Booz | Allen | Hamilton

Fiscal Year 2011 Annual Report

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Our Vision

Booz Allen Hamilton is committed to being the absolute best management and technology consulting firm, as measured by our clients' success, the excellence of our people, and our spirit of partnership.

Our Mission

Booz Allen Hamilton partners with clients to solve their most important and complex problems, making their mission our mission, and delivering results that endure.

Missions that Matter

In fiscal year 2011, clients turned to us to help them address their toughest challenges and achieve their missions. We work as a trusted partner, delivering functional expertise and hands-on solutions that create tangible benefits to our clients and to society.

Fiscal Year 2011 Financial Highlights

(In thousands, except per share amounts)

Fiscal year ended March 31:	2011	2010	Pro Forma 2009 [2]
Revenue	**$5,591,296**	$5,122,633	$4,351,218
Operating Income	**319,444**	199,554	66,401
Adjusted Operating Income [1]	**392,480**	313,157	209,330
EBITDA [1]	**400,047**	295,317	172,736
Adjusted EBITDA [1]	**444,442**	368,323	277,344
Net Income (Loss)	**84,694**	25,419	(49,411)
Adjusted Net Income [1]	**157,511**	97,001	38,180
Per Diluted Common Share			
Net Income (Loss)	**$ 0.66**	$ 0.22	$ (0.47)
Adjusted Net Income [1]	**$ 1.24**	$ 0.83	$ 0.36

At March 31:	2011	2010	Pro Forma 2009
Cash Provided by (Used in) Operating Activities	**$ 296,339**	$ 270,484	$ (6,217)
Free Cash Flow [1]	**207,555**	221,213	(52,366)
Total Debt	**994,328**	1,568,632	1,235,727
Total Backlog	**10,924**	9,013	7,279

(1) These measures are non-GAAP financial measures. Please see page 67 of this report for a reconciliation of these measures to GAAP and a discussion of why the Company is presenting this information.

(2) Included in the financial highlights are unaudited pro forma results for the 12 months ended March 31, 2009, or "pro forma 2009," assuming the acquisition of a majority ownership of the Company by The Carlyle Group had been completed as of the beginning of our fiscal year (or April 1, 2008, instead of July 31, 2008, when the transaction was completed). Pro forma 2009 results are presented because management believes it provides a meaningful comparison of operating results enabling 12 months of fiscal 2009 to be compared with fiscal 2010 and 2011. The pro forma 2009 results are for informational purposes only and do not purport to represent what our actual results would have been if the acquisition had been completed as of April 1, 2008.

Dear Colleagues and Shareholders:

In 37 years in the consulting business, I've seen plenty of change. But who would have imagined that in a single year Congress would pass landmark healthcare legislation and financial regulatory reform, a major cybersecurity breach would reveal sensitive government secrets, and an exploding oil rig would lead to the worst environmental disaster in US history?

Years like this challenge us at Booz Allen Hamilton to do the best work for our clients. In fiscal 2011, we solved problems and built new capabilities in the healthcare, finance, energy, and communications sectors. We responded to growing concern about the protection of our warfighters and the security of our cyber networks, and we helped clients implement policies to reform healthcare. We helped our clients assess the causes and long-term effects of the Gulf oil spill. And we tackled countless other issues that directly impact the present—and the future. I am proud of the work we did to deliver enduring value to our clients and to make a difference to society at large.

Within Booz Allen, the big news was the initial public offering we completed in November 2010. It was both gratifying and humbling to hear investors express the high regard they have for our firm. I'm excited to welcome a high-quality base of long-term investors and owners who want to be part of our success. With this strong support from our new investors and existing shareholders—The Carlyle Group and Booz Allen partners—Booz Allen joins the ranks of the Fortune 500. We expect to have the financial flexibility we need to pursue new growth opportunities.

Government, corporate, and not-for-profit clients demonstrated the confidence they've shown in us for more than 97 years by choosing Booz Allen to help address their most complex strategic and technical challenges. We won new, high-profile engagements in the defense, intelligence, and civil sectors—our primary client base. We achieved significant growth

16.1 million

shares of Class A Booz Allen stock were issued in the initial public offering.

$10.9 billion

As of March 31, 2011, Booz Allen had a total backlog of work valued at $10.9 billion, which represents a 21.2% year-over-year backlog growth rate.

20+ years

Booz Allen has served its 10 largest client organizations an average of more than 20 years, and it has served the US Navy for more than 70 years.

25,000

Booz Allen has more than 25,000 talented professionals committed to excellence and service.

"I'm excited to welcome a high-quality base of long-term investors and owners who want to be part of our success."

Ralph W. Shrader

in areas related to cybersecurity, healthcare, and consulting services for civil government agencies. The programs we support are critical to our nation's future. Given the complexity of these initiatives, our innovative thinking and deep technical and analytic capabilities make a measurable difference.

Our success in retaining and expanding our client base in turn drives our organic growth. And once again, we have benefited from an infusion of exceptional people who contribute their knowledge, skills, and passion to client engagements. At a time of intense competition for talent, thousands of professionals joined our deep and diverse workforce, which now exceeds 25,000. These new hires want to do stimulating and meaningful work that serves our country—and our communities.

As we grew and evolved our organization, we reaffirmed the strengths of our management consulting heritage and culture. And we are ever vigilant, adopting even more rigorous policies and processes to maintain our ethical standing. During this year of change, we did not change the proven business model that has underpinned our success. Our single profit and loss structure gives us great agility to adapt to changes in the market and ensures our focus on client missions and results. In addition, we benefit from a unique matrix approach that drives and specifically

rewards collaboration. It enables us to work without boundaries or barriers and apply our best resources to the most complex challenges our clients face.

A Strong Start as a Public Company

Booz Allen has an exceptional track record of generating growth under various market conditions. In fiscal 2011, which ended March 31, 2011, a challenging environment for business and government contracting certainly tested our mettle. At a time of austerity across all the sectors we serve, we generated high single-digit growth.

- Revenue increased 9.1 percent, to $5.59 billion, with growth across all markets.
- Net income increased to $84.7 million, from $25.4 million.
- Backlog grew to $10.9 billion at March 31, 2011, an increase of 21.2 percent from the prior year.

We are off to a strong start as a public company, and we are excited about the future.

Enduring Value

Financial highlights notwithstanding, consulting is a "people business," and we define our success by the enduring value we create for our clients, employees, communities, and investors.

Our important work springs from an entrepreneurial culture where ideas flourish—and where people grow and pursue their passions inside and outside of work. In fiscal 2011, Booz Allen's workplace environment once again earned "best company" recognition by *Fortune*, *Working Mother*, and *Consulting* magazines, and by many other third-party organizations. We also received a perfect score on the Corporate Equality Index and have been recognized as a best company for veterans by *G.I. Jobs* and Disabled American Veterans. Today's professional services landscape is changing, and we must continue to evolve the way we work to create greater flexibility, more efficiency, and more personal and professional growth. Our "Way We

CAPABILITIES

Strategy and Organization

- Strategy and change management
- Organization and process improvement
- Human capital, learning, and communications

Analytics

- Advanced analytics
- Business analytics
- Mission analytics

Technology

- Cyber technology
- Strategic technology and innovation
- Systems development

Engineering and Operations

- Engineering and science
- Systems engineering and integration
- Acquisition and program management
- Enterprise integration
- Supply chain and logistics

“We define our success by the enduring value we create for our clients, employees, communities, and investors.”

Work” strategy combines face-to-face teaming, telework, remote delivery, and hoteling to foster greater work-life balance, reduced commuting times, and a smaller carbon footprint. Our people and our clients benefit from advanced computing centers, videoconferencing, and other technologies that support collaboration and improve product and service delivery.

Booz Allen’s people are also dedicated public servants who contribute their time and skills to support their communities and important causes. Over the past year, the firm and its people supported more than 600 local and national charitable organizations through volunteerism, philanthropy, pro bono work, and in-kind donations. Booz Allen also has a strong tradition for supporting the arts, and we were proud to sponsor the major exhibition “Telling Stories: Norman Rockwell from the Collections of George Lucas and Steven Spielberg” at the Smithsonian American Art Museum this past year.

New Opportunities

We are excited by the opportunities that lie ahead as we grow and deliver value. We have established a clear strategy focused on delivering great client service and growing our business.

Expand our business base. We will work to expand our relationships with existing clients and cultivate new ones in our core US federal government market across defense, intelligence, and civil agencies. We will also pursue targeted opportunities in the commercial sector and in international markets, offering much-needed support in such critical areas as cyber, healthcare, energy, and financial services. Our non-compete agreement with the business we spun off in 2008 expires on July 31, 2011, opening new opportunities for growth.

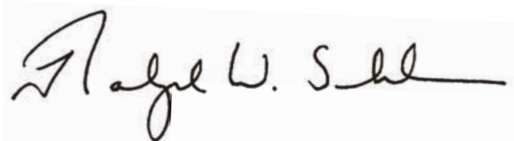
Capitalize on strengths in emerging areas. Through investments and client engagements, we have developed the deep domain knowledge and technical expertise to address many of our clients’ most urgent emerging challenges. We are especially well positioned to help clients protect critical networks that provide the foundation for national security, secure financial transactions, transportation, and energy. We have the experience

and track record to help implement changes spurred by recent healthcare and financial regulatory legislation and to support long-term initiatives that range from satellite and space systems to air traffic control and naval systems.

Continue to innovate. Clients confront constant and often sudden change, and they value our willingness to step forward, think ahead, and develop valuable, practical applications for new technology. We intend to continue to invest in new intellectual capital and functional capabilities in domains as diverse as cybersecurity, cloud computing, advanced analytics, and specialized services to help modernize, reform, and protect the financial sector.

A Changing Landscape

For 97 years, Booz Allen Hamilton has held client service as our highest calling. We value the trust and confidence that clients place in us, working side by side on missions that matter. We have a successful track record in various economic cycles and are particularly adept at helping clients facing budgetary and operational pressures. As we move forward as a public company, we will marshal our people and resources to serve the best interests of our clients around the world. To us, that matters most of all.



Ralph W. Shrader, Ph.D.
Chairman, Chief Executive Officer, and President

June 30, 2011

AWARDS & RECOGNITION

Booz Allen Hamilton's commitment to its people and to continually enhancing its workplace environment is evident in dozens of awards from major publications and organizations over the past year, including:

"100 Best Companies to Work For"
— *Fortune* magazine

"Best Firms to Work For"
— *Consulting Magazine*

"Working Mother 100 Best Companies"
— *Working Mother* magazine

"Best Places to Work in IT"
— *Computerworld* magazine

"Top 25 Technology Consulting Firms"
— Vault.com

"Top 100 Military-Friendly Employers"
— *G.I. Jobs* magazine

"Ten Best Corporations for Veteran-Owned Businesses"
— National Veteran-Owned Business Association

"Top 50 Companies for Diversity"
— DiversityInc.

"Best Places to Work for LGBT Equality"
— Human Rights Campaign

"50 Best Fertility-Friendly and Adoption-Friendly Companies"
— *Conceive* magazine

Missions that Matter

What does it take to tackle society's most complex and pressing challenges? For nearly a century, Booz Allen Hamilton has helped US government agencies and other business and institutional clients accomplish their most critical missions by combining a consultant's problem-solving orientation with deep technical knowledge and strong execution. As consultants, we look at problems from multiple perspectives to understand both our clients' real needs and how to bring strategy and technology together to deliver value and enduring results. And to complete these missions, we assemble diverse teams of talented professionals who bring to each engagement innovative thinking; practical experience; expertise in strategy and organization, analytics, technology, engineering, and operations; and a spirit of service.

Today, the organizations we serve face increasingly complex demands from citizens, businesses, local governments, and global allies. Booz Allen stands at their side, working in partnership to help reform the nation's healthcare system, improve cybersecurity, support servicemen and servicewomen, boost organizational performance, restore economic strength, and make the world a better place.

How can healthcare do more and cost less?

To help bring healthcare reform to life, we are defining complex strategies, processes, and technology solutions that will shape the future.

Embracing Healthcare's Digital Future

Healthcare reform represents a powerful vision to improve the quality of care and reduce the cost of providing it. To achieve this goal, healthcare must follow the path of other industries and leverage technologies that allow information to flow in ways that create value for all stakeholders. This involves creating a sustainable business model that incentivizes participation and building health information exchange networks that collect and transmit data and measure patient outcomes.

Since its inception in 2004, the Office of the National Coordinator for Health Information Technology (ONC) has brought stakeholders together to promote the adoption and meaningful use of electronic health records. Booz Allen has supported this organization on many levels—from sharing technology expertise to supporting communication between stakeholders to analyzing clinical data and measuring outcomes.

Clockwise from upper left: Denise Tauriello-Tingle, Senior Associate; Christine Fantaskey, Principal; Daniyal (Dani) Syed, Associate; Abby George, Lead Associate; Kristine Martin Anderson, Senior Vice President

In 2010, the ONC established the Beacon Community Program to demonstrate how health IT tools and resources can advance healthcare quality, safety, and efficiency. It awarded grants totaling $250 million to 17 communities that are building health IT infrastructures and exchange capabilities. We are helping these communities build sustainable exchanges by working to define effective governance structures, evaluate IT infrastructures, determine intervention strategies, develop quality and performance measures, and share best practices.

