

NON-GAAP MEASURES

We publicly disclose certain non-GAAP financial measurements, including Revenue, Excluding Billable Expenses, Adjusted Operating Income, Adjusted EBITDA, Adjusted EBITDA Margin on Revenue, Adjusted Net Income, and Adjusted Diluted Earnings Per Share, or Adjusted Diluted EPS, because management uses these measures for business planning purposes, including to manage our business against internal projected results of operations and measure our performance. We view Adjusted Operating Income, Adjusted EBITDA, Adjusted EBITDA Margin on Revenue, Adjusted 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 present these supplemental measures because we believe that these measures provide investors and securities analysts with important supplemental information with which to evaluate our performance, long-term earnings potential, or liquidity, as applicable, and to enable them to assess our performance on the same basis as management. These supplemental performance measurements may vary from and may not be comparable to similarly titled measures by

other companies in our industry. Revenue, Excluding Billable Expenses, Adjusted Operating Income, Adjusted EBITDA, Adjusted EBITDA Margin on Revenue, Adjusted Net Income, and Adjusted Diluted EPS are not recognized measurements under accounting principles generally accepted in the United States, or GAAP, and when analyzing our performance or liquidity, as applicable, investors should (i) evaluate each adjustment in our reconciliation of revenue to Revenue, Excluding Billable Expenses, operating income to Adjusted Operating Income, net income to Adjusted EBITDA, Adjusted EBITDA Margin on Revenue, and Adjusted Net Income and Adjusted Diluted Earnings Per Share, and (ii) use Revenue, Excluding Billable Expenses, Adjusted Operating Income, Adjusted EBITDA, Adjusted EBITDA Margin on Revenue, 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. 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 (the “Carlyle Acquisition”), 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 before certain other items, including transaction costs, fees, losses, and expenses, including fees associated with debt prepayments. “Adjusted EBITDA Margin on Revenue” is calculated as Adjusted EBITDA divided by revenue. The Company prepares Adjusted EBITDA and Adjusted EBITDA Margin on Revenue 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 Carlyle Acquisition, (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, (iv) release of

income tax reserves, and (v) re-measurement of deferred tax assets and liabilities as a result of the Tax Cuts and Jobs Act (the “2017 Tax Act”) in each case net of the tax effect where appropriate calculated using an assumed effective tax rate. We prepare Adjusted Net Income to eliminate the impact of items, net of tax, we do not consider indicative of ongoing operating performance due to their inherent unusual, extraordinary, or non-recurring nature or because they result from an event of a similar nature. We view net income excluding the impact of the re-measurement of the Company’s deferred tax assets and liabilities as a result of the 2017 Tax Act as an important indicator of performance consistent with the manner in which management measures and forecasts the Company’s performance and the way in which management is incentivized to perform.

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

BOOZ ALLEN HAMILTON HOLDING CORPORATION

NON-GAAP FINANCIAL INFORMATION

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

(AMOUNTS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)	FISCAL YEAR ENDED MARCH 31,		
REVENUE, EXCLUDING BILLABLE EXPENSES	2018 (UNAUDITED)	2017 (UNAUDITED)	2016 (UNAUDITED)
Revenue	6,171,853	\$5,804,284	\$5,405,738
Billable Expenses	1,861,312	1,751,077	1,513,083
Revenue, Excluding Billable Expenses	4,310,541	\$4,053,207	\$3,892,655
ADJUSTED OPERATING INCOME			
Operating Income	\$520,085	\$484,247	\$444,584
Amortization of intangible assets (a)	—	4,225	4,225
Transaction expenses (b)	—	3,354	—
Adjusted Operating Income	\$520,085	\$491,826	\$448,809
EBITDA, ADJUSTED EBITDA & ADJUSTED EBITDA MARGIN ON REVENUE			
Net income	\$305,111	\$252,490	\$294,094
Income tax expense	132,893	159,410	85,368
Interest and other, net (c)	82,081	72,347	65,122
Depreciation and amortization	64,756	59,544	61,536
EBITDA	584,841	543,791	506,120
Transaction expenses (b)	—	3,354	—
Adjusted EBITDA	\$584,841	\$547,145	\$506,120
Adjusted EBITDA Margin on Revenue	9.5%	9.4%	9.4%

(AMOUNTS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)	FISCAL YEAR ENDED MARCH 31,		
ADJUSTED NET INCOME	2018 (UNAUDITED)	2017 (UNAUDITED)	2016 (UNAUDITED)
Net income	\$305,111	\$252,490	\$294,094
Amortization of intangible assets (a)	—	4,225	4,225
Transaction expenses (b)	—	3,354	—
Release of income tax reserves (d)	—	—	(53,301)
Re-measurement of deferred tax assets/liabilities (e)	(9,107)	—	—
Amortization or write-off of debt issuance costs and write-off of original issue discount	2,655	8,866	5,201
Adjustments for tax effect (f)	(969)	(6,578)	(3,770)
Adjusted Net Income	\$297,690	\$262,357	\$246,449
ADJUSTED DILUTED EARNINGS PER SHARE			
Weighted-average number of diluted shares outstanding	147,750,022	150,274,640	149,719,137
Adjusted Net Income Per Diluted Share (g)	\$2.01	\$1.75	\$1.65

- a.) Reflects amortization of intangible assets resulting from the Carlyle Acquisition.
- b.) Reflects debt refinancing costs incurred in connection with the refinancing transaction consummated on July 13, 2016.
- c.) Reflects the combination of Interest expense and Other income (expense), net from the consolidated statement of operations
- d.) Release of pre-acquisition income tax reserves assumed by the Company in connection with the Carlyle Acquisition.
- e.) Reflects the provisional income tax benefit associated with the re-measurement of the Company's deferred tax assets and liabilities as a result of the 2017 Tax Act.
- f.) Fiscal 2017 and 2016 reflect the tax effect of adjustments at an assumed effective tax rate of 40%. Beginning in the third quarter of fiscal 2018 with the enactment of the 2017 Tax Act, adjustments are reflected using an assumed effective tax rate of 36.5%, which approximates a blended federal and state tax rate for fiscal 2018, and consistently excludes the impact of other tax credits and incentive benefits realized.
- g.) Excludes an adjustment of approximately \$1.9 million, \$2.3 million, and \$3.5 million of net earnings for fiscal 2018, 2017, and 2016, respectively, associated with the application of the two-class method for computing diluted earnings per share.