGREEMENT

GRANT NOTICE

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

You have been granted performance-based restricted stock units, subject to the terms and conditions of the Plan and this Agreement in an amount, vesting schedule and subject to satisfaction of the performance goals for the applicable performance period, as delivered and made available to you by the Company, which shall be deemed part of and incorporated by reference into this Grant Notice.

Your acceptance of this grant indicates your agreement and understanding that the Performance Restricted Stock Units granted herein are subject to all of the terms and conditions contained in the Agreement and the Plan. **ACCORDINGLY, PLEASE BE SURE TO READ ALL OF THE PLAN AND APPENDIX A, WHICH CONTAIN THE SPECIFIC TERMS AND CONDITIONS OF THE PERFORMANCE RESTRICTED STOCK UNITS.**

In order to accept this grant, please go to Fidelity NetBenefits at www.netbenefits.com and follow the instructions regarding this grant.

APPENDIX A TO PERFORMANCE RESTRICTED STOCK UNIT AGREEMENT

1. Grant of Restricted Stock Units. Subject to the terms, conditions, and restrictions set forth in this Agreement (including the Grant Notice made available to you by the Company) and in the Plan, the Company hereby evidences and confirms its grant to the Participant, effective as of the Grant Date, of the target number of performance restricted stock units (the "Target Award") specified in the Grant Notice. Each performance restricted stock unit (a "Restricted Stock Unit") represents the right to receive between zero and two shares of Company Common Stock, subject to the terms and conditions set forth in this Agreement (including the Grant Notice) and in the Plan. Except as otherwise provided in Section 2, the number of Restricted Stock Units that the Participant shall actually earn for the Performance Period (up to the maximum specified in the Grant Notice) will be determined by the Administrator based on the level of achievement of the performance goals in accordance with the Grant Notice (the "Performance Goals"). This Agreement is subordinate to, and the terms and conditions of the Restricted Stock Units granted hereunder are subject to, the terms and conditions of the Plan, which are incorporated by reference herein. If there is any inconsistency between the terms hereof and the terms of the Plan, the terms of the Plan shall govern. Any capitalized terms used herein without definition shall have the meanings set forth in the Plan.

2. Vesting of Restricted Stock Units.

(a) Vesting. For purposes of this Agreement, the term "Performance Period" shall mean the period set forth in the Grant Notice. The Restricted Stock Units are subject to forfeiture until they vest. Except as otherwise provided in this Section 2, the Restricted Stock Units shall become vested as of the vesting date specified in the Grant Notice (the "Vesting Date"), subject to the continued employment or service of the Participant by the Company or any Subsidiary thereof through the Vesting Date, and to the achievement of the Performance Goals set forth in the Grant Notice for the Performance Period as certified by the Administrator pursuant to Section 3(a). Restricted Stock Units that do not vest in accordance with this Section 2 shall be forfeited.

(b) Termination of Employment.

(i) Termination Due to Death. If a Participant's employment or service terminates due to the Participant's death prior to the Vesting Date, all unvested Restricted Stock Units shall vest on the effective date of such termination of employment or service at Target Award levels. Vested Restricted Stock Units shall be settled as set forth in Section 3.

(ii) Termination by Reason of a Company Approved Departure; Termination by Reason of Disability. If a Participant's employment or service terminates prior to the Vesting Date (A) by reason of a Company Approved Departure (as defined below) or (B) by reason of the Participant's Disability, then, in each case, the Participant's unvested Restricted Stock Units shall vest as of the Vesting Date in a *pro rata* amount of the Restricted Stock Units that would have been earned and vested in accordance with Section 2(a) based on actual achievement of the Performance Goals as if the Participant's employment or service had not terminated, with such amount prorated for the portion of the Performance Period that lapsed prior to the Participant's termination of employment or service; provided, that, any transition period (within the meaning of the Company's Transition Policy, as may be amended from time to time) shall not be considered a period of employment or service for purposes of calculating the *pro rata* amount. Vested Restricted Stock Units shall be settled as set forth in Section 3. "Company Approved Departure" shall mean a termination of employment that the Company (through the members of its senior management), in its sole discretion, determines to be in the best interest of the Company and the Company's approval of such termination as a Company Approved Departure is approved or ratified by the Board or the Administrator.

(iii) Termination by Reason of Retirement. (A) If a Participant's employment or service terminates prior to the Vesting Date by reason of a Participant's Qualifying Permanent Retirement (as defined below), provided that such termination occurs on or after March 31 (or if March 31 is not a business day, the last business day prior to March 31) of the first fiscal year of the Performance Period, the unvested Restricted Stock Units shall vest in accordance with Section 2(a) based on actual achievement of the Performance Goals as if the Participant's employment or service had not terminated; (B) if a Participant's employment or service terminates prior to March 31 (or if March 31 is not a business day, the last business day prior to March 31) of the first fiscal year of the Performance Period by reason of a Participant's retirement (notwithstanding that such retirement may otherwise qualify as a Qualifying Permanent Retirement), all unvested Restricted Stock Units shall immediately be forfeited as of the termination date; and (C) if a Participant's employment or service terminates at any point prior to the Vesting Date by reason of a Participant's retirement that at any point during the Performance Period does not constitute a Qualifying Permanent Retirement, all unvested Restricted Stock Units shall immediately be forfeited as of the termination date or, if later, the date such retirement does not constitute a Qualifying Permanent Retirement. Vested Restricted Stock Units shall be settled as set forth in Section 3. "Qualifying Permanent Retirement" means a termination of the Participant's employment or service by reason of a retirement (I) in accordance with the applicable Company retirement policy (as may be amended from time to time) and (II) that is a permanent retirement from all current and future employment, including but not limited to self-employment, unless such employment is approved by the Company in writing in advance of the Participant commencing such employment.

(iv) Termination for Cause. If a Participant's employment or service terminates for Cause, all unvested Restricted Stock Units shall be immediately forfeited and canceled, effective as of the date of the Participant's termination of service. In addition, any Restricted Stock Units that vested during the twelve (12) months prior to or any time after the Participant engaged in the conduct that gave rise to the termination for Cause (and any stock or cash issued in settlement of such Restricted Stock Units) shall upon demand by the Administrator be immediately forfeited and disgorged or paid to the Company together with all gains earned or accrued due to the sale of Stock issued in settlement of any Restricted Stock Units.