After an initial year of planning and analysis, Beacon communities are now ready to execute their plans and demonstrate to clinicians, hospitals, patients, and communities that health information exchanges can result in better coordinated, higher-quality, and lower-cost care.

> "Communities are making tremendous progress in protecting and securing healthcare data. In the process, they're creating powerful benefits for patients, physicians, and the entire health system."
>
> Kristine Martin Anderson, Senior Vice President

Women Veterans: A New Model for Holistic Care

Women veterans are one of the fastest-growing populations accessing VA healthcare services, and the Veterans Health Administration (VHA) expects this population to double over the next five years. To attract and more holistically serve women veterans—and meet their unique healthcare needs—the VHA is shifting its paradigm of healthcare delivery. Booz Allen supports the VHA's Office of Women Veterans Health Strategic Healthcare Group (WVHSHG) in its quest to define and improve its delivery of primary care to women veterans.

As a first step, in partnership with WVHSHG, we defined a clear vision of what patient-centered women veterans health programs should look like. We defined essential components of the new system and the primary capabilities required to deliver consistent, reliable, and relevant health services. We then developed, pilot tested, and implemented a protocol to assess how the system was performing and to identify ways to improve it. We also recommended scoring methodologies to evaluate both field performance and the impact of the assessment process.

The result? WVHSHG has established a solid foundation for a strong, comprehensive primary care program that will better serve greater numbers of women veterans. Moving forward, women veterans receiving care from VA facilities will benefit from relevant services, delivered by professionals who are operating within a culture committed to supporting their unique needs.

A Healthy Future for Honduras

In remote villages of Honduras, at least 2,300 children under the age of five die each year from maladies caused by contaminated drinking water. Thousands more suffer from illnesses that have been largely eradicated in the developed world. With only a limited public health infrastructure to support them, these children depend on outside resources to provide clean water and deliver direct patient care.

Each year, the Virginia Hospital Center Medical Brigade embraces a mission to assist these patients, working to create healthier living conditions and provide life-changing and life-saving medical care. Since 2006, dozens of professionals across Booz Allen have delivered the strategic planning, logistics, and communications support this nonprofit organization needs. In October 2010, three Booz Allen volunteers joined the brigade's annual mission to rural Honduras that ultimately administered direct medical care to more than 9,100 patients. Enduring success in Honduras requires both sustainable processes and a larger vision of the future, and our combination of financial support and personal engagement is making a powerful difference.

> "After seeing more than 1,500 patients today, and more than 9,000 this week, our energy was fading—but we did not slow down one bit."
>
> Booz Allen team blog

Reengineering Biomedical Research

Left to right: Kia Tollett, Associate; Sum Mehrnama, Associate; Huda Aden, Associate; Srinivas Singaraju, Lead Associate

As a first-generation naturalized citizen from Somalia, Huda Aden remembers her introduction to global political and policy matters. As a child, she watched the famine of the 1980s unfold in Ethiopia, and she worried about the health and welfare of people close to her homeland. Today, she is pursuing these interests as a third-year associate at Booz Allen. For example, she recently served on a team that is helping the National Institutes of Health's National Center for Research Resources (NCRR) administer its Clinical and Translational Science Awards program (CTSA). The program's mission: make research faster, safer, and more effective to close the average 17-year gap that separates medical research and discovery from clinical application.

When Aden first heard about Booz Allen's relationship with NCRR, the project immediately struck a chord. "It was an opportunity to see firsthand how organizations solve complex problems that directly impact the future of public health," she says. She joined the team and soon learned that building a successful consortium requires its own kind of collaboration. "Our team mirrors the interdisciplinary collaboration that the CTSA Consortium is also trying to achieve," she says. "The project director, Mary Greene, is a former pediatrician with business and public health degrees, and we've had a former diplomat, a lawyer, a bioinformaticist, and a Peace Corps volunteer, as well as researchers and information systems professionals who brought their own varied experience and perspectives to the team. Our client appreciates this diversity as much as we do, and we all learn so much from each other."

"This consortium is a dynamic organization," says Greene, a senior associate. "The diversity of our experience, combined with our team's strong collaboration across work streams, helps us effectively address CTSA's evolving priorities."

> "I saw firsthand how organizations solve complex problems that directly impact the future of public health."
>
> Huda Aden, Associate

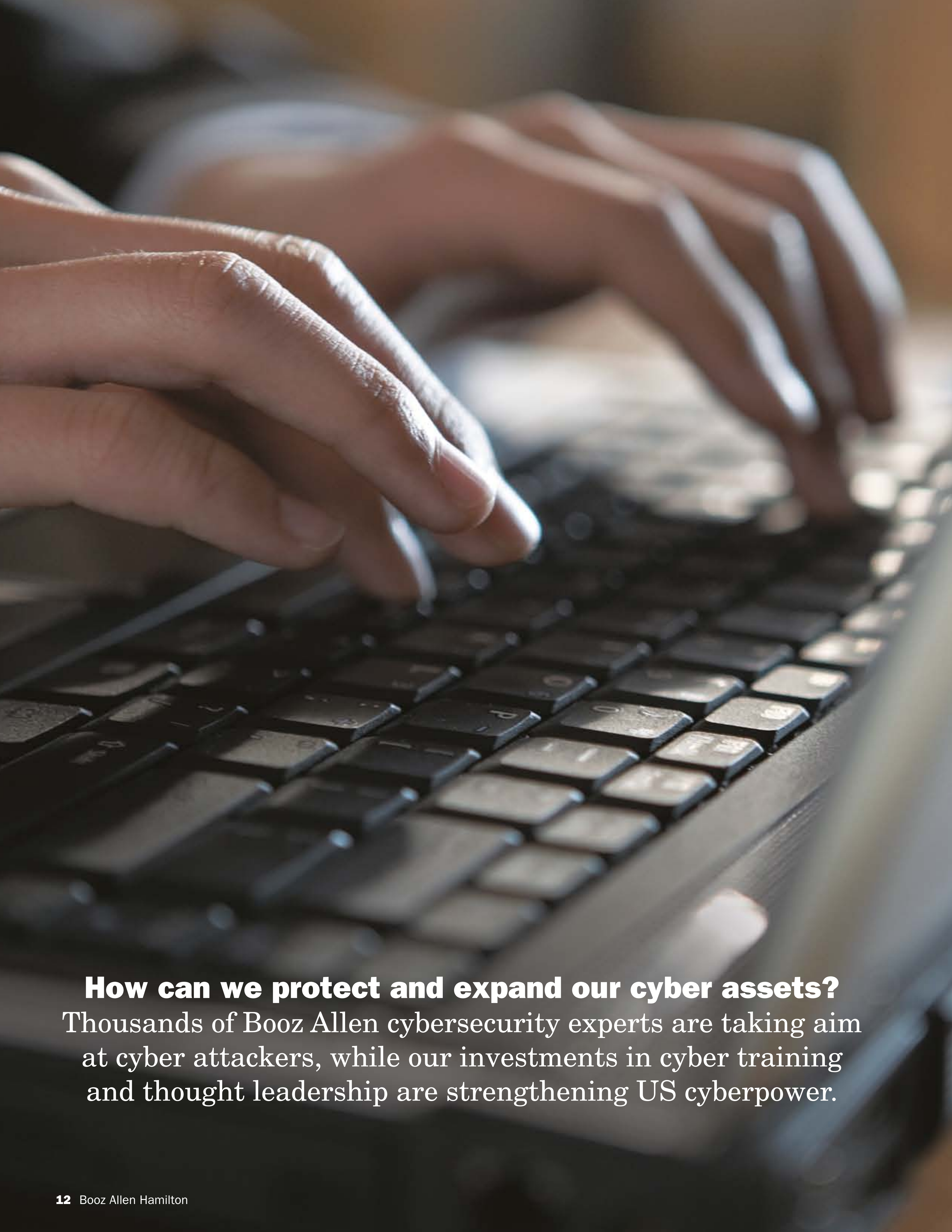
Intellectual Capital

Realizing the Promise of Health Information Exchanges

Booz Allen vice president Timathie Leslie (left) moderated "Health Information Exchanges: Have We Turned the Corner?" a panel discussion with experts including Dr. Brian Jacobs (right), vice president and chief medical information officer of Children's National Medical Center.

In the United States, rising concern about the cost and quality of healthcare is focusing attention on such IT tools as electronic health records and health information exchanges (HIEs). Yet despite consumer engagement, rising demand, market forces, and significant IT investment under the Affordable Care Act, adoption of these technologies has been slow.

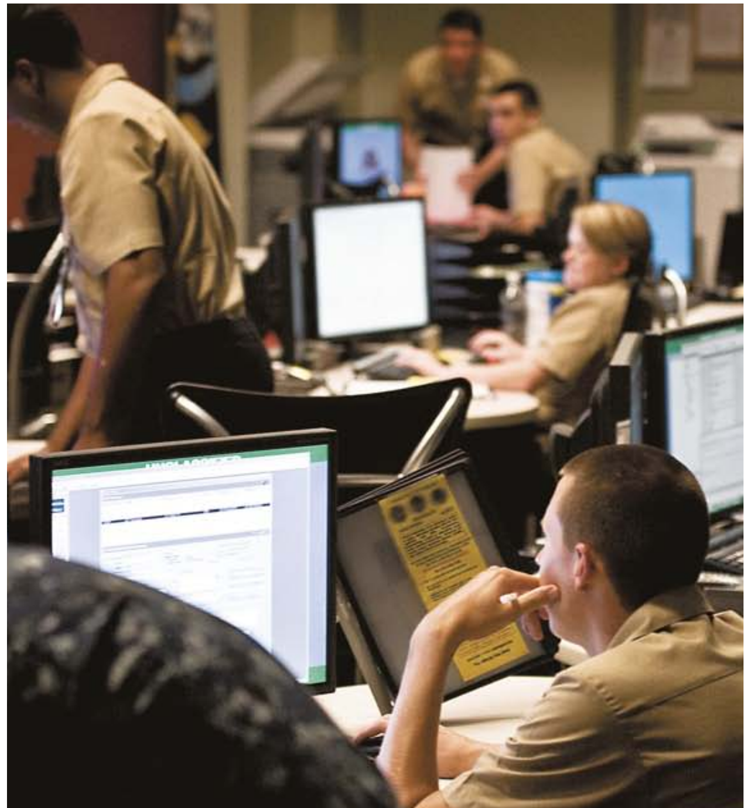
As part of our "Expert Voices Speaker Series," Booz Allen convened a panel of top industry and government experts to explore what the future may hold for HIEs as a critical enabler of national healthcare reform. Panelists concurred that HIEs are foundational to the government's health reform objectives. They also agreed that we have not yet turned the corner. Effective exchange systems will require both consistent policy guidelines and infrastructures that support interoperability and integration of data. These exchanges also need to deliver information that is intuitive, accurate, reliable, free of clutter, and integrated into the clinician's workflow. What's more, consistent benchmarks must emerge to measure performance and achievement.



How can we protect and expand our cyber assets?

Thousands of Booz Allen cybersecurity experts are taking aim at cyber attackers, while our investments in cyber training and thought leadership are strengthening US cyberpower.

Defending the Virtual Battlefield



Since the late 1990s, the US military has continued to evolve its cyber capabilities to address increasingly complex threats. In 2010, military cyber defense evolved from a patchwork of organizations, each with different responsibilities, into US Cyber Command (USCYBERCOM), a subunified command that integrates its full spectrum of operations to protect freedom of action in cyberspace. USCYBERCOM protects command and control systems and weapons system platforms from disruptions, intrusions, and attacks. It also synchronizes warfighting across the global security environment and delivers vital support to civil authorities and international partners.

Booz Allen has been part of this organizational and operational journey from the outset. Today, we are working closely with USCYBERCOM on two critical fronts: migrating existing cyberspace resources into a new organization and maintaining full-scale operations in a constantly changing environment. We are contributing to cyber intelligence analysis by providing cyber targeting support, intelligence planning, and a flexible knowledge management system that integrates the activities and intelligence analysis of all four military branches. We are supporting daily operational requirements by helping address everything from strategic planning, risk analysis, and policy formulation to workforce analysis, staffing, and training. And we are applying our technology resources to engineer a flexible IT infrastructure, develop cyber software, and create Web services.

By centralizing command of cyberspace operations, USCYBERCOM will strengthen Department of Defense (DoD) cyberspace capabilities. It will integrate and bolster DoD's cyber expertise; build the resilient, reliable information and communication networks needed to counter cyberspace threats; and support the armed services' ability to confidently conduct high-tempo, effective operations.

DoD is building the resilient, reliable networks needed to counter cyberspace threats and conduct high-tempo operations.

Developing a New Generation of Cyber Leaders

As governments and businesses build more cyber capabilities into their operations, they must develop a cyber-ready workforce that can operate across boundaries and easily adapt to changing conditions and challenges. To stay a step ahead, Booz Allen continues to invest in education programs to develop and enhance the skills of our growing cyber workforce. Our Cyber University offers boot camps, advanced training and mentoring programs, and technical certifications where our cyber professionals can acquire new competencies. And in 2010, we formed a strategic partnership with University of Maryland University College (UMUC) to offer both Booz Allen employees and the general public three online graduate certificates in cybersecurity. This timely program will help the United States build a competitive, forward-thinking cyber workforce.