(v) Termination for Any Other Reason. If a Participant's employment terminates for any reason other than death, Disability, in a Company Approved Departure, in a Qualifying Permanent Retirement or by the Company for Cause, all unvested Restricted Stock Units shall immediately be forfeited.

(c) Change in Control. In the event of a Change in Control prior to the Vesting Date, notwithstanding anything in Article XIII of the Plan to the contrary, an amount of Restricted Stock Units equal to the Target Award shall remain outstanding and shall vest on the Vesting Date, subject to the continued employment or service of the Participant by the Company or any Subsidiary thereof through such date, but without regard to achievement of any Performance Goals; provided, that, if the Participant's employment or service is terminated by the Company without Cause or for Good Reason (each, a "Qualifying CIC Termination") within two (2) years following the effective date of the Change in Control, such outstanding Restricted Stock Units shall vest as of the date of such Qualifying CIC Termination. Vested Restricted Stock Units shall be settled as set forth in Section 3. For purposes of this Agreement, "Good Reason" means (i) if a Participant is a party to an employment or service agreement with the Company and such agreement provides for a definition of Good Reason, the definition contained therein; or (ii) if no such agreement exists or if such agreement does not define Good Reason, the occurrence of one or more of the following without the Participant's express written consent, which circumstances are not remedied by the Company within thirty (30) days of its receipt of a written notice from the Participant describing the applicable circumstances (which notice must be provided by the Participant within ninety (90) days of the Participant's knowledge of the applicable circumstances): (A) any material, adverse change in the Participant's duties, responsibilities or authority; (B) a material reduction in the Participant's base salary or bonus opportunity; or (C) a geographical relocation of the Participant's principal office location by more than fifty (50) miles (other than a temporary geographical relocation for business reasons).

(d) Other Forfeiture Provisions. The Restricted Stock Units shall also be forfeited and subject to disgorgement and/or repayment to the Company in the event the Participant (i) engages in financial or other misconduct (including but not limited to engaging in Competitive Activity (excluding, only of if the Participant is located in California, clause (a) of the definition of Competitive Activity contained in the Plan)) or as required by Applicable Law, as provided in the Plan or (ii) materially violates any restrictive covenant agreement (or any other agreement containing restrictive covenants) that the Participant has entered into with the Company.

(e) Committee Discretion. Notwithstanding anything contained in this Agreement to the contrary, subject to Article XIII of the Plan, the Administrator, in its sole discretion, may waive forfeiture provisions or accelerate the vesting with respect to any Restricted Stock Units under this Agreement, at such times and upon such terms and conditions as the Administrator shall determine; provided, however, that such waiver or acceleration of vesting shall not change the settlement date of the Restricted Stock Units provided in Section 3 of this Agreement; and provided, further, that the Administrator shall not waive satisfaction of the Performance Goals with respect to a Participant who is a "covered employee" as defined in Section 162(m)(3) of the Code.

(f) Post-Termination Informational Requirements. Before the settlement of any Restricted Stock Units following termination of employment or service, the Company may require the Participant (or the Participant's Eligible Representative, if applicable) to make such representations and provide such documents as the Administrator deems necessary or advisable to determine whether the provisions of Section 2(b)(iii), 2(b)(iv) or 2(d) apply. Such representations and documents may include tax returns and all other relevant information and records from which the Company can determine the current or former employment status of the Participant during the Performance Period. Notwithstanding anything in this Agreement to the contrary, the settlement of the Restricted Stock Units may be withheld until information deemed sufficient by the Company is delivered to it, and any unvested Restricted Stock Units shall be forfeited if the requested information is not provided in sufficient detail to the Company before the earlier of (i) ninety (90) calendar days after the issue of a request from the Company for such information and (ii) December 31 of the calendar year in which the Vesting Date occurs.

3. Administrator Certification; Settlement of Restricted Stock Units.

(a) Certification. As soon as practicable following completion of the Performance Period, the Administrator will review and certify in writing (i) whether, and to what extent, the Performance Goals for the Performance Period have been achieved, in whole or in part, and (ii) the number of Restricted Stock Units that the Participant shall earn, if any, subject to compliance with the requirements of Section 2 (the "Administrator Certification"). All determinations of whether the Performance Goals have been achieved, the number of Restricted Stock Units earned by the Participant, and all other matters related to this Section 3(a) shall be made by the Administrator in its sole discretion and shall be final, conclusive and binding on the Participant.

(b) Settlement of Restricted Stock Units. Subject to Sections 8(d), 2(f) and 3(a), the Company shall deliver to the Participant one share of Company Common Stock (or the value thereof) in settlement of each Restricted Stock Unit that has become earned and vested as provided in Section 2 on the first to occur of the following: (i) on or as soon as practicable following the date of the Administrator Certification (but in no event later than 2½ months after the Vesting Date); (ii) in the event of a termination of employment or service due to death, as soon as practicable following the Participant's termination of employment or service by reason of death; (iii) in the event of a Qualifying CIC Termination, within thirty (30) days following the effective date of the Participant's Qualifying CIC Termination, in each case (A) in Company Common Stock by either, (x) issuing one or more certificates evidencing the Company Common Stock to the Participant or (y) registering the issuance of the Stock in the name of the Participant through a book entry credit in the records of the Company's transfer agent, or (B) in the event of settlement upon a Change in Control, a cash payment equal to the Change in Control Price, multiplied by the number of vested Restricted Stock Units. No fractional shares of Company Common Stock shall be issued in settlement of Restricted Stock Units. Fractional Restricted Stock Units shall be settled through a cash payment equal to the Fair Market Value of the Company Common Stock on the settlement date.

4. Securities Law Compliance. Notwithstanding any other provision of this Agreement, the Participant may not sell the shares of Company Common Stock acquired upon vesting of the Restricted Stock Units unless such shares are registered under the Securities Act of 1933, as amended (the "Securities Act"), or, if such shares are not then so registered, such sale would be exempt from the registration requirements of the Securities Act. The sale of such shares must also comply with other applicable laws and regulations governing the shares and Participant may not sell the shares of Company Common Stock if the Company determines that such sale would not be in material compliance with such laws and regulations.

5. Participant's Rights with Respect to the Restricted Stock Units.

(a) Restrictions on Transferability. The Restricted Stock Units granted hereby are not assignable or transferable, in whole or in part, and may not, directly or indirectly, be offered, transferred, sold, pledged, assigned, alienated, hypothecated or otherwise disposed of or encumbered (including without limitation by gift, operation of law or otherwise) other than by will or by the laws of descent and distribution to the estate of the Participant upon the Participant's death; provided that the deceased Participant's beneficiary or representative of the Participant's estate shall acknowledge and agree in writing, in a form reasonably acceptable to the Company, to be bound by the provisions of this Agreement and the Plan as if such beneficiary or the estate were the Participant.

(b) No Rights as Stockholder. The Participant shall not have any rights as a stockholder including any voting, dividend or other rights or privileges as a stockholder of the Company with respect to any Company Common Stock corresponding to the Restricted Stock Units granted hereby unless and until shares of Company Common Stock are issued to the Participant in respect thereof.

(c) Dividend Equivalents. If the Company declares a cash dividend on the shares of Company Common Stock, then the Participant shall be credited with Dividend Equivalents in the form of a right to a cash payment equal to (i) the amount of the dividend declared and paid for each share of Company Common Stock, multiplied by (ii) (x) the number of Restricted Stock Units earned by the Participant as certified by the Administrator pursuant to Section 3(a) or (y) in the case of a termination of employment or service by reason of Death or a Qualifying CIC Termination, the number of Restricted Stock Units equal to the Target Award. Dividend Equivalents shall be subject to the same forfeiture restrictions as the Restricted Stock Units to which they are attributable and shall be paid on the same date the Restricted Stock Units to which they are attributable are settled in accordance with Section 3 hereof. Dividend Equivalents credited to a Participant shall be distributed in cash or, at the discretion of the Administrator, in shares of Company Common Stock having a Fair Market Value equal to the amount of the Dividend Equivalents, if any.

6. Participant's Representations, Warranties and Covenants.

(a) No Conflicts; No Consents. The execution and delivery by Participant of this Agreement, the consummation of the transactions contemplated hereby and the performance of Participant's obligations hereunder do not and will not (i) materially conflict with or result in a material violation or breach of any term or provision of any Law applicable to either Participant or the Restricted Stock Units or (ii) violate in any material respect, conflict with in any material respect or result in any material breach of, or constitute (with or without notice or lapse of time or both) a material default under, or require either Participant to obtain any consent, approval or action of, make any filing with or give any notice to any Person as a result or under the terms of, any contract, agreement, instrument, commitment, arrangement or understanding to which Participant is a party.

(b) Compliance with Rule 144. If any shares of Company Common Stock issued in respect of the Restricted Stock Units are to be disposed of in accordance with Rule 144, the

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

(c) Participant Status. The Participant represents and warrants that, as of the date hereof, the Participant is an officer, employee, director or Consultant of the Company or a Subsidiary.

7. Adjustment in Capitalization. The number, class or other terms of any outstanding Restricted Stock Units shall be adjusted by the Committee to reflect any stock dividend, stock split or share combination or any recapitalization, business combination, merger, consolidation, spin-off, exchange of shares, liquidation or dissolution of the Company or other similar transaction affecting the Company Common Stock in such manner as it determines in its sole discretion.

8. Miscellaneous.

(a) Binding Effect; Benefits. This Agreement shall be binding upon and inure to the benefit of the parties to this Agreement and their respective successors and assigns. Nothing in this Agreement, express or implied, is intended or shall be construed to give any person other than the parties to this Agreement or their respective successors or assigns any legal or equitable right, remedy or claim under or in respect of any agreement or any provision contained herein.

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

(c) Interpretation. This Agreement is subject to the terms and conditions of the Plan. In the event of any inconsistency between the provisions of this Agreement and the Plan, the Plan shall govern. The Administrator, acting pursuant to the Plan, as constituted from time to time, shall, except as expressly provided otherwise herein, have the right to determine reasonably and in good faith any questions that arise in connection with this Agreement, and any such determination shall be final, binding and conclusive on all Participants and other individuals claiming any right under the Plan. The failure of the Company or the Participant to insist upon strict performance of any provision hereunder, irrespective of the length of time for which such failure continues, shall not be deemed a waiver of such party's right to demand strict performance at any time in the future. No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation or provision hereunder shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation hereunder.

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

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

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

(g) Assignability. Neither this Agreement nor any right, remedy, obligation or liability arising hereunder or by reason hereof shall be assignable by the Company or the Participant without the prior written consent of the other party, provided that the Company may assign all or any portion of its rights or obligations under this Agreement to one or more persons or other entities designated by it.

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

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

(e) that the future value of the Company Common Stock is unknown and cannot be predicted with certainty.

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

(k) Consent to Electronic Delivery. By entering into this Agreement and accepting the Restricted Stock Units evidenced hereby, Participant hereby consents to the delivery of information (including, without limitation, information required to be delivered to the Participant pursuant to applicable securities laws) regarding the Company and the Subsidiaries, the Plan, this Agreement and the Restricted Stock Units via Company website, the Fidelity NetBenefits website or any other online access system of the Company's third party Plan administrator, email or other electronic delivery.

(l) Section 409A of the Code. This Agreement is intended to be administered in a manner consistent with the requirements, where applicable, of Section 409A of the Code and the regulations promulgated thereunder ("Section 409A"). Where reasonably practicable, the Agreement shall be administered in a manner to avoid the imposition on the Participant of immediate tax recognition and additional taxes pursuant to Section 409A. In addition, to the extent permissible under Section 409A, any series of installment payments under this Agreement shall be treated as a right to a series of separate payments. Notwithstanding the foregoing, the Company shall not have any liability to any Person in the event Section 409A applies to any payment hereunder in a manner that results in adverse tax consequences to the Participant or any of the Participant's beneficiaries.

(m) Specified Employee Delay. If the Participant is deemed a "specified employee" within the meaning of Section 409A, as determined by the Committee, at a time when the Participant becomes eligible for settlement of the Restricted Stock Units upon his or her "separation from service" within the meaning of Section 409A, then to the extent necessary to prevent any accelerated or additional tax under Section 409A, such settlement will be delayed until the earlier of: (a) the date that is six months following the Participant's termination of service and (b) the Participant's death. Notwithstanding anything to the contrary in this Agreement, if settlement is to occur upon a termination of service other than due to death or Disability and the Participant is a specified employee, to the extent necessary to comply with, and avoid imposition on the Participant of any additional tax or interest imposed under, Section 409A, settlement shall instead occur on the first business day following the six-month anniversary of the Participant's termination of service (or, if earlier, upon the Participant's death), or as soon thereafter as practicable (but no later than 90 days thereafter).