> "I'm continually learning the latest skills to keep pace with the dynamic technology, ethics, and policy dimensions that our clients face."
>
> Steve Johnson, Senior Associate

Steve Johnson, a Booz Allen senior associate, embraces the many opportunities the firm makes available to develop new skills. He joined Booz Allen 12 years ago after working for the Peace Corps in Kyrgyzstan and for the United Nations. Today, he balances his responsibilities as the deputy program manager for the Air Force Network-Centric Solutions (NETCENTS) contract with his enrollment in the Cybersecurity Certificate program offered at UMUC. "Most of our IT contracts call for expertise in network defense and information assurance," Johnson says. "With Booz Allen's support, I'm continually learning the latest skills to keep pace with the dynamic technology, ethics, and policy dimensions that our clients face in addressing their cyber challenges. By understanding what the threats are, how they're evolving, and why they're happening, I'm in a better position to help our clients address these risks."

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Growing the Cyber Workforce

Our nation conducts more business electronically each year, and this activity makes our citizens, businesses, and government increasingly vulnerable to a growing challenge: Malicious behavior online threatens to compromise both our national defense and our economic prosperity. A 2009 survey of 18 federal agencies found that the current pipeline of talent is inadequate to meet agency needs in terms of both the quality and quantity of cyber applicants. "Cyber In-Security: Strengthening the Federal Cybersecurity Workforce," a study conducted by Booz Allen with the Partnership for Public Service, also revealed a broken hiring process characterized by fragmented hiring responsibility, complicated security clearance processes, and a disconnect between human resources departments and hiring managers.

How can organizations overcome these issues to defend against increasingly aggressive and complex cyber attacks? They require clear strategies to acquire, develop, and retain the cyber talent they need to complete their missions. Booz Allen outlines its methodology for helping organizations define the skills and capabilities critical for successful job performance across cyber roles and functional areas of expertise in "Readying the Next Generation Cyber Workforce." The paper describes our Cyber People Readiness suite, a step-by-step process that moves from skills assessment through people planning, development, management, advancement, and leadership.

Addressing the Cybersecurity Challenge

In fall 2010, the growing cybersecurity threat dominated the headlines when Wikileaks published sensitive government correspondence. But each day, hackers and cyber terrorists attack governments, businesses, and citizens everywhere. Their actions directly threaten our security, our economy, our infrastructure, and our personal privacy.

Booz Allen has emerged as a leading advocate of proactive cybersecurity policy and operations. As the US director of national intelligence from 2007 to 2009, Executive Vice President John M. (Mike) McConnell understands that cybersecurity requires a new approach that covers all missions and works across all organizations and markets. "Today's cyber defense is hindered by a fragmented approach to addressing strategy, operations, technology, and policy and legal considerations," he says. "We need an integrated approach that brings focus to five critical areas: policy, operations, technology, people, and management."

"We should immediately focus on protecting critical infrastructure by realigning their use of the Internet."

John M. (Mike) McConnell, Executive Vice President

In a recent *Financial Times* op-ed, McConnell discussed how to address the cyber challenge while balancing security, privacy, openness, and innovation. He wrote that "we should immediately focus on protecting critical infrastructure—the power grid, financial networks, air traffic control, and other transport infrastructures—by realigning their use of the Internet. To do this we must create new 'protected lanes' inside the global superhighway. I call this potential area 'dot.secure': a series of highly protected lanes for those operating vital infrastructure, within the free and open world of the .com global network."

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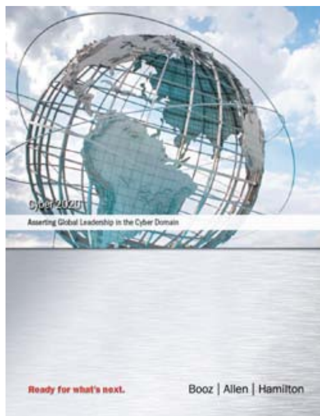
Cyber 2020: Extending Our Cyber Advantage



The latest technological revolution has created a new cyber domain, where nations compete for cyberpower status and the many economic and social advantages associated with it. As the early leader, the United States now confronts other national and regional powers that seek to challenge US dominance and reshape the cyber domain to align with their own interests. To maintain its position, and seize the economic, civil, and security benefits of leadership, the United States needs to look beyond status quo precepts to shape an evolving cyber landscape that is transparent, accessible, dynamic, and secure.

In "Cyber 2020: Asserting Global Leadership in the Cyber Domain," Booz Allen explores four possible scenarios for the Internet in 2020. These scenarios examine the implications of strong versus weak US influence, and nationally focused versus globally focused cyber policies. By drawing sharp distinctions between these future scenarios, the paper reveals the potential impact of US policies—and of the lack of policies—in shaping outcomes within the cyber domain.

Currently, federal agencies view the cyber domain as a decentralized system. To create the US-led global Internet of the future, government needs to develop a coherent, overarching policy and legal framework; create a robust, multidimensional cyber strategy; and introduce new governance models that stress proactive collaboration across the global megacommunity.

How can we shield our warfighters from hidden threats?

Warriors depend on robust and reliable support systems in the field and at home. We're meeting the challenge by engineering new battlefield technologies and strengthening veterans health programs.

Saving Lives: Real-time Imagery in the Battlefield

For the US military, no mission is more important than protecting the safety of warfighters. This challenge is especially acute in the rugged mountains of Afghanistan, where groups of insurgents hide in hard-to-reach areas. Over the past five years, unmanned drones have emerged as a highly effective technology to target and attack enemy combatants and neutralize threats to warfighters. But this capability creates new demands for communications. Specifically, troops on the ground and analysts behind the scenes need real-time access to the robust data, full-motion video, and geospatial imagery that the drones collect.

Left to right: Dillon Bussert, Lead Associate; Viviana Acosta, Associate; Brian Myers, Lead Associate; Jithin Raghunath, Associate

In 2005, warfighters supporting efforts in Iraq and Afghanistan expressed an urgent need for a new two-way satellite-based communications infrastructure to support their mission. The Defense Information Services Agency (DISA) required innovative, fast, and reliable results, and contracted with Booz Allen. Our team had previously surveyed existing satellite and wireless technologies and had already created a prototype for a next-generation, two-way satellite communications (SATCOM) system. To help implement the new solution, we rapidly deployed integrated Booz Allen resources that spanned cyber technology, business analytics, modeling and simulation, and supply chain and logistics.

The Booz Allen team worked quickly with DISA's leadership to engineer a standards-based, scalable architecture and develop a detailed implementation plan. Within six months, it deployed a fully accredited, operational network over commercial and Department of Defense satellite and wireless networks. Over the past year, Booz Allen has continued to help DISA meet growing demand for video and imagery by doubling the system's capacity.

"Deployment of this two-way SATCOM network has contributed to the disruption of insurgent networks and the neutralization of threats to warfighters, in part by helping them detect insurgents planting improvised explosive devices."

Patricia Goforth, Senior Vice President

A Clear Picture for Forward Operations

Left to right: Chris Wahl, Lead Associate; Farris Allread, Associate; Lester Simpson, Senior Consultant; Dave Schillero, Associate; Quinton McCorvey, Senior Associate

Our warfighters operate today within ever-changing environments and face enemy combatants who know how to use the local populace, terrain, and porous borders to their advantage. To protect the warfighter, critical forward operations need the ability to detect, locate, identify, and track adversarial threats. US Central Command tasked PM Night Vision/Reconnaissance, Surveillance, and Target Acquisition (PM NV/RSTA) to develop—as a high priority—an integrated system of state-of-the-art sensors, networks, and information technologies.

Partnering with PM NV/RSTA and working with industry, Booz Allen provided systems engineering and program management support to design, develop, procure, and field an integrated family of sensor systems. Deployed in Iraq and Afghanistan, these systems provide warfighters with a sensor common tactical picture based on full-motion video, acoustic, magnetic, seismic, laser, and radar sensor data. Booz Allen helped create an expeditionary system that is fully scalable, integrated, and interoperable.

Warfighters report an increased capability to identify adversarial activity, which allows combat leaders to rapidly react and preempt enemy activities before they pose a threat to our forces. Furthermore, the flexibility and scalability of the system make it extremely adaptable to applications in the civil sector such as protecting critical infrastructure perimeters.

Real Help for Real Warriors

Military service is a highly demanding commitment that can place extreme stress on service members and their families. For the more than 2 million service members who have served in Iraq and Afghanistan, the challenges have been especially acute. Sometimes their psychological wounds go untreated because service members fear that seeking help is a sign of weakness that may diminish their reputation or disrupt their military career.

The Department of Defense (DoD) is committed to giving military personnel the information and resources they need to get help. To reduce the stigma, boost awareness, and change behavior, the Defense Centers of Excellence for Psychological Health and Traumatic Brain Injury (DCoE) engaged Booz Allen to help create and launch a public education campaign with a message that would make it widely known that seeking help is a sign of strength. To communicate this sensitive message, we developed an integrated social marketing campaign based on audience research and behavior change theories. To give skeptical service members the proof they needed that military careers can continue after care, the team created video profiles and public service announcements featuring real warriors sharing their stories. We also developed partnerships with 125 vested organizations and used social networking tools to connect thousands of service members to the campaign's resources. The project generated high traction and millions of media impressions. The real success, however, lies in changed perceptions. In a recent survey of service members, 50 percent responded that they would seek professional help, compared with 20 percent a year ago.

Caring for Our Veterans

A.J. Ruiz graduated from the US Air Force Academy, served four years on active duty, and is currently in the Air Force reserves. Through this process, he developed a profound respect for what military members sacrifice to protect their country—especially at a time of serial deployments. As an acquisition program management professional at Booz Allen, he looked for an opportunity to give back and support veterans in Los Angeles. He found it at a veterans hospital in Long Beach, where he helps promote and lead a monthly bingo event for veterans with debilitating injuries. Each month, he commutes to Long Beach and fills whatever role he can—helping bedridden patients play the game, calling bingo numbers down the hall, or handing out the refreshments and prizes that Booz Allen helps provide to support Ruiz and this program.

"Booz Allen leadership supports, understands, and commits to employees who are former or current military members."

A.J. Ruiz, Associate

"The local Air Force base and Booz Allen colleagues in the area have teamed with other contractor companies and fellow reservists," says Ruiz, an associate. "As a result, we've created a positive environment and experience for veterans who have given so much for all of us."

For Ruiz, giving back is a small token of his appreciation. "It seems simple, but I can see the impact of what we do through the relationships we've developed—and in how we all look forward to these events. It's just one way of showing our veterans how much we admire them for what they've done."

Addressing a New Age of Warfare Challenges

For the US Army, knowledge is power. And for more than a decade, Booz Allen has assisted the Army in developing Unified Quest, its annual future studies plan. The annual exercise helps military and civilian leaders envision the future and apply their best thinking to address both the challenges of future armed conflict and critical issues facing our security and national interests. Through a series of symposia, workshops, and wargames, Unified Quest 2011 challenged Army Concept Framework assumptions to determine the Army's future leadership requirements. It also considered the capabilities it would need to address alternative futures and gaps in cyber operations, and evaluated the combat effectiveness of our current and future forces.

Unified Quest 2011 also included two wargames, which Booz Allen supported by developing detailed, realistic scenarios with hypothetical "roads to crisis" and multiple vignettes that established the context for the wargames. One 2011 wargame focused on homeland operations. After developing the scenario, we organized more than 160 participants into separate panels focused on a border security breach, a high-magnitude natural disaster, and a weapon of mass destruction event. At the end of the two-day event, senior leaders were better prepared to understand new required capabilities and force design requirements to make homeland operations more effective.

Converging global trends may change the current security landscape and future operating environment.

How can organizations cut costs and boost performance?

Drawing on our diverse skills and management consulting legacy, we're finding innovative ways to help government agencies and other enterprises make the most of their people and assets.

A Creative Path to Sustainable Energy

Left to right: Laura Guerrero-Redman, Associate; Teresa Talley, Lead Associate; David Swanson, Lead Associate; Glady Singh, Lead Associate; Craig Zgabay, Senior Associate

In the US energy policy arena, alternative energy generation is emerging as an essential strategy to promote climate preservation and ensure our national security. Spurred by recent energy mandates, rising energy costs, and persistent budget pressures, the Department of Defense (DoD) is seeking new and sustainable ways to finance its growing energy capital requirements. Public-private partnerships (PPPs) are emerging as a sound strategy to enhance the funds available for energy and other programs. Working in support of the Air Force Real Property Agency (AFRPA) and the Deputy Assistant Secretary of the Army, Energy & Partnerships (DASA-E&P), Booz Allen is helping the US Air Force and Army aggressively expand the use of one such partnership structure—enhanced use leasing, or EUL. Under the EUL construct, the Air Force and Army receive payments by leasing tracts of property for private development.