(n) Headings and Captions. The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

(o) Notices. All notices under this Agreement shall be (i) delivered by hand, (ii) sent by commercial overnight courier service, (iii) sent by registered or certified mail, return receipt requested, and first-class postage prepaid, (iv) sent by e-mail or any other form of electronic transfer or delivery approved by the Administrator, or (v) faxed, in each case to the parties at their respective addresses and facsimile numbers set forth in the records of the Company or at such other address or facsimile number as may be designated in a notice by either party to the other.

(p) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument.

Exhibit 10.38

Restricted Stock Unit Agreement

SECOND AMENDED AND RESTATED EQUITY INCENTIVE PLAN OF

BOOZ ALLEN HAMILTON HOLDING CORPORATION

RESTRICTED STOCK UNIT AGREEMENT

GRANT NOTICE

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

You have been granted performance-based restricted stock units, subject to the terms and conditions of the Plan and this Agreement in an amount and vesting schedule, and subject to achievement of applicable performance goals, as delivered and made available to you by the Company, which shall be deemed part of and incorporated by reference into this Grant Notice.

Your acceptance of this grant indicates your agreement and understanding that the Restricted Stock Units granted herein are subject to all of the terms and conditions contained in the Agreement and the Plan. **ACCORDINGLY, PLEASE BE SURE TO READ ALL OF THE PLAN AND APPENDIX A, WHICH CONTAIN THE SPECIFIC TERMS AND CONDITIONS OF THE RESTRICTED STOCK UNITS.**

In order to accept this grant, please go to Fidelity NetBenefits at www.netbenefits.com and follow the instructions regarding this grant.

APPENDIX A TO RESTRICTED STOCK UNIT AGREEMENT

1. Grant of Restricted Stock Units. Subject to the terms, conditions, and restrictions set forth in this Agreement (including the Grant Notice made available to you by the Company) and in the Plan, the Company hereby evidences and confirms its grant to the Participant, effective as of the Grant Date, of the number of restricted stock units specified in the Grant Notice, which shall be subject to the achievement of Performance Goals as set forth below (the "Restricted Stock Units"). This Agreement is subordinate to, and the terms and conditions of the Restricted Stock Units granted hereunder are subject to, the terms and conditions of the Plan, which are incorporated by reference herein. If there is any inconsistency between the terms hereof and the terms of the Plan, the terms of the Plan shall govern.

2. Vesting of Restricted Stock Units.

(a) Vesting. Except as otherwise provided in this Section 2, the Restricted Stock Units shall become vested, in the amount(s), and on the vesting date(s) set forth in the Grant Notice (each, a "Vesting Date"), subject to the continued employment of the Participant by the Company or any Subsidiary thereof through such date and to the achievement of the applicable performance goals as set forth in the Grant Notice (the "Performance Goals") as certified by the Administrator pursuant to Section 3(a). Restricted Stock Units that do not vest in accordance with Section 2 shall be forfeited.

(b) Termination of Employment.

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

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

(iii) Termination by Reason of a Company Approved Departure. If a Participant's employment or service terminates in a Company Approved Departure (as defined below), all unvested Restricted Stock Units shall not be forfeited upon such termination and shall continue to vest in accordance with the schedule, and shall continue to be subject to the achievement of the Performance Goals set forth in the Grant Notice. "Company Approved Departure" shall mean a termination of employment that the Company (through the members of its senior management), in its sole discretion, determines to be in the best interest of the Company and the Company's approval of such termination as a Company Approved Departure is approved or ratified by the Board or the Administrator.

(iv) Termination for Cause. If a Participant's employment or service terminates for Cause, all unvested Restricted Stock Units shall be immediately forfeited and canceled, effective as of the date of the Participant's termination of service. In addition, any Restricted Stock Units that vested during the twelve (12) months prior to or any time after the Participant engaged in the conduct that gave rise to the termination for Cause (and any stock or cash issued in settlement of such Restricted Stock Units) shall upon demand by the Administrator be immediately forfeited and disgorged or paid to the Company together with all gains earned or accrued due to the sale of Stock issued in settlement of any Restricted Stock Units.

(v) Termination for Any Other Reason. If a Participant's employment is terminated for any reason other than death, Disability, in a Company Approved Departure or by the Company for Cause, all unvested Restricted Stock Units shall immediately be forfeited.

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

(d) Other Forfeiture Provisions. The Restricted Stock Units shall also be forfeited and subject to disgorgement and/or repayment to the Company in the event the Participant (i) engages in financial or other misconduct (including but not limited to engaging in Competitive Activity (excluding, only of if the Participant is located in California, clause (a) of the definition of Competitive Activity contained in the Plan)) or as required by Applicable Law, as provided in the Plan or (ii) materially violates any restrictive covenant agreement (or any other agreement containing restrictive covenants) that the Participant has entered into with the Company.

(e) Administrator Discretion. Notwithstanding anything contained in this Agreement to the contrary, subject to Article XIII of the Plan, the Administrator, in its sole discretion, may waive forfeiture provisions or accelerate the vesting with respect to any Restricted Stock Units under this Agreement, at such times and upon such terms and conditions as the Administrator shall determine; provided, however, that such waiver or acceleration of vesting shall not change the settlement date of the Restricted Stock Units provided in Section 3 of this Agreement; and provided, further, that the Administrator shall not waive satisfaction of the Performance Goals with respect to a Participant who is a "covered employee" as defined in Section 162(m)(3) of the Code.

(f) Post-Termination Informational Requirements. Before the settlement of any Restricted Stock Units following termination of employment or service, the Company may require the Participant (or the Participant's Eligible Representative, if applicable) to make such representations and provide such documents as the Administrator deems necessary or advisable to determine whether the provisions of Section 2(b)(iv) or 2(d) apply. Such representations and documents may include tax returns and all other relevant information and records from which the Company can determine the current or former employment status of the Participant during the vesting period. Notwithstanding anything in this Agreement to the contrary, the settlement of the Restricted Stock Units may be withheld until information deemed sufficient by the Company is delivered to it, and any unvested Restricted Stock Units shall be forfeited if the requested information is not provided in sufficient detail to the Company before the earlier of (i) ninety (90) calendar days after the issue of a request from the Company for such information and (ii) December 31 of the calendar year in which the applicable Vesting Date occurs.