To execute this strategy, we built a project team consisting of experts in high-end commercial real estate development with deal-making experience, regulatory and technical energy experts, and professionals with a deep domain understanding of the DoD. Working closely with AFRPA, we recently helped execute an agreement to lease more than 3,000 acres of remote Mojave Desert land at Edwards Air Force Base to a private solar development firm that has ambitious plans to construct a 440-megawatt photovoltaic array—one of the largest in the world. The Air Force can use more than $200 million in payments it will receive over the life of the lease to power the base with sustainable energy or fund other Air Force energy projects.

The Air Force can use more than $200 million in land lease payments to power the base with sustainable energy.

From four initial projects in 2005, Booz Allen has helped expand the Air Force's EUL portfolio to more than two dozen projects. The US Army and US Navy have also engaged Booz Allen to devise strategic renewable energy plans using PPPs. These efforts will help enhance our nation's energy security, provide much-needed revenue streams to DoD installations, and enhance economic growth in neighboring communities.

Measuring Naval Readiness

Today's defense forces operate in a dynamic environment that challenges commanders to balance current readiness demands and emerging requirements with fiscal responsibility. This holds especially true for the US Navy, which is heavily engaged across the globe and includes a 40,000-member force of Navy expeditionary specialists encompassing a range of warfighting capabilities. When the Navy consolidated these operations under a single command—the Navy Expeditionary Combat Command (NECC)—it partnered with Booz Allen to design, develop, and implement the Readiness and Cost Reporting Program (RCRP) to help manage, assess, and report readiness across the enterprise.

Leaders can measure force readiness and rigorously link it to cost.

Booz Allen's multidisciplinary team included professionals with expertise in operations, technology, analytics, and strategy and organization. We collaborated with NECC leadership and subject matter experts to understand their requirements, challenges, and priorities. After almost a year of shaping and developing the concept side by side with NECC stakeholders, we developed a complete system that empowers leadership to objectively and quantitatively measure force readiness and rigorously link it to cost so that commanders at all levels can make more informed and more effective decisions regarding force employment, resource allocation, and investments. Commanders are now equipped with the processes, information, tools, and analysis to ensure their diverse expeditionary forces can achieve the right level of readiness, at the right time, and for the right cost.

Bringing Broadband to Underserved Communities

Many people rely on schools, libraries, and other community institutions to access the online world. Yet there are still too many areas where broadband services are either unavailable or have insufficient speed to support such basic applications as downloading Web pages, photos, and video.

The Recovery Act is providing $4.7 billion in investment to deploy broadband infrastructure and related equipment, training, education, support, and awareness programs to unserved and underserved communities.

Booz Allen worked with the National Telecommunications and Information Administration (NTIA) to develop the Broadband Technology Opportunities Program (BTOP). Over the first 12 weeks of the initiative, we assembled more than 250 professionals from 16 geographies to help ramp up the program on an accelerated timetable. We then provided management support to help the program ensure grantee compliance and performance. Our cross-functional team applied its expertise in telecommunications policy, broadband networking, financial analysis, IT development, and grants management to provide the grant-making infrastructure the program needed. The team evaluated more than 2,800 applications, developed criteria to identify the 500 strongest candidates, and performed financial and technological due diligence on them to inform grant selection. Booz Allen professionals also provided mapping and geospatial modeling expertise to support the program's grants that feed the interactive National Broadband Map. This tool will spur business investment by providing current information about local broadband availability, speeds, competition, and technology.

This vital program will help improve the public's access to education, healthcare, employment, and public safety services. Importantly, it will also help encourage innovation and create jobs in the technology sector while making the United States more competitive by building a stronger telecommunications infrastructure.

A Strategic Plan for Operation Homefront

Operation Homefront provides emergency financial and other assistance to the families of our nation's service members and wounded warriors. Since its founding in 2002, the organization has grown and evolved to a network with 23 chapter offices nationwide. At 4,500 volunteers strong, it required a well-conceived plan for how to best mobilize these individuals—one that laid out a coherent, unified strategy; an action plan that supported the interests of all constituents; and milestones and performance measures to track success.

Tony Teravainen, Associate

Booz Allen has a proud legacy of working with the military community, and in 2010 we embraced a pro bono opportunity to join forces with the leadership of Operation Homefront to create this new strategic plan. We helped define 13 objectives that spanned the entire operation—from leadership and human capital to building a collaborative culture, driving sustainable growth, and improving the benefits realized by soldiers and their families. As a result, Operation Homefront is better equipped to help address the hardships of military life by fulfilling growing demand for funds and other critical items and services. "Serving in the US Navy on board a submarine, I've lived firsthand the hardships that Operation Homefront serves to address," says Tony Teravainen, a Booz Allen associate who was recently elected to the board of directors of Operation Homefront Southern California. "So, I especially appreciate Booz Allen's involvement, and I have great empathy for today's young warfighters and their families. Ultimately, they deserve all the support we can offer."

Intellectual Capital

Teleworking: A New Era in Government

Amid incentives that include reduced fixed costs, improved business processes, and the ability to better attract and retain top talent and more effectively manage business continuity risks, many private sector companies have already turned to teleworking. Yet despite intense pressure to cut spending, federal government agencies have been slow to embrace the same strategy.

To understand current barriers and determine effective strategies for removing them, Booz Allen and the Partnership for Public Service examined the current state of teleworking in "On Demand Government: Deploying Flexibilities to Ensure Service Continuity." The study identifies management resistance, cultural and organizational barriers, and technology and information security concerns as three key factors that limit teleworking to just 6 percent of government employees.

The study recommends that the government set an ambitious goal of engaging nearly half of all eligible federal employees in teleworking by 2014. To drive this change, the government must define teleworking as more than simply a cost control strategy and an employee perk. Rather, it must be viewed as a national security imperative. And that aspect "should be tested regularly so that agencies can analyze their capabilities, shore up weaknesses, and ensure teleworking is fully incorporated in all agency continuity of operations plans."

How can we restore economic strength?

New initiatives to rebuild our economic infrastructure and combat financial fraud are helping transform America's economic future.

Using Cyber Technologies to Combat Money Laundering in Finance

Large-scale terrorist attacks end with destruction of life and property, but they often begin with sophisticated money laundering schemes and terrorist financial activities. With the passage of the USA PATRIOT Act following the 9/11 attacks, financial institutions operating in the United States have faced increased demand to detect money laundering and terrorist finance transactions and report the customers behind them. As these schemes become more complex, many banks—despite significant investment—lack both the technical expertise and the systems and controls necessary to detect and circumvent these evolving threats to our national security.

Commercial banks must work hard to detect patterns of customer fraud.

Recently, a large global bank faced significant business risks and intense regulatory scrutiny given its portfolio of international clients and its thriving banknote transfer business. In the midst of the banking crisis, it challenged Booz Allen to use skills developed in support of US government counterterrorism programs to strengthen the bank's ability to ensure the integrity of its data by detecting patterns of money laundering and terrorist finance. Never before had a bank looked at these challenges through the lens of intelligence analysts using advanced cyber technologies. Using capabilities from our cyber, national security, and law enforcement domains, our team of consultants created dozens of scenarios that would indicate these illicit activities and integrated these into the bank's automated monitoring systems. We also assessed the risk of the bank's anti-money laundering regime, and developed a new analytic workflow that the bank now uses to investigate alerts and pursue resulting cases.

Left to right: Mohamed Gohar, Associate; Paul Chi, Vice President; Duncan DeVille, Senior Associate

By providing the bank with a groundbreaking approach for detecting patterns and risks, we have equipped it with the means to safeguard its customer data and reduce its financial and regulatory exposure. In the process, we've also set a new standard for performance of anti-money laundering and anti-terrorist finance programs in the financial services industry.

Alternative Energy: A Platform for Economic Growth

Experts agree that alternative energy sources hold the key to long-term economic health, national security, and environmental sustainability. But too often, the most promising ideas never evolve beyond research and development to broad commercial adoption. In 2009, the Department of Energy began to close this gap when it invested $400 million to establish the Advanced Research Projects Agency—Energy, also known as ARPA-E. This agency identifies and invests in promising breakthrough technologies that do not currently receive funding—but that offer the potential to help transform our nation's energy future.

ARPA-E investments have led to more than $100 million in private follow-on funding.

Booz Allen worked within an aggressive time frame to help establish this new organization and help it make the best use of its funding. We provided support across the entire program development cycle, helping to build a transparent funding opportunity announcement process, assisting with the review of concept papers, providing feedback on applications, and helping ARPA-E to create a streamlined contract negotiation and award process. Because we have been a longtime supporter of the Department of Energy and the Defense Advanced Research Projects Agency, we brought the perspective—and multidisciplinary capabilities—necessary to help ARPA-E quickly become a viable award-granting organization. We further helped make ARPA-E faster, more efficient, and more transparent by assisting with the creation of a nimble technology and business process infrastructure that features eXCHANGE, a portal that manages the flow of information between applicants, reviewers, and ARPA-E.

Already, initial investments by ARPA-E have led to further private sector investment of more than $100 million in follow-on funding, in large part due to the ARPA-E brand and the visibility it provides for the projects. One project is exploring a new battery architecture for electric cars. Researchers are developing a more efficient and less expensive alternative to lithium-ion batteries that could increase range per charge to 150 miles.

New IT System Helps Increase Tax Compliance

The Internal Revenue Service Criminal Investigation Division (CI) has an important mission to foster compliance with current tax laws, promote confidence in the tax system, and deter fraud. To achieve this mission, it needed to improve organizational effectiveness and efficiency by modernizing its information technology (IT) systems. Booz Allen was brought in to help CI think through every facet of the systems development life cycle—from concept and architecture through deployment, data migration, and training. With our support, CI successfully replaced its outdated case management IT system with 10 integrated systems that support asset forfeiture, scheme analytics, knowledge management, and other key capabilities. The upgraded system provided efficiencies that reduced administrative burden and therefore enabled employees to increase their investigative time.

CI helps reduce tax fraud and boost confidence in the current tax system.

Envisioning America's Financial Future

Throughout the current Great Recession, financial experts have been looking for signs that the US economy has turned the corner. Yet as oil prices rise and other key indicators continue to fluctuate, questions still remain about the pace of recovery and expansion. At the sixth annual Aspen Ideas Festival, Booz Allen executive vice president Lloyd W. Howell, Jr. moderated a panel titled "Is the Financial Crisis Really Over?" Panelists expressed widely disparate views about the state of the US economy. They did, however, agree that an era of change lies ahead. At home, soaring federal debt will ultimately require changes to benefits and entitlements. As Howell observed, "People need to stay current on potential changes that may impact their benefits, and work up a strategy for this environment of uncertainty. They have to sit down and really work to understand what may happen." On the positive side, emerging markets will create unprecedented demand for goods, and soaring consumer spending will fuel US manufacturing. True sustainable recovery will require more engagement and dialogue between regulators and financial institutions. "The global economic community is filled with unforeseen risks," Howell said, "and proactive mechanisms can help us avoid another crisis like the one we're still battling."

Panelists (from left) David Stockman, a founder of the Blackstone Group, Roger Ferguson, TIAA-CREF CEO, and Christopher Hyzy, Chief Investment Officer at US Trust, discuss America's financial future with moderator Lloyd W. Howell, Jr.

2011 Black Engineer of the Year

Each year, *US Black Engineer and Technology* magazine recognizes "true pioneers who have achieved exceptional career gains in government and industry, who have already merited lifetime achievement recognition, and who have energized their companies and their communities alike." In 2011, the magazine honored Lloyd W. Howell, Jr. as the Black Engineer of the Year. Along with his active support of nonprofit, educational, and community organizations and institutions, Howell leads Booz Allen's growing financial services business in both the federal and private sectors.

Intellectual Capital

Reimagining Infrastructure

America's long-term economic health depends on the strength and performance of three "lifeline" infrastructures: power, water, and transportation. Yet over the last quarter century, their steady decline now threatens our country's economic growth and its national security.

In his *American Interest* article "Reimagining Infrastructure," Executive Vice President Mark Gerencser analyzes the source of the problem and offers an alternative approach. The obstacle, he asserts, is not funding but the need for transformational leadership. "We have it within our power to reimagine America's infrastructure…but to seize that opportunity we need a new form of leadership," he writes. One that "understands the need to reimagine the entire system, including its business models, stakeholder roles, relationships, and purpose."

A case in point is the Next Generation Air Transportation System, called "NextGen" for short. Booz Allen is supporting the implementation of NextGen through a 10-year contract with the Federal Aviation Administration. NextGen envisions a future when air travel will use less fuel, create less noise, cause fewer delays, and be safer. But getting there requires a holistic approach that addresses not just technology challenges but also a host of systems, business model, and stakeholder challenges.

Gerencser asserts that the United States has the capabilities in hand to develop innovative and effective infrastructures. To succeed, however, it needs leadership that works across jurisdictions and re-creates government's integrator role—without creating either new monopolies or a larger, more centralized government. As Gerencser observes, "We have yet to work out how to do this in the course of our infrastructure renewal. We lack the integrative leadership that understands the new imperatives, and consequently, we lack a governance venue in which we can even discuss the problem." For Gerencser, we must view infrastructures as a single network of complex systems; design robust future infrastructures that can adapt to changes in both technology and the funding environment; convene, integrate, and align the interests and actions of disparate sets of stakeholders; and create a national vision for America's infrastructure that defines the function and performance of the whole system over its entire life cycle.

How can we help prepare tomorrow's leaders?