3. Administrator Certification; Settlement of Restricted Stock Units.

(a) Certification. As soon as practicable following the Vesting Date, the Administrator will review and certify in writing whether the Performance Goal has been achieved for the applicable Fiscal Year (the "Administrator Certification"). All determinations of whether the Performance Goals have been achieved and all other matters related to this Section 3(a) shall be made by the Administrator in its sole discretion and shall be final, conclusive and binding on the Participant.

(b) Settlement of Restricted Stock Units. Subject to Section 8(d), 2(f) and 3(a), the Company shall deliver to the Participant one share of Company Common Stock (or the value thereof) in settlement of each outstanding Restricted Stock Unit that has vested as provided in Section 2 on the first to occur of the following: (i) on or as soon as practicable following the date of the Administrator Certification (but in no event later than 2 ½ months after the Vesting Date); (ii) in the event of a termination of employment or service due to death, as soon as practicable following the Participant's termination of employment or service by reason of death; or (iii) in the event of a Change in Control in which the Restricted Stock Units do not continue, within thirty (30) days following the effective date of the Change in Control, in each case (A) in Company Common Stock by either, (x) issuing one or more certificates evidencing the Stock to the Participant or (y) registering the issuance of the Company Common Stock in the name of the Participant through a book entry credit in the records of the Company's transfer agent, or (B) in the event of settlement upon a Change in Control, a cash payment equal to the Change in Control Price, multiplied by the number of vested Restricted Stock Units). No fractional shares of Company Common Stock shall be issued in settlement of Restricted Stock Units. Fractional Restricted Stock Units shall be settled through a cash payment equal to the Fair Market Value of the Company Common Stock on the settlement date.

4. Securities Law Compliance. Notwithstanding any other provision of this Agreement, the Participant may not sell the shares of Company Common Stock acquired upon vesting of the Restricted Stock Units unless such shares are registered under the Securities Act of 1933, as amended (the "Securities Act"), or, if such shares are not then so registered, such sale would be exempt from the registration requirements of the Securities Act. The sale of such shares must also comply with other applicable laws and regulations governing the shares and Participant may not sell the shares of Company Common Stock if the Company determines that such sale would not be in material compliance with such laws and regulations.

5. Participant's Rights with Respect to the Restricted Stock Units.

(a) Restrictions on Transferability. The Restricted Stock Units granted hereby are not assignable or transferable, in whole or in part, and may not, directly or indirectly, be offered, transferred, sold, pledged, assigned, alienated, hypothecated or otherwise disposed of or encumbered (including without limitation by gift, operation of law or otherwise) other than by will or by the laws of descent and distribution to the estate of the Participant upon the Participant's death; provided that the deceased Participant's beneficiary or representative of the Participant's estate shall acknowledge and agree in writing, in a form reasonably acceptable to the Company, to be bound by the provisions of this Agreement and the Plan as if such beneficiary or the estate were the Participant.

(b) No Rights as Stockholder. The Participant shall not have any rights as a stockholder including any voting, dividend or other rights or privileges as a stockholder of the Company with respect to any Company Common Stock corresponding to the Restricted Stock Units granted hereby unless and until shares of Company Common Stock are issued to the Participant in respect thereof.

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

6. Participant's Representations, Warranties and Covenants.

(a) No Conflicts; No Consents. The execution and delivery by Participant of this Agreement, the consummation of the transactions contemplated hereby and the performance of Participant's obligations hereunder do not and will not (i) materially conflict with or result in a material violation or breach of any term or provision of any Law applicable to either Participant or the Restricted Stock Units or (ii) violate in any material respect, conflict with in any material respect or result in any material breach of, or constitute (with or without notice or lapse of time or both) a material default under, or require either Participant to obtain any consent, approval or action of, make any filing with or give any notice to any Person as a result or under the terms of, any contract, agreement, instrument, commitment, arrangement or understanding to which Participant is a party.

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

(c) Participant Status. The Participant represents and warrants that, as of the date hereof, the Participant is an officer, employee, director or Consultant of the Company or a Subsidiary.

7. Adjustment in Capitalization. The number, class or other terms of any outstanding Restricted Stock Units shall be adjusted by the Committee to reflect any stock dividend, stock split or share combination or any recapitalization, business combination, merger, consolidation, spin-off, exchange of shares, liquidation or dissolution of the Company or other similar transaction affecting the Company Common Stock in such manner as it determines in its sole discretion.

8. Miscellaneous.

(a) Binding Effect; Benefits. This Agreement shall be binding upon and inure to the benefit of the parties to this Agreement and their respective successors and assigns. Nothing in this Agreement, express or implied, is intended or shall be construed to give any person other than the parties to this Agreement or their respective successors or assigns any legal or equitable right, remedy or claim under or in respect of any agreement or any provision contained herein.

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

(c) Interpretation. This Agreement is subject to the terms and conditions of the Plan. In the event of any inconsistency between the provisions of this Agreement and the Plan, the Plan shall govern. The Administrator, acting pursuant to the Plan, as constituted from time to time, shall, except as expressly provided otherwise herein, have the right to determine reasonably and in good faith any questions that arise in connection with this Agreement, and any such determination shall be final, binding and conclusive on all Participants and other individuals claiming any right under the Plan. The failure of the Company or the Participant to insist upon strict performance of any provision hereunder, irrespective of the length of time for which such failure continues, shall not be deemed a waiver of such party's right to demand strict performance at any time in the future. No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation or provision hereunder shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation hereunder.

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

The Participant shall be responsible for all withholding taxes and other tax consequences of this award of Restricted Stock Units.

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

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

(g) Assignability. Neither this Agreement nor any right, remedy, obligation or liability arising hereunder or by reason hereof shall be assignable by the Company or the Participant without the prior written consent of the other party, provided that the Company may assign all or any portion of its rights or obligations under this Agreement to one or more persons or other entities designated by it.

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

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

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

(k) Consent to Electronic Delivery. By entering into this Agreement and accepting the Restricted Stock Units evidenced hereby, Participant hereby consents to the delivery of information (including, without limitation, information required to be delivered to the Participant pursuant to applicable securities laws) regarding the Company and the Subsidiaries, the Plan, this Agreement and the Restricted Stock Units via Company website, the Fidelity NetBenefits website or any other online access system of the Company's third party Plan administrator, email or other electronic delivery.

(l) Section 409A of the Code. This Agreement is intended to be administered in a manner consistent with the requirements, where applicable, of Section 409A of the Code and the regulations promulgated thereunder ("Section 409A"). Where reasonably practicable, the Agreement shall be administered in a manner to avoid the imposition on the Participant of immediate tax recognition and additional taxes pursuant to Section 409A. In addition, to the extent permissible under Section 409A, any series of installment payments under this Agreement shall be treated as a right to a series of separate payments. Notwithstanding the foregoing, the Company shall not have any liability to any Person in the event Section 409A applies to any payment hereunder in a manner that results in adverse tax consequences to the Participant or any of the Participant's beneficiaries.

(m) Specified Employee Delay. If the Participant is deemed a "specified employee" within the meaning of Section 409A, as determined by the Committee, at a time when the Participant becomes eligible for settlement of the Restricted Stock Units upon his or her "separation from service" within the meaning of Section 409A, then to the extent necessary to prevent any accelerated or additional tax under Section 409A, such settlement will be delayed until the earlier of: (a) the date that is six months following the Participant's termination of service and (b) the Participant's death. Notwithstanding anything to the contrary in this Agreement, if settlement is to occur upon a termination of service other than due to death or Disability and the Participant is a specified employee, to the extent necessary to comply with, and avoid imposition on the Participant of any additional tax or interest imposed under, Section 409A, settlement shall instead occur on the first business day following the six-month anniversary of the Participant's termination of service (or, if earlier, upon the Participant's death), or as soon thereafter as practicable (but no later than 90 days thereafter).

(n) Headings and Captions. The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

(o) Notices. All notices under this Agreement shall be (i) delivered by hand, (ii) sent by commercial overnight courier service, (iii) sent by registered or certified mail, return receipt requested, and first-class postage prepaid, (iv) sent by e-mail or any other form of electronic transfer or delivery approved by the Administrator, or (v) faxed, in each case to the parties at their respective addresses and facsimile numbers set forth in the records of the Company or at such other address or facsimile number as may be designated in a notice by either party to the other.

(p) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument.

Exhibit 10.39

Restricted Stock Unit Agreement

SECOND AMENDED AND RESTATED EQUITY INCENTIVE PLAN OF

BOOZ ALLEN HAMILTON HOLDING CORPORATION

RESTRICTED STOCK UNIT AGREEMENT

GRANT NOTICE

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

You have been granted restricted stock units, subject to the terms and conditions of the Plan and this Agreement in an amount and vesting schedule as delivered and made available to you by the Company, which shall be deemed part of and incorporated by reference into this Grant Notice.

Your acceptance of this grant indicates your agreement and understanding that the Restricted Stock Units granted herein are subject to all of the terms and conditions contained in the Agreement and the Plan. **ACCORDINGLY, PLEASE BE SURE TO READ ALL OF THE PLAN AND APPENDIX A, WHICH CONTAIN THE SPECIFIC TERMS AND CONDITIONS OF THE RESTRICTED STOCK UNITS.**

In order to accept this grant, please go to Fidelity NetBenefits at www.netbenefits.com and follow the instructions regarding this grant.

APPENDIX A TO RESTRICTED STOCK UNIT AGREEMENT

1. Grant of Restricted Stock Units. Subject to the terms, conditions, and restrictions set forth in this Agreement (including the Grant Notice made available to you by the Company) and in the Plan, the Company hereby evidences and confirms its grant to the Participant, effective as of the Grant Date, of the number of restricted stock units specified in the Grant Notice (the "Restricted Stock Units"). This Agreement is subordinate to, and the terms and conditions of the Restricted Stock Units granted hereunder are subject to, the terms and conditions of the Plan, which are incorporated by reference herein. If there is any inconsistency between the terms hereof and the terms of the Plan, the terms of the Plan shall govern.

2. Vesting of Restricted Stock Units.

(a) Vesting. Except as otherwise provided in this Section 2, the Restricted Stock Units shall become vested, in the amount(s), and on the vesting date(s) set forth in the Grant Notice (each, a "Vesting Date"), subject to the continued employment of the Participant by the Company or any Subsidiary thereof through such date.

(b) Termination of Employment.

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

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

(iii) Termination by Reason of a Company Approved Departure. If a Participant's employment or service terminates in a Company Approved Departure (as defined below), all unvested Restricted Stock Units shall not be forfeited upon such termination and shall continue to vest in accordance with the schedule as set forth in the Grant Notice. "Company Approved Departure" shall mean a termination of employment that the Company (through the members of its senior management), in its sole discretion, determines to be in the best interest of the Company and the Company's approval of such termination as a Company Approved Departure is approved or ratified by the Board or the Administrator.

(iv) Termination for Cause. If a Participant's employment or service terminates for Cause, all unvested Restricted Stock Units shall be immediately forfeited and canceled, effective as of the date of the Participant's termination of service. In addition, any Restricted Stock Units that vested during the twelve (12) months prior to or any time after the Participant engaged in the conduct that gave rise to the termination for Cause (and any stock or cash issued in settlement of such Restricted Stock Units) shall upon demand by the Administrator be immediately forfeited and disgorged or paid to the Company together with all gains earned or accrued due to the sale of Company Common Stock issued in settlement of any Restricted Stock Units.

(v) Termination for Any Other Reason. If a Participant's employment is terminated for any reason other than death, Disability, in a Company Approved Departure or by the Company for Cause, all unvested Restricted Stock Units shall immediately be forfeited.

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

(d) Other Forfeiture Provisions. The Restricted Stock Units shall also be forfeited and subject to disgorgement and/or repayment to the Company in the event the Participant (i) engages in financial or other misconduct (including but not limited to engaging in Competitive Activity (excluding, only of if the Participant is located in California, clause (a) of the definition of Competitive Activity contained in the Plan)) or as required by Applicable Law, as provided in the Plan or (ii) materially violates any restrictive covenant agreement (or any other agreement containing restrictive covenants) that the Participant has entered into with the Company.