Booz Allen takes pride in a culture that encourages and rewards the many dimensions of leadership—innovative thinking, active collaboration, and personal service.

Fostering a Culture of Innovation

At Booz Allen, good ideas—the ones clients depend on to achieve their missions—come not just from the firm's senior leaders but also from consultants who serve clients on the front lines each day. Since 2008, our internal Ideas Festival has encouraged staff to bring their best ideas forward in a program consisting of two parts: a contest and summit. In the 2011 Ideas Contest, consultants vied for investment funding to turn their ideas into winning business plans. Operating units across the firm submitted more than 500 ideas, and four were ultimately selected for investment funding. And at the Ideas Summit, a daylong workshop (pictured here), more than 200 staff worked together to develop innovative ideas.

One winning idea from the Winter 2010 Ideas Festival proved especially timely as the Obama administration continues its push toward a comprehensive medical records system. While this strategy promises to help protect patients and lower costs, Lead Associate Reechik Chatterjee saw another important benefit. He proposed that Booz Allen develop comparative analysis programs that could sift through and contrast the newly available sets of patient, treatment, and outcomes data. Data could then be analyzed for insights about the effectiveness of medical protocols and treatments. "Ultimately, the goal is to improve quality of care," says Chatterjee. Since he received $300,000 to develop the concept, he has made significant progress, partnering with the Sisters of Mercy Health System to analyze data from 27,000 patient health records to compare treatments for sepsis and septic shock.

Newly available healthcare data can reveal new insights into medical protocols and treatments.

A winning entry from 2011 could also yield practical results. Associate Bret Anderson's idea applies lessons learned in the financial industry to help reduce fraudulent claims that cost the Medicare system more than $70 billion in 2008. Drawing on Booz Allen's expertise in both claims processing operations and health IT analytics, Anderson proposed using predictive analysis to identify providers who make significantly more money than their peers—often a likely sign of fraud.

Lead Associate Reechik Chatterjee is using the $300,000 in investment funding he received from the 2010 Ideas Festival competition to develop his winning idea. He is currently applying advanced analytics to analyze data from 27,000 patient health records.

The World-class Way We Work

Booz Allen's continued growth depends on both a talented workforce and the ability to give clients easy access to our comprehensive capabilities. To address the realities of today's complex, distributed business environment, Booz Allen has developed an industry-leading talent and resource delivery approach with the flexibility to meet business, employee, and client needs. Our approach allows us to tap talent markets across geographies and align critical staff to meet the unique needs of clients, regardless of location. Our innovative "Way We Work" initiative also offers a variety of flexible working arrangements to connect talent with opportunity in ways that benefit clients and staff, support the environment, and promote work-life integration. We now have even greater access to experienced professionals whose skills, interests, and values can fulfill our clients' missions. To uphold our commitment to collaboration, client service, and professional growth, employees use advanced technologies to connect with clients and teams, and use our award-winning Enterprise 2.0 tool, known as hello.bah.com, to network, join communities of interest, and pursue new assignments. We stay connected in a collaborative, secure way that strengthens our position today and for the future.

Norfolk Office: Building a Diverse Workforce

Booz Allen firmly believes that a workforce that brings together people with different backgrounds, experiences, cultures, and perspectives serves as a catalyst for better ideas—and better client results. But assembling a diverse workforce takes innovative thinking and real commitment, especially at a time when even the most sought-after employers compete vigorously for superior talent. As we expand our footprint, we're pursuing new strategies to recruit, develop, engage, and reward a diverse staff.

As just one example, our Norfolk office in Virginia established a Diversity & Inclusion Action Committee (DIAC) that works to recruit and retain a diverse talent pool. The committee implemented strategies to seek talent in nontraditional places and connect staff with the Booz Allen culture through diversity-focused courses, employee forums, mentoring, and networking. As the office has built a more diverse workforce, it has also raised its profile in the Hampton Roads community. Members of new affinity groups are actively engaged in volunteering and have sponsored fundraisers, food drives, symposia, and other events.

In recognition of the initiative's innovation and achievements, the Norfolk office DIAC received a Booz Allen Excellence Award, the firm's highest honor. Today, the program serves as a model for similar initiatives in other offices.

"We've created an inclusive workplace that enables people from all backgrounds to become their absolute best—both at work and in the community."

Charles Tapp II, Senior Associate and DIAC Chair

Longtime Mentor Leads by Example

In a college sociology class, Atlanta-based associate Erin Grizzle developed a passion for public service that has helped shape her life—and her career at Booz Allen. Almost a decade ago, she formed a mentoring relationship with a fourth-grade girl from a troubled family that continues today. Working together on homework assignments, she imparted a lesson that Shanique applies now as a college student and aspiring pediatrician: to always reach higher. "Children are only 21 percent of the population," Grizzle says, "but they are 100 percent of our future. Every kid needs an extra cheerleader, and adults who mentor see profound changes in everything from the child's social relationships and school performance to future ambitions."

After receiving her MBA, Grizzle considered a number of positions and chose Booz Allen because of the firm's well-defined service culture. "Booz Allen was the only firm to emphasize service during the recruiting process," she explains. "And when I visited the firm's headquarters in McLean, I saw that service was more than a tagline. People here get really excited about community service and are eager to stand up and help."

During her first year at Booz Allen, Grizzle was crowned Miss United States 2009–2010. With her supervisor's support, she successfully balanced her team responsibilities while using her national public speaking platform to promote two service initiatives: mentoring children in need, and honoring service members and military veterans. "I wanted to help patients in VA hospitals receive the attention they deserve. I'm continually inspired by both their heroism and their wealth of knowledge, and I want to see more people reach out to them."

Grizzle believes these experiences are helping her become a better leader. "Service teaches us to put the needs of others first and to take an active role," she says. "And when our client missions are aligned with our own values, it's easy to give more."

"Service is more than a tagline. People here get really excited about community service and are eager to stand up and help."

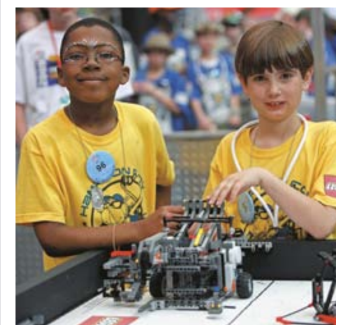
Erin Grizzle, Associate

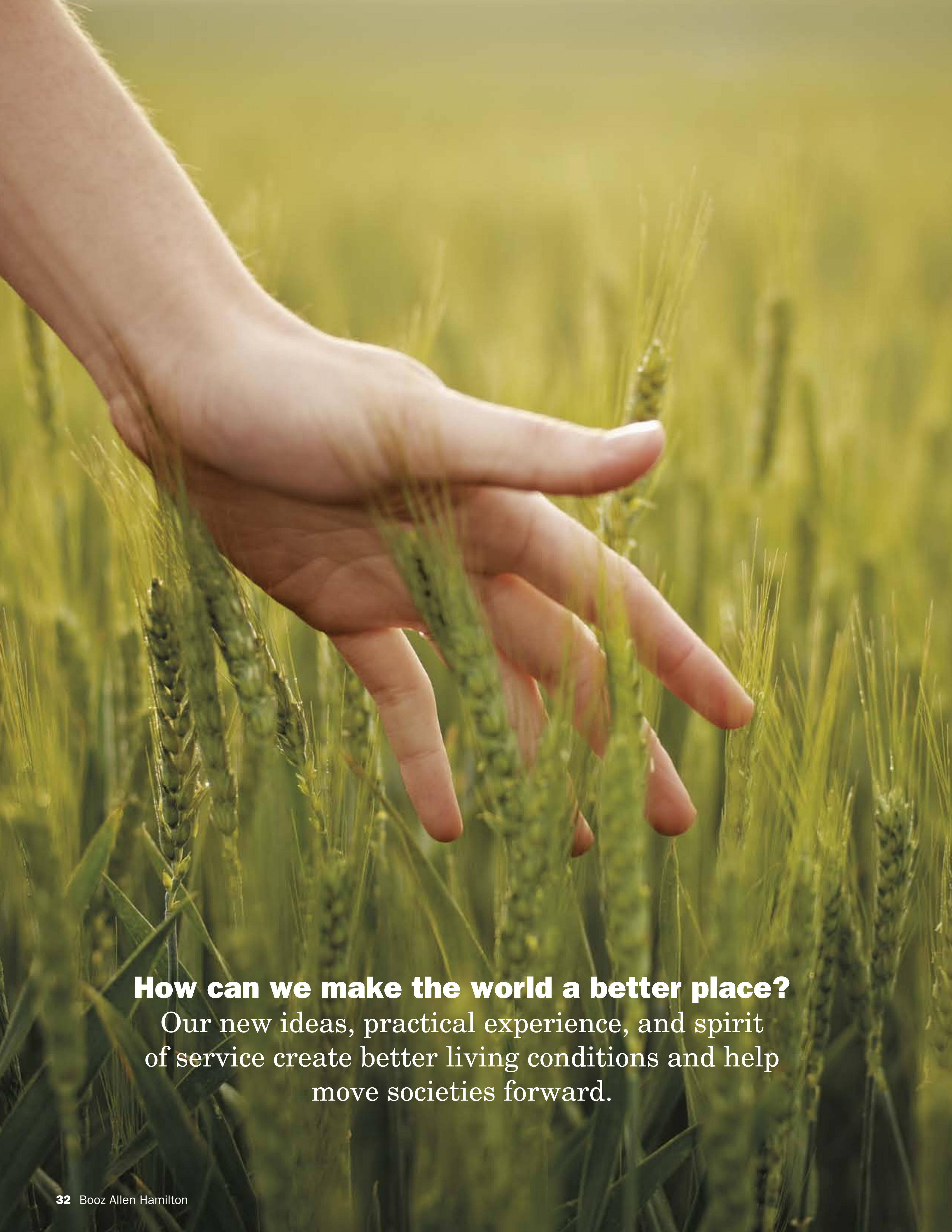
Inspiring Tomorrow's Engineers

The United States has a strong legacy of leadership in science, technology, engineering, and mathematics. To maintain and expand this competitive advantage, we need to develop a new generation of leaders who will combine their functional expertise with the research, project management, and teamwork skills required for excellence. Each year, *FIRST* (For Inspiration and Recognition of Science and Technology) creates competition-based programs that help students at all grade levels research and solve real-world problems, present their research and solutions, and learn and apply engineering concepts.

During the 2010–2011 school year, Booz Allen awarded grants to nearly 50 teams nationwide, helping them to participate in the *FIRST* LEGO League and the *FIRST* Robotics Competition. Booz Allen employees from across the United States served as team mentors and coaches. They engaged in a variety of activities such as fundraising, marketing, computer programming, and robot design. And one team from St. Thomas the Apostle Episcopal School in Houston, coached by Senior Consultant Jennifer Snelling and Associate Joel Abraham, achieved success at one of the world's largest *FIRST* LEGO League competitions. The team prevailed in all 10 of its matches to win first place over 60 other teams in the Lone Star Championship in Houston, Texas.

This competition exposes aspiring engineers to Booz Allen core values such as teamwork, entrepreneurship, and professionalism. "It's been inspiring to show kids how valuable science and engineering can be," Abraham says. "You never know where the next breakthrough idea will come from, and this team is well on its way."




How can we make the world a better place?
Our new ideas, practical experience, and spirit of service create better living conditions and help move societies forward.

A Prosperous Future for Serbia

From Eastern Europe to the Middle East and Africa, people are standing up for political freedom and economic change. But before stable, free-market democracy can take hold, countries often require new infrastructures that lay the groundwork for long-term stability and prosperity.

For nearly a decade, Booz Allen has worked closely with the US Agency for International Development (USAID) and the private sector to create conditions for peace and prosperity in the Balkans. Through 16 projects in five countries, we have helped develop new legal frameworks and new regulatory institutions to improve the business environment. Together, we have transformed existing institutions and business processes to make pension systems, employment service agencies, and even Cabinet offices more productive and effective. And we have built global trade networks that increase commerce and attract new investment. These efforts have generated measurable economic growth in the Balkans of nearly $1 billion.

In Serbia, for example, Booz Allen and its partners removed a significant barrier to investment by drafting new bankruptcy laws and by designing three IT systems that provide greater transparency and control over court proceedings. As a result, citizens and investors have greater confidence in the court system, and Serbia has emerged as a leader in bankruptcy administration in Eastern Europe. We also helped reposition two industries of traditional strength—construction services and building materials—for future success by training more than 140 professionals to compete for green building projects. And the four competitiveness projects we supported helped facilitate more than $766 million in economic growth from exports and foreign and domestic investments. These projects have created enduring value for USAID—and for Balkan states seeking economic growth. As USAID builds on its success throughout the region, it can continue its work to develop the new financial, legal, and business systems countries need to prosper.

Global trade networks are increasing commerce and attracting new investment.

Creative Thinking Disrupts Illicit Supply Chains

Left to right: Angela Zutavern, Principal; Lana Alman, Associate; Mike Jones, Senior Vice President; Larissa Hill, Associate

These days, criminal operations often have the size, reach, and sophistication of multinational corporations, with expansive production and logistics capabilities and highly resilient supply chains built to resist seizure of valuable assets. The illicit trafficking of these operations takes many forms, including money laundering, weapons and chemicals smuggling, fraudulent Medicare and Medicaid services, and even human trafficking.

These organizations pose daunting national security threats, and combating them has become a high-stakes initiative that requires creative thinking and coordinated action. Based on our years of experience in helping make commercial supply chains more resilient, Booz Allen is responding with a new approach and working with law enforcement clients to analyze criminal supply chains holistically, identify where they're most vulnerable, and effectively disrupt them. By focusing on the infrastructure of illicit networks rather than their leadership, we can use our process and intelligence-gathering expertise to understand how they operate and provide targeted information that helps field agents dismantle the supply chain and cripple the networks.

We can analyze criminal supply chains holistically, identify where they're most vulnerable, and effectively disrupt them.

Building on our success in the customs and drug enforcement arenas, we are now exploring how this same approach can combat illicit trafficking operations in counterfeit parts, bulk cash smuggling, money laundering, and weapons. This approach may also benefit other clients whose mission is to protect legitimate networks such as cyber supply chain security.

Ideas in Action: Protecting the Gulf

The Deepwater Horizon oil spill disaster focused national attention on the vast oil reserves in the Gulf of Mexico and the environmental risks of extracting them from ultra-deep water wells. After an estimated five million barrels of oil spilled into the Gulf, President Obama formed the President's Gulf Oil Spill Commission to determine the disaster's root causes and examine ways to ensure more effective oversight. With the commission's final report due six months after the initial meeting, Booz Allen, working closely with the Department of Energy's National Energy Technology Laboratory, provided the infrastructure and strategic insight necessary to help the commission successfully accomplish its mission.

This new Federal Advisory Committee Act (FACA) Commission needed an effective technology and office infrastructure to connect people, gather and integrate information, and support communications. Working with the commission's leadership, our team helped quickly stand up the organization by drawing on eight core capabilities, including energy, environment, systems development, and human capital and learning. We recommended the organizational structure and a human capital plan for staffing. We helped organize and manage commission meetings to ensure they met FACA requirements. And the new website we helped create effectively managed communications and outreach.

Booz Allen also conducted extensive research, modeling, and analytics that helped inform both the initial briefing book and the final report. We analyzed the spill's impact on both regional economies and financial and insurance markets. Using our dynamic impact macroeconomic model, our economists also projected how both the spill itself and proposed regulatory changes would affect revenue, employment, and output in the Gulf Region.

The commission's final published report gave the administration a valuable perspective on what went wrong and presented clear options for how to improve laws, regulations, and industry practices.

Huntsville Sets Standard for Service

Beyond serving clients, Booz Allen takes seriously its responsibility as a community citizen, encouraging employees to act as catalysts for change. The firm's Huntsville, Alabama, office received a 2010 Booz Allen Excellence Award, the firm's highest honor, for its model community and philanthropic program.

In 2008, Huntsville-based staff established a new mission to significantly increase Booz Allen's profile in and contribution to the surrounding community. By taking a deliberate and strategic approach, and driving significant volunteering and participation, the office went from serving four nonprofits at the outset to partnering with 33 community organizations. And at last count, 213 of 238 employees had participated in some form of community relations activity.

The Huntsville office is especially proud of its seven-year relationship with EarlyWorks Museums, which help children experience how history comes to life in the modern world. Rose Allen, a Huntsville office principal, has provided vital support as a board member of EarlyWorks. In this capacity, she helped plan four major events that raised nearly $250,000 for the children's museums in 2010. "The engagement of our staff brings to life Booz Allen's core values and clearly demonstrates how our collective energy and skills can make a lasting difference."

Rose Allen, Principal

River Conservation: A Natural Response

Nila Boyce volunteers with Friends of the White River. The Booz Allen team was recognized with the group's 2010 "Going the Distance" award.

Indiana's White River has been a vital resource for generations of Indianapolis residents. Local citizens are committed to preserve the river's water quality and maintain and restore habitat and wildlife in the water—and along its green banks. In 2010, 14 volunteers from Booz Allen's Indianapolis office channeled their can-do spirit to help Friends of the White River with its annual spring river cleanup.

> "We've formed new relationships, found mentors or mentees, and learned more about our colleagues."
>
> Nila Boyce, Senior Consultant

"We are really passionate about the outdoors and the environment, and we enjoy spending time on the White River," says Senior Consultant Nila Boyce, environmental chair of the Workforce Leadership Council in Indianapolis. Working in teams of two, the volunteers overcame a torrential downpour and loaded hundreds of pounds of trash into their canoes. For their efforts, Friends of the White River presented them an oar representing its "Going the Distance" award.

"Events like this also help build the camaraderie of the Indy team," Boyce says. "We've formed new relationships, found mentors or mentees, and learned more about our colleagues beyond what we see in the hallways."

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Officer list for fiscal year ended 3/31/2011

*Retired during 2010–2011

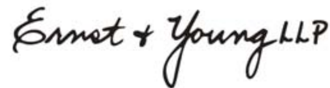
Report of Independent Registered Public Accounting Firm

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 (the Company) as of March 31, 2011 and 2010, and the related consolidated statements of operations, stockholders' equity, and cash flows for the eight-month period ended March 31, 2009. We have also audited the consolidated statements of operations, stockholders' equity and cash flows for the four month period ended July 31, 2008 of Booz Allen Hamilton, Inc. (Predecessor). 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. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and 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, 2011 and 2010, and the consolidated results of its operations and its cash flows for the years ended March 31, 2011 and 2010 and the eight months ended March 31, 2009, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the Predecessor financial statements referred to above present fairly, in all material respects, the consolidated results of operations and cash flows of Booz Allen Hamilton, Inc. for the four month period ended July 31, 2008 in conformity with U.S. generally accepted accounting principles.



Ernst & Young LLP
McLean, Virginia
June 8, 2011

Consolidated Balance Sheets

(Amounts in thousands, except share and per share data)

March 31,	**2011**	2010
Assets		
Current assets:		
Cash and cash equivalents	**$ 192,631**	$ 307,835
Accounts receivable, net of allowance	**1,111,004**	1,018,311
Prepaid expenses	**38,703**	32,546
Other current assets	**23,311**	11,476
Total current assets	**1,365,649**	1,370,168
Property and equipment, net	**173,430**	136,648
Intangible assets, net	**240,238**	268,880
Goodwill	**1,163,549**	1,163,129
Other long-term assets	**81,157**	123,398
Total assets	**$3,024,023**	$3,062,223
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt	**$ 30,000**	$ 21,850
Accounts payable and other accrued expenses	**406,310**	354,097
Accrued compensation and benefits	**396,996**	385,145
Other current liabilities	**32,829**	24,828
Total current liabilities	**866,135**	785,920
Long-term debt, net of current portion	**964,328**	1,546,782
Income tax reserve	**90,474**	100,178
Other long-term liabilities	**195,836**	119,760
Total liabilities	**2,116,773**	2,552,640
Commitments and contingencies (Note 19)		
Stockholders' equity:		
Common stock, Class A — $0.01 par value — authorized, 600,000,000 shares; issued and outstanding, 122,784,835 shares at March 31, 2011 and 102,922,900 shares at March 31, 2010	**1,227**	1,029
Non-voting common stock, Class B — $0.01 par value — authorized, 16,000,000 shares; issued and outstanding, 3,053,130 shares at March 31, 2011 and 2,350,200 shares at March 31, 2010	**31**	24
Restricted common stock, Class C — $0.01 par value — authorized, 5,000,000 shares; issued and outstanding, 2,028,270 shares at March 31, 2011 and 2010	**20**	20
Special voting common stock, Class E — $0.003 par value — authorized, 25,000,000 shares; issued and outstanding, 12,348,860 shares at March 31, 2011 and 13,345,880 shares at March 31, 2010	**37**	40
Additional paid-in capital	**840,058**	525,652
Retained earnings (Accumulated deficit)	**71,330**	(13,364)
Accumulated other comprehensive loss	**(5,453)**	(3,818)
Total stockholders' equity	**907,250**	509,583
Total liabilities and stockholders' equity	**$3,024,023**	$3,062,223

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

Consolidated Statements of Operations

(Amounts in thousands, except per share data)	**Fiscal Year Ended March 31, 2011**	Fiscal Year Ended March 31, 2010	The Company Eight Months Ended March 31, 2009	Predecessor Four Months Ended July 31, 2008
Revenue	**$5,591,296**	$5,122,633	$2,941,275	$ 1,409,943
Operating costs and expenses:				
Cost of revenue	**2,836,955**	2,654,143	1,566,763	722,986
Billable expenses	**1,473,266**	1,361,229	756,933	401,387
General and administrative expenses	**881,028**	811,944	505,226	726,929
Depreciation and amortization	**80,603**	95,763	79,665	11,930
Total operating costs and expenses	**5,271,852**	4,923,079	2,908,587	1,863,232
Operating income (loss)	**319,444**	199,554	32,688	(453,289)
Interest expense	**(131,892)**	(150,734)	(98,068)	(1,044)
Other, net	**(59,488)**	174	4,450	680
Income (loss) from continuing operations before income taxes	**128,064**	48,994	(60,930)	(453,653)
Income tax expense (benefit) from continuing operations	**43,370**	23,575	(22,147)	(56,109)
Income (loss) from continuing operations	**84,694**	25,419	(38,783)	(397,544)
Loss from discontinued operations, net of taxes	**–**	–	–	(848,371)
Net income (loss)	**$ 84,694**	$ 25,419	$ (38,783)	$(1,245,915)
Earnings (loss) from continuing operations per common share (Note 3):				
Basic	**$ 0.74**	$ 0.24	$ (0.37)	$ (181.28)
Diluted	**$ 0.66**	$ 0.22	$ (0.37)	$ (181.28)
Earnings (loss) per common share (Note 3):				
Basic	**$ 0.74**	$ 0.24	$ (0.37)	$ (568.13)
Diluted	**$ 0.66**	$ 0.22	$ (0.37)	$ (568.13)
Dividends declared per share	**$ –**	$ 5.73	$ –	$ –

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

Consolidated Statements of Cash Flows

(Amounts in thousands)	**Fiscal Year Ended March 31, 2011**	Fiscal Year Ended March 31, 2010	The Company Eight Months Ended March 31, 2009	Predecessor Four Months Ended July 31, 2008
Cash flows from operating activities				
Net income (loss)	**$ 84,694**	$ 25,419	$ (38,783)	$(1,245,915)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Loss from discontinued operations, net of taxes	**–**	–	–	848,371
Depreciation and amortization	**80,603**	95,763	79,665	11,930
Amortization of debt issuance costs	**6,925**	5,700	3,106	–
Amortization of original issuance discount on debt	**2,640**	2,505	1,480	–
Non-cash expense of debt repayments	**43,177**	–	–	–
Excess tax benefits from the exercise of stock options	**(15,974)**	(1,915)	–	–
Stock-based compensation expense	**48,678**	71,897	62,059	511,653
Loss on disposition of property and equipment	**41**	–	166	–
Deferred income taxes	**42,763**	19,837	(22,147)	(54,236)
Changes in assets and liabilities, net of effect of business combination:				
Accounts receivable, net	**(92,693)**	(92,386)	(33,675)	(19,765)
Income taxes receivable/payable	**2,907**	(14,429)	21,303	(70,781)
Prepaid expenses	**(6,157)**	150	(26,030)	(4,717)
Other current assets	**(12,941)**	15,672	(6,491)	(327)
Other long-term assets	**(1,627)**	(3,742)	–	280
Accrued compensation and benefits	**9,804**	33,760	99,094	(44,050)
Accounts payable and accrued expenses	**52,214**	110,265	7,186	57,054
Accrued interest	**8,451**	(10,633)	10,604	–
Income tax reserve	**(10,163)**	2,483	1,177	(7,220)
Deferred revenue	**612**	(8,190)	10,499	(4,036)
Postretirement obligations	**5,898**	6,139	1,849	21,793
Other long-term liabilities	**46,487**	12,189	9,647	(26,582)
Net cash provided by (used in) operating activities of continuing operations	**296,339**	270,484	180,709	(26,548)
Net cash used in operating activities of discontinued operations	**–**	–	–	(160,368)
Net cash provided by (used in) operating activities	**296,339**	270,484	180,709	(186,916)
Cash flows from investing activities				
Purchases of property and equipment	**(88,784)**	(49,271)	(36,835)	(9,314)
Cash paid in merger transaction, net of cash acquired	**–**	–	(1,623,683)	–
Investment in discontinued operations	**–**	–	–	(153,662)
Escrow payments	**1,384**	38,280	–	–
Net cash used in investing activities of continuing operations	**(87,400)**	(10,991)	(1,660,518)	(162,976)
Net cash provided by investing activities of discontinued operations	**–**	–	–	58,323
Net cash used in investing activities	**(87,400)**	(10,991)	(1,660,518)	(104,653)
Cash flows from financing activities				
Net proceeds from issuance of common stock	**251,135**	–	956,500	–
Cash dividends paid	**–**	(612,401)	–	–
Redemption of common stock and class B common stock	**–**	–	–	(16,422)
Repayment of debt	**(1,637,850)**	(16,100)	(251,050)	–
Net proceeds from debt	**1,041,808**	330,692	1,195,261	227,534
Payment of deferred payment obligation	**–**	(78,000)	–	–
Excess tax benefits from the exercise of stock options	**15,974**	1,915	–	–
Stock option exercises	**4,790**	1,334	–	–
Net cash (used in) provided by financing activities of continuing operations	**(324,143)**	(372,560)	1,900,711	211,112
Net cash provided by financing activities of discontinued operations	**–**	–	–	128,712
Net cash (used in) provided by financing activities	**(324,143)**	(372,560)	1,900,711	339,824
Net (decrease) increase in cash and cash equivalents	**(115,204)**	(113,067)	420,902	21,588
Cash and cash equivalents — beginning of period	**307,835**	420,902	–	7,123
Cash and cash equivalents — end of period	**$ 192,631**	$ 307,835	$ 420,902	$ 28,711
Supplemental disclosures of cash flow information				
Cash paid during the period for:				
Interest	**$ 109,895**	$ 126,744	$ 82,879	$ 720
Income taxes, net	**$ 7,715**	$ 5,474	$ 34	$ 42,336

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

Consolidated Statements of Stockholders' Equity – Predecessor

(Amounts in thousands)	Redeemable Common Stock	Stock Subscription Receivable	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive (Loss)	Total Stockholders' Equity
Balance at March 31, 2008	$ 287,645	$ –	$–	$ 62,384	$(36,964)	$ 313,065
Net loss	–	–	–	(1,245,915)	–	(1,245,915)
Reclassification of liability for share-based payments for shares held over six months	5,479	–	–	–	–	5,479
Dividends declared	–	–	–	(52)	–	(52)
Redemption of redeemable common stock	(16,422)	–	–	–	–	(16,422)
Redemption of common stock marked to redemption value in stock-based compensation	854,494	–	–	–	–	854,494
Redemption of common stock marked to redemption value in equity	180,985	–	–	(180,985)	–	–
Unrealized loss on benefit plan, net of income taxes	–	–	–	–	(846)	(846)
Receivable from shareholders for exercise of stock rights of Booz Allen Hamilton, Inc.	–	(87,007)	–	–	–	(87,007)
Distribution of Booz & Company, Inc. common stock to shareholders of Booz Allen Hamilton, Inc.	–	–	–	(134,874)	22,252	(112,622)
Balance at July 31, 2008	$1,312,181	$(87,007)	$–	$(1,499,442)	$(15,558)	$ (289,826)

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

Consolidated Statements Of Stockholders' Equity – The Company

(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		Additional Paid-In Capital	(Accumulated Deficit Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Balance at August 1, 2008	–	$ –	–	$ –	–	$ –	–	$ –	$ –	$ –	$ –	$ –
Exchange of rollover equity	5,641,870	56	2,350,200	24	2,028,270	20	14,802,880	44	79,725	–	–	79,869
Issuance of common stock	95,675,000	957	–	–	–	–	–	–	955,543	–	–	956,500
Net loss	–	–	–	–	–	–	–	–	–	(38,783)	–	(38,783)
Actuarial gain related to employee benefits, net of taxes	–	–	–	–	–	–	–	–	–	–	698	698
Comprehensive loss												(38,085)
Stock-based compensation expense	–	–	–	–	–	–	–	–	62,059	–	–	62,059
Balance at March 31, 2009	101,316,870	1,013	2,350,200	24	2,028,270	20	14,802,880	44	1,097,327	(38,783)	698	1,060,343
Issuance of common stock	19,070	–	–	–	–	–	–	–	–	–	–	–
Stock options exercised	1,586,960	16	–	–	–	–	(1,457,000)	(4)	1,322	–	–	1,334
Recognition of liability related to future stock option exercises (Note 17)	–	–	–	–	–	–	–	–	(34,408)	–	–	(34,408)
Net income	–	–	–	–	–	–	–	–	–	25,419	–	25,419
Actuarial loss related to employee benefits, net of taxes	–	–	–	–	–	–	–	–	–	–	(4,516)	(4,516)
Comprehensive income												20,903
Stock-based compensation expense	–	–	–	–	–	–	–	–	71,897	–	–	71,897
Dividends paid (Notes 1 and 17)	–	–	–	–	–	–	–	–	(612,401)	–	–	(612,401)
Excess tax benefits from the exercise of stock options	–	–	–	–	–	–	–	–	1,915	–	–	1,915
Balance at March 31, 2010	102,922,900	1,029	2,350,200	24	2,028,270	20	13,345,880	40	525,652	(13,364)	(3,818)	509,583
Issuance of common stock	16,189,830	161	–	–	–	–	702,930	2	250,972	–	–	251,135
Stock options exercised	4,375,035	44	–	–	–	–	(1,699,950)	(5)	11,727	–	–	11,766
Excess tax benefits from the exercise of stock options	–	–	–	–	–	–	–	–	15,974	–	–	15,974
Share exchange	(702,930)	(7)	702,930	7	–	–	–	–	–	–	–	–
Recognition of liability related to future stock option exercises (Note 17)	–	–	–	–	–	–	–	–	(12,945)	–	–	(12,945)
Net income	–	–	–	–	–	–	–	–	–	84,694	–	84,694
Actuarial loss related to employee benefits, net of taxes	–	–	–	–	–	–	–	–	–	–	(1,635)	(1,635)
Comprehensive income												83,059
Stock-based compensation expense	–	–	–	–	–	–	–	–	48,678	–	–	48,678
Balance at March 31, 2011	122,784,835	$1,227	3,053,130	$31	2,028,270	$20	12,348,860	$37	$ 840,058	$ 71,330	$(5,453)	$ 907,250

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

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

1. Overview

OUR BUSINESS

Booz Allen Hamilton Holding Corporation, including its wholly owned subsidiaries, or Holding or the Company, is an affiliate of The Carlyle Group, or Carlyle, and was incorporated in Delaware in May 2008. The Company provides management and technology consulting services primarily to the U.S. government and its agencies in the defense, intelligence, and civil markets. The Company offers clients functional knowledge spanning strategy and organization, analytics, technology, and operations, which it combines with specialized expertise in clients' mission and domain areas to help solve critical problems. The Company reports operating results and financial data in one operating segment. The Company is headquartered in McLean, Virginia, with approximately 25,000 employees as of March 31, 2011.

REFINANCING TRANSACTION

On February 3, 2011, the Company completed a refinancing transaction, or Refinancing Transaction, which included amendments of the Senior Secured Credit Agreement, or Senior Secured Agreement, by the Second Amended and Restated Credit Agreement, or Senior Secured Agreement, as amended, to allow for new term loan facilities with $1.0 billion of principal and a $30.0 million increase to the Company's revolving credit facility. In connection with the Refinancing Transaction, the Company used $268.9 million of cash on hand to repay the remaining $222.1 million of indebtedness outstanding under the mezzanine credit facility, $21.5 million on the existing senior secured loan facilities, or Senior Credit Facilities, and related prepayment penalties of $6.7 million. Refer to Notes 11 and 12 for further discussion of the Refinancing Transaction.

INITIAL PUBLIC OFFERING

Effective November 20, 2010, the Company consummated its initial public offering whereby the Company sold 14,000,000 shares of Class A Common Stock for $17.00 per share. Effective December 20, 2010, the Company settled the underwriters' over-allotment option and sold an additional 2,100,000 shares of Class A Common Stock for $17.00 per share. The net proceeds of the initial public offering and over-allotment of $250.2 million, after deducting underwriting discounts and other fees, were used to repay outstanding debt of $242.9 million under the Company's mezzanine credit facility and related prepayment penalties of $7.3 million. All expenses associated with the initial public offering have been netted against the proceeds within stockholders' equity.

RECAPITALIZATION TRANSACTION AND REPRICING

On December 11, 2009, the Company consummated a recapitalization transaction, or Recapitalization Transaction, which included amendments of the Senior Secured Agreement to include a new term loan, or Tranche C Loans, with $350.0 million of principal, and the mezzanine credit agreement, or Mezzanine Credit Agreement, primarily to allow for the recapitalization and payment of a special dividend. This special dividend was declared by the Company's Board of Directors on December 7, 2009, to be paid to holders of record as of December 8, 2009. Net proceeds from Tranche C Loans of $341.3 million less transaction costs of $13.2 million, along with cash on hand of $321.9 million, were used to fund a partial payment of the Company's deferred payment obligation, or DPO, in the amount of $100.4 million, and a dividend payment of $4.642 per share, or $497.5 million, which was paid on all issued and outstanding shares of Holding's Class A Common Stock, Class B Non-Voting Common Stock, and Class C Restricted Common Stock. As required by the Officers' Rollover Stock Plan, or Rollover Plan, and the Equity Incentive Plan, or EIP, the exercise price per share of each outstanding option was reduced. Because the reduction in per share value exceeded the exercise price for certain of the options granted under the Rollover Plan, the exercise price for those options was reduced to the $0.01 par value of the shares issuable on exercise, and the holders became entitled to receive a cash payment equal to the excess of the reduction in per share value over the reduction in exercise price to the par value. The difference between the one cent exercise price and the reduced value for shares vested and not yet exercised of $54.4 million will be accrued by the Company as the options vest and will be paid in cash upon exercise of the options. As of March 31, 2011 and 2010, the Company reported $31.4 million and $27.4 million in other long-term liabilities, respectively, and $9.0 million and $7.0 million in accrued compensation and benefits, respectively, in the accompanying consolidated balance sheets for the portion of stock-based compensation recognized, which is reflective of the options vested with an exercise price of one cent. Transaction fees incurred in connection with the Recapitalization Transaction were approximately $22.4 million, of which approximately $15.8 million were deferred financing costs and are amortized over the lives of the loans. Refer to Note 10 for further discussion of the DPO, Note 11 for further discussion of the amended credit agreements, Note 12 for further discussion of the accounting for deferred financing costs, and Note 17 for further discussion of the December 2009 dividend and associated future cash payments as related to stock options.

SPIN-OFF AND MERGER TRANSACTIONS

On July 31, 2008, or Closing Date, pursuant to a merger agreement, or Merger Agreement, the then-existing shareholders of Booz Allen Hamilton, Inc. completed the spin-off of the commercial business to the commercial partners. Effective August 1, 2008, Holding acquired the outstanding common stock of Booz Allen Hamilton, Inc., which consisted of the U.S. government consulting business, through the merger of Booz Allen Hamilton, Inc. with a wholly-owned subsidiary of Holding, or Merger Transaction or Acquisition. The Company acquired Booz Allen Hamilton, Inc. for total consideration of $1,828.0 million. The acquisition consideration was allocated to the acquired net assets, identified intangibles of $353.8 million, and goodwill of $1,163.5 million. Prior to the Merger Transaction, Booz Allen Hamilton, Inc. is referred to as the Predecessor for accounting purposes. The Predecessor's consolidated financial statements have been presented for the four months ended July 31, 2008. The consolidated financial statements of Holding subsequent to the Merger Transaction, which is referred to as the Company, have been presented for fiscal 2011, fiscal 2010, and from August 1, 2008 through March 31, 2009. From April through July 2008, Holding had no operations. As a result, the Company is presented as commencing on August 1, 2008.

In connection with the Acquisition, the Company issued certain shares of its common stock in exchange for shares of the Predecessor. The Rollover Plan was adopted as a mechanism to enable the exchange of a portion of previous equity interests in the Predecessor for equity interests in Holding. Common Stock owned by the Predecessor's U.S. government consulting partners were exchanged for Class A Common Stock of Holding, while common stock owned by a limited number of the Predecessor's commercial consulting partners were exchanged for Class B Non-Voting Common Stock of Holding. Fully vested shares of the Predecessor were exchanged for vested shares of the Company, with a fair value of $79.7 million. This amount was included as a component of the total acquisition consideration. The Company also exchanged restricted shares and options for previously issued and outstanding stock rights of the Predecessor held by the Predecessor's U.S. government consulting partners. The Predecessor's commercial consulting partners exercised their previously outstanding stock rights and received cash for the underlying shares surrendered. Based on the vesting terms of the Company's newly issued Class C Restricted Common Stock and the new options granted under the Rollover Plan, the fair value of the issued awards of $147.4 million is being recognized as compensation expense by the Company subsequent to the Acquisition, as discussed further in Note 17.

In connection with the Merger Transaction, the Company entered into the Senior Secured Agreement and the Mezzanine Credit Agreement for a total amount of $1,240.3 million. The total debt proceeds received by the Company at closing of the Merger Transaction were net of debt issuance costs, or DIC, of $45.0 million and original issue discount, or OID, on the debt of $19.7 million. Prior to the Merger Transaction, the Predecessor had an outstanding line of credit of $245.0 million. The Company paid off the Predecessor's line of credit with proceeds from the financing. In addition to the debt used for the Company's acquisition of Booz Allen Hamilton, Inc., Carlyle, along with a consortium of other investors, provided $956.5 million in cash in exchange for equity interests in the Company.

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 GAAP. All intercompany balances and transactions have been eliminated in consolidation.

The operating results of the global commercial business that were spun off by the Predecessor effective July 31, 2008 have been presented as discontinued operations in the Predecessor's consolidated financial statements and the related notes included in these financial statements.

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, 2011 and 2010, the Company's results of operations for fiscal 2011, fiscal 2010, and the eight months ended March 31, 2009, and the Predecessor's results of operations for the four months ended July 31, 2008.

USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting periods. Areas of the financial statements where estimates may have the most significant effect include allowance for doubtful accounts, contractual and regulatory reserves, lives of tangible and intangible assets, impairment of long-lived assets, accrued liabilities, revenue

recognition, bonus and other incentive compensation, stock-based compensation, realization of deferred tax assets, provisions for income taxes, and postretirement obligations. Actual results experienced by the Company may differ materially from management's estimates.

REVENUE RECOGNITION

The majority 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 monitoring of the performance on such contracts. 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.

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 burdens associated with materials used and other direct expenses incurred in connection with the performance of the contract.

Revenue on fixed-price contracts is recognized using percentage-of-completion based on actual costs incurred relative to total estimated costs for the contract. 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 they are identified. Profits on fixed-price contracts result from the difference between incurred costs 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 requires the use of estimates. Contract costs include direct labor and billable expenses, an allocation of allowable indirect costs, and warranty obligations. 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 recognizes revenue and billable expenses from these transactions on a gross basis. 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 elements 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.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and highly liquid investments having an original maturity of three months or less. The Company's investments consist primarily of institutional money market funds and U.S. Treasury securities. The Company maintains its cash and cash equivalents in bank accounts that, at times, exceed the federally insured 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 receivables based upon the latest information regarding whether invoices are ultimately collectible. Assessing the 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, and accounts receivable aging

trends. Valuation reserves are periodically re-evaluated and adjusted as more information about the ultimate collectability of accounts receivable becomes available. Upon determination that a receivable is uncollectible, the receivable balance and any associated reserve are written off.

CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash equivalents and accounts receivable. The Company's cash equivalents are generally invested in U.S. government insured money market funds and Treasury bills, which minimizes the credit risk. The Company believes that credit risk, with respect to 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 depreciation. The cost of software purchased or internally developed is capitalized. 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 three years, and software purchased or developed for internal use is depreciated over one to three 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 other long-term liabilities in the consolidated balance sheets. 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. Incentives for tenant improvements are recorded as deferred rent in other long-term liabilities in the consolidated balance sheets, and are amortized on a straight line basis over the lease term.

GOODWILL

Goodwill is the amount by which the cost of acquired net assets in a business acquisition exceeds the fair value of net identifiable assets on the date of purchase. The Company assesses goodwill for impairment on at least an annual basis on January 1, and whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. The Company defines its single reporting unit as its operating segment given that the Company is managed and operated as one business. There were no impairment charges for fiscal 2011 or 2010.

INTANGIBLE ASSETS

Intangible assets consist of trade name, contract backlog, and favorable lease terms. Trade name is not amortized, but is tested annually for impairment. Contract backlog is amortized over the expected backlog life based on projected future cash flows of approximately five to nine years. Favorable lease terms are amortized over the remaining contractual terms of approximately five years.

LONG-LIVED ASSETS

The Company reviews its long-lived assets, including property and equipment and 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. There were no impairment charges for fiscal 2011 or 2010.

INCOME TAXES

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 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 a deferred tax asset is not "more likely than not" to be realized, a valuation allowance is recorded through 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, and prudent, feasible tax-planning strategies.

The Company periodically assesses its liabilities and contingencies 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 and interest in the consolidated financial statements.

COMPREHENSIVE INCOME (LOSS)

Comprehensive income (loss) is the change in equity of a business enterprise during a period from transactions and other events and circumstances from nonowner sources. Comprehensive income (loss) is presented in the consolidated statements of stockholders' equity. Accumulated other

comprehensive loss as of March 31, 2011 and 2010 consisted of unrealized gains (losses) on the Company's defined and postretirement benefit plans.

STOCK-BASED COMPENSATION

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

REDEEMABLE COMMON STOCK

Prior to the Merger Transaction, the Predecessor's partners had Redeemable Common Stock. Shares of Redeemable Common Stock issued upon exercise of rights granted prior to April 1, 2006 were marked to the redemption amount at the end of each reporting period with changes recorded in stock-based compensation expense. For shares of Redeemable Common Stock issued upon exercise of rights granted on or after April 1, 2006, the Redeemable Common Stock was marked to the redemption amount through stock-based compensation expense until such shares had been outstanding for six months. After such time, changes in the redemption amount were recorded as a component of stockholders' equity. No such redeemable stock was outstanding subsequent to the Merger Transaction.

DEFINED BENEFIT PLAN AND OTHER POSTRETIREMENT BENEFITS

The Company recognizes the underfunded status of pension and other postretirement benefit plans on the consolidated balance sheets. Gains and losses, prior service costs and credits, and any remaining transition amounts 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 continue to be amortized as a component of net periodic cost. The measurement date, the date at which the benefit obligations and plan assets are measured, is the Company's fiscal year end.

SELF-FUNDED MEDICAL PLANS

The Company maintains self-funded medical insurance. Self-funded plans include a health maintenance organization, preferred provider organization, point of service, qualified point of service, and traditional choice. Further, self-funded plans also include prescription drug and dental benefits. The Company records an incurred but unpaid claim liability in the accrued compensation and benefits line of the consolidated balance sheets for self-funded plans based on an external actuarial valuation. Primary data that drives this estimate is based on claims and enrollment data provided by a third party valuation firm for medical and pharmacy related costs.

DEFERRED COMPENSATION PLAN

The Company accounts for its deferred compensation plan in accordance with the terms of the underlying plan agreement. To the extent the terms of the contract attribute all or a portion of the expected future benefit to an individual year of the employee's service, the cost of the benefits are recognized in that year. Therefore, the Company estimates the cost of future benefits that are expected to be paid and expenses the present value of those costs in the year as services are provided.

FAIR VALUE MEASUREMENTS

The fair value of the Company's cash and cash equivalents approximates its carrying value at March 31, 2011 and 2010 because of the short-term nature of these amounts. The fair value of the Company's debt instruments approximates its carrying value at March 31, 2011 and 2010. The fair value of debt is determined based on interest rates available for debt with terms and maturities similar to the Company's existing debt arrangements.

RECENT ACCOUNTING PRONOUNCEMENTS

Recent accounting pronouncements issued by the Financial Accounting Standards Board during fiscal 2011 and through the filing date did not or 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 (loss) for the periods presented. The Company uses the weighted average number of common shares outstanding during the period to calculate basic earnings (loss) per share, or EPS. Diluted EPS is computed similar to basic EPS, except the weighted average number of shares outstanding is increased 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, Class B Non-Voting Common Stock, Class C Restricted Common Stock, and Class E Special Voting Common Stock. 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.

A reconciliation of the income (loss) used to compute basic and diluted EPS for the periods presented are as follows:

	The Company			Predecessor
	Fiscal Year Ended March 31, 2011	Fiscal Year Ended March 31, 2010	Eight Months Ended March 31, 2009	Four Months Ended July 31, 2008
Earnings (loss) from continuing operations for basic and diluted computations	**$84,694**	$25,419	$(38,783)	$ (397,544)
Earnings (loss) for basic and diluted computations	**84,694**	25,419	(38,783)	(1,245,915)
Weighted-average Class A Common Stock outstanding	**109,511,290**	102,099,180	101,316,870	2,193,000
Weighted-average Class B Non-Voting Common Stock outstanding	**2,939,387**	2,350,200	2,350,200	–
Weighted-average Class C Restricted Common Stock outstanding	**2,028,270**	2,028,270	2,028,270	–
Total weighted-average common shares outstanding for basic computations	**114,478,947**	106,477,650	105,695,340	2,193,000
Dilutive stock options	**12,969,753**	9,750,730	–	–
Average number of common shares outstanding for diluted computations	**127,448,700**	116,228,380	105,695,340	2,193,000
Earnings (loss) from continuing operations per common share:				
Basic	**$ 0.74**	$ 0.24	$ (0.37)	$ (181.28)
Diluted	**$ 0.66**	$ 0.22	$ (0.37)	$ (181.28)
Earnings (loss) per common share:				
Basic	**$ 0.74**	$ 0.24	$ (0.37)	$ (568.13)
Diluted	**$ 0.66**	$ 0.22	$ (0.37)	$ (568.13)

In the EPS calculation for the fiscal years ended March 31, 2011 and 2010, and the eight months ended March 31, 2009, 310,000, 610,000, and 26,702,920 options were not included in the EPS calculation as their impact is anti-dilutive. Such options may have a dilutive effect in future periods.

4. Business Combination

The Company acquired the outstanding common stock of Booz Allen Hamilton, Inc. effective August 1, 2008. The purchase price was $1,828.0 million as of March 31, 2010. Pursuant to the Merger Agreement, spin-off, indemnification, and working capital escrow accounts in the amounts of $15.0 million, $25.0 million, and $50.0 million, respectively, were established for a period of one year from the date of the Closing Date or until all outstanding claims made against the escrow accounts are resolved, whichever is later. In fiscal 2011 and 2010, payments in the aggregate amount of $4.3 million and $52.5 million, respectively, were made out of the escrow accounts, of which $617,000 and $13.0 million, respectively, have been released to selling shareholders.

5. Goodwill and Intangible Assets

GOODWILL

As of March 31, 2011 and 2010, goodwill was $1,163.5 million and $1,163.1 million, respectively. The change in the carrying amount of goodwill is attributable to escrow payments and tax adjustments stemming from the Company's acquisition by Carlyle in July 2008.

The Company performed an annual impairment test of goodwill and the trade name as of January 1, 2011 and 2010, noting no impairment. Goodwill was assessed for the Company's one reporting unit utilizing a two-step methodology. The first step requires the Company to estimate the fair value of its reporting unit and compare it to the carrying value. If the carrying value of a reporting unit were to exceed its fair value, the goodwill of that reporting unit would be potentially impaired, and the Company would proceed to step two of the impairment analysis. The outcome of the first step of the Company's test indicated that there was no potential impairment, and therefore the second step of the test was not required. The fair value of the reporting unit as of January 1, 2011 exceeded its carrying value by 250.2%. At January 1, 2011 and 2010, the fair value of the Company's trade name exceeded its carrying value. There were no additional events or changes that indicated any impairment as of March 31, 2011 and 2010.

INTANGIBLE ASSETS

Intangible assets consisted of the following:

	As of March 31, 2011			As of March 31,2010		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Amortizable intangible assets:						
Contract backlog	**$160,800**	**$111,330**	**$ 49,470**	$160,800	$83,405	$ 77,395
Favorable leases	**2,800**	**2,232**	**568**	2,800	1,515	1,285
Total	**$163,600**	**$113,562**	**$ 50,038**	$163,600	$84,920	$ 78,680
Unamortizable intangible assets:						
Trade name	**$190,200**	**$ –**	**$190,200**	$190,200	$ –	$190,200
Total	**$353,800**	**$113,562**	**$240,238**	$353,800	$84,920	$268,880

Amortization expense for fiscal 2011, fiscal 2010, and the eight months ended March 31, 2009, was $28.6 million, $40.6 million, and $44.3 million, respectively. There were no intangible assets prior to the Merger Transaction. The following table summarizes the estimated annual amortization expense for future periods indicated below:

For the Fiscal Year Ending March 31,	
2012	$16,367
2013	12,549
2014	8,450
2015	4,225
2016	4,225
Thereafter	4,222
	$50,038

6. Accounts Receivable, Net

Accounts receivable, net consisted of the following:

March 31,	2011	2010
Current:		
Accounts receivable — billed	**$ 466,688**	$ 437,256
Accounts receivable — unbilled	**645,664**	583,182
Allowance for doubtful accounts	**(1,348)**	(2,127)
Accounts receivable, net	**1,111,004**	1,018,311
Long-term:		
Unbilled receivables related to retainage and holdbacks	**17,075**	17,072
Total accounts receivable, net	**$1,128,079**	$1,035,383

The Company recognized a provision for doubtful accounts of $230,000, $1.4 million, $2.1 million, and $1.0 million for fiscal 2011, fiscal 2010, the eight months ended March 31, 2009, and the four months ended July 31, 2008, respectively. Long-term unbilled receivables related to retainage, holdbacks, and long-term rate settlements to be billed at contract closeout are included in non-current assets as accounts receivable in the accompanying consolidated balance sheets.

7. Property and Equipment, Net

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

March 31,	2011	2010
Furniture and equipment	**$ 111,513**	$ 82,759
Computer equipment	**58,163**	43,824
Software	**28,583**	20,693
Leasehold improvements	**113,266**	79,501
Total	**311,525**	226,777
Less: Accumulated depreciation and amortization	**(138,095)**	(90,129)
Property and equipment, net	**$ 173,430**	$136,648

Property and equipment, net, includes $14.7 million and $12.1 million of internally developed software, net of depreciation as of March 31, 2011 and 2010, respectively. Depreciation and amortization expense relating to property and equipment for fiscal 2011, fiscal 2010, the eight months ended March 31, 2009, and the four months ended July 31, 2008 was $52.0 million, $55.2 million, $35.3 million, and $11.9 million, respectively.

8. Accounts Payable and Other Accrued Expenses

Accounts payable and other accrued expenses consisted of the following:

March 31,	2011	2010
Vendor payables	**$279,801**	$257,418
Accrued