(e) Administrator Discretion. Notwithstanding anything contained in this Agreement to the contrary, subject to Article XIII of the Plan, the Administrator, in its sole discretion, may waive forfeiture provisions or accelerate the vesting with respect to any Restricted Stock Units under this Agreement, at such times and upon such terms and conditions as the Administrator shall determine; provided, however, that such waiver or acceleration of vesting shall not change the settlement date of the Restricted Stock Units provided in Section 3 of this Agreement.

(f) Post-Termination Informational Requirements. Before the settlement of any Restricted Stock Units following termination of employment or service, the Company may require the Participant (or the Participant's Eligible Representative, if applicable) to make such representations and provide such documents as the Administrator deems necessary or advisable to determine whether the provisions of Section 2(b)(iv) or 2(d) apply. Such representations and documents may include tax returns and all other relevant information and records from which the Company can determine the current or former employment status of the Participant during the vesting period. Notwithstanding anything in this Agreement to the contrary, the settlement of the Restricted Stock Units may be withheld until information deemed sufficient by the Company is delivered to it, and any unvested Restricted Stock Units shall be forfeited if the requested information is not provided in sufficient detail to the Company before the earlier of (i) ninety (90) calendar days after the issue of a request from the Company for such information and (ii) December 31 of the calendar year in which the applicable Vesting Date occurs.

3. Settlement of Restricted Stock Units. Subject to Section 8(d) and Section 2(f), the Company shall deliver to the Participant one share of Company Common Stock (or the value thereof) in settlement of each outstanding Restricted Stock Unit that has vested as provided in Section 2(a) on the first to occur of (i) the Vesting Date (or within 30 days thereafter), (iii) in the event of a termination of employment or service due to death, as soon as practicable following the Participant's termination of employment or service by reason of death or (iii) a Change in Control in which the Restricted Stock Units do not continue, in each case (A) in Company Common Stock by either, (x) issuing one or more certificates evidencing the Company Common Stock to the Participant or (y) registering the issuance of the Company Common Stock in the name of the Participant through a book entry credit in the records of the Company's transfer

agent, or (B) in the event of settlement upon a Change in Control, a cash payment equal to the Change in Control Price, multiplied by the number of vested Restricted Stock Units). No fractional shares of Company Common Stock shall be issued in settlement of Restricted Stock Units. Fractional Restricted Stock Units shall be settled through a cash payment equal to the Fair Market Value of the Company Common Stock on the settlement date.

4. Securities Law Compliance. Notwithstanding any other provision of this Agreement, the Participant may not sell the shares of Company Common Stock acquired upon vesting of the Restricted Stock Units unless such shares are registered under the Securities Act of 1933, as amended (the "Securities Act"), or, if such shares are not then so registered, such sale would be exempt from the registration requirements of the Securities Act. The sale of such shares must also comply with other applicable laws and regulations governing the shares and Participant may not sell the shares of Company Common Stock if the Company determines that such sale would not be in material compliance with such laws and regulations.

5. Participant's Rights with Respect to the Restricted Stock Units.

(a) Restrictions on Transferability. The Restricted Stock Units granted hereby are not assignable or transferable, in whole or in part, and may not, directly or indirectly, be offered, transferred, sold, pledged, assigned, alienated, hypothecated or otherwise disposed of or encumbered (including without limitation by gift, operation of law or otherwise) other than by will or by the laws of descent and distribution to the estate of the Participant upon the Participant's death; provided that the deceased Participant's beneficiary or representative of the Participant's estate shall acknowledge and agree in writing, in a form reasonably acceptable to the Company, to be bound by the provisions of this Agreement and the Plan as if such beneficiary or the estate were the Participant.

(b) No Rights as Stockholder. The Participant shall not have any rights as a stockholder including any voting, dividend or other rights or privileges as a stockholder of the Company with respect to any Company Common Stock corresponding to the Restricted Stock Units granted hereby unless and until shares of Company Common Stock are issued to the Participant in respect thereof.

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

6. Participant's Representations, Warranties and Covenants.

(a) No Conflicts; No Consents. The execution and delivery by Participant of this Agreement, the consummation of the transactions contemplated hereby and the performance of Participant's obligations hereunder do not and will not (i) materially conflict with or result in a material violation or breach of any term or provision of any Law applicable to either Participant or the Restricted Stock Units or (ii) violate in any material respect, conflict with in any material respect or result in any material breach of, or constitute (with or without notice or lapse of time or both) a material default under, or require either Participant to obtain any consent, approval or action of, make any filing with or give any notice to any Person as a result or under the terms of, any contract, agreement, instrument, commitment, arrangement or understanding to which Participant is a party.

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

(c) Participant Status. The Participant represents and warrants that, as of the date hereof, the Participant is an officer, employee, director or Consultant of the Company or a Subsidiary.

7. Adjustment in Capitalization. The number, class or other terms of any outstanding Restricted Stock Units shall be adjusted by the Committee to reflect any stock dividend, stock split or share combination or any recapitalization, business combination, merger, consolidation, spin-off, exchange of shares, liquidation or dissolution of the Company or other similar transaction affecting the Company Common Stock in such manner as it determines in its sole discretion.

8. Miscellaneous.

(a) Binding Effect; Benefits. This Agreement shall be binding upon and inure to the benefit of the parties to this Agreement and their respective successors and assigns. Nothing in this Agreement, express or implied, is intended or shall be construed to give any person other than the parties to this Agreement or their respective successors or assigns any legal or equitable right, remedy or claim under or in respect of any agreement or any provision contained herein.

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

(c) Interpretation. This Agreement is subject to the terms and conditions of the Plan. In the event of any inconsistency between the provisions of this Agreement and the Plan, the Plan shall govern. The Administrator, acting pursuant to the Plan, as constituted from time to time, shall, except as expressly provided otherwise herein, have the right to determine reasonably and in good faith any questions that arise in connection with this Agreement, and any such determination shall be final, binding and conclusive on all Participants and other individuals claiming any right under the Plan. The failure of the Company or the Participant to insist upon strict performance of any provision hereunder, irrespective of the length of time for which such failure continues, shall not be deemed a waiver of such party's right to demand strict performance at any time in the future. No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation or provision hereunder shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation hereunder.

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

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

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

(g) Assignability. Neither this Agreement nor any right, remedy, obligation or liability arising hereunder or by reason hereof shall be assignable by the Company or the Participant without the prior written consent of the other party, provided that the Company may assign all or any portion of its rights or obligations under this Agreement to one or more persons or other entities designated by it.

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

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

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

(k) Consent to Electronic Delivery. By entering into this Agreement and accepting the Restricted Stock Units evidenced hereby, Participant hereby consents to the delivery of information (including, without limitation, information required to be delivered to the Participant pursuant to applicable securities laws) regarding the Company and the Subsidiaries, the Plan, this Agreement and the Restricted Stock Units via Company website, the Fidelity NetBenefits website or any other online access system of the Company's third party Plan administrator, email or other electronic delivery.

(l) Section 409A of the Code. This Agreement is intended to be administered in a manner consistent with the requirements, where applicable, of Section 409A of the Code and the regulations promulgated thereunder ("Section 409A"). Where reasonably practicable, the Agreement shall be administered in a manner to avoid the imposition on the Participant of immediate tax recognition and additional taxes pursuant to Section 409A. In addition, to the extent permissible under Section 409A, any series of installment payments under this Agreement shall be treated as a right to a series of separate payments. Notwithstanding the foregoing, the Company shall not have any liability to any Person in the event Section 409A applies to any payment hereunder in a manner that results in adverse tax consequences to the Participant or any of the Participant's beneficiaries.

(m) Specified Employee Delay. If the Participant is deemed a "specified employee" within the meaning of Section 409A, as determined by the Committee, at a time when the Participant becomes eligible for settlement of the Restricted Stock Units upon his or her "separation from service" within the meaning of Section 409A, then to the extent necessary to prevent any accelerated or additional tax under Section 409A, such settlement will be delayed until the earlier of: (a) the date that is six months following the Participant's termination of service and (b) the Participant's death. Notwithstanding anything to the contrary in this Agreement, if settlement is to occur upon a termination of service other than due to death or Disability and the Participant is a specified employee, to the extent necessary to comply with, and avoid imposition on the Participant of any additional tax or interest imposed under, Section 409A, settlement shall instead occur on the first business day following the six-month anniversary of the Participant's termination of service (or, if earlier, upon the Participant's death), or as soon thereafter as practicable (but no later than 90 days thereafter).

(n) Headings and Captions. The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

(o) Notices. All notices under this Agreement shall be (i) delivered by hand, (ii) sent by commercial overnight courier service, (iii) sent by registered or certified mail, return receipt requested, and first-class postage prepaid, (iv) sent by e-mail or any other form of electronic transfer or delivery approved by the Administrator, or (v) faxed, in each case to the parties at their respective addresses and facsimile numbers set forth in the records of the Company or at such other address or facsimile number as may be designated in a notice by either party to the other.

(p) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument.

Exhibit 21

List of Subsidiaries of Booz Allen Hamilton Holding Corporation

Name	**Jurisdiction of Organization**
Booz Allen Cyber Solutions, LLC	Delaware
Booz Allen Hamilton Consulting Pte. Ltd.	Singapore
Booz Allen Hamilton (Dubai) Limited	Dubai, UAE
Booz Allen Hamilton Egypt, LLC	Egypt
Booz Allen Hamilton Engineering Holding Co., LLC	Delaware
Booz Allen Hamilton Engineering Services, LLC	Delaware
Booz Allen Hamilton Lebanon S.a.r.l.	Lebanon
Booz Allen Hamilton Inc.	Delaware
Booz Allen Hamilton Intellectual Property Holding, LLC	Delaware
Booz Allen Hamilton International, Inc.	Delaware
Booz Allen Hamilton International Pte. Ltd.	Singapore
Booz Allen Hamilton International (U.K.) Ltd.	United Kingdom
Booz Allen Hamilton Investor Corporation	Delaware
Booz Allen Hamilton Saudi Arabia, LLC	Saudi Arabia
Booz Allen Hamilton Singapore Holding Company Pte. Ltd.	Singapore
Booz Allen Hamilton Singapore LLP	Singapore
Booz Allen Hamilton Tanzania Limited	Tanzania
Epidemico, Inc.	Delaware
Epidemico Limited	Ireland
PT Booz Allen Hamilton Indonesia	Indonesia
SDI Technology Corporation	Virginia
eGov Holdings, Inc.	Delaware
Aquilent, Inc.	Delaware
Cloud Solutions Group, Inc.	Delaware
Epic Acquisition Software, Inc.	Delaware
Middle Bay Solutions, LLC	Delaware
Middle Bay Solutions II, LLC	Delaware
Riverside Engineering, LLC	Delaware

Exhibit 23

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

We consent to the incorporation by reference in the following Registration Statements:

- Form S-8 (No 333-205956) pertaining to the Second Amended and Restated Equity Incentive Plan of Booz Allen Hamilton Holding Corporation
- Form S-8 (No 333-171288) pertaining to the Amended and Restated Equity Incentive Plan of Booz Allen Hamilton Holding Corporation, Booz Allen Hamilton Holding Corporation Officers' Rollover Stock Plan, and Booz Allen Hamilton Holding Corporation Employee Stock Purchase Plan
- Form S-3 (No 333-214855) pertaining to the registration of shares of Class A Common Stock of Booz Allen Hamilton Holding Corporation

of our reports dated May 22, 2017, with respect to the consolidated financial statements of Booz Allen Hamilton Holding Corporation and the effectiveness of internal control over financial reporting of Booz Allen Hamilton Holding Corporation, included in this Annual Report (Form 10-K) of Booz Allen Hamilton Holding Corporation for the year ended March 31, 2017.

/s/ Ernst & Young LLP

Tysons, Virginia
May 22, 2017

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 Rozanski, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: May 22, 2017	By:	/s/ Horacio Rozanski
		Horacio 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 Annual Report on Form 10-K of Booz Allen Hamilton Holding Corporation.

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

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

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

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

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

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

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

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

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

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

Date: May 22, 2017	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-K of Booz Allen Hamilton Holding Corporation (the “Company”) for the fiscal year ended March 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned President and Chief Executive Officer of the Company certifies, to the best of his knowledge and belief pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: May 22, 2017

By: /s/ Horacio Rozanski
Horacio 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-K of Booz Allen Hamilton Holding Corporation (the “Company”) for the fiscal year ended March 31, 2017, 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: May 22, 2017	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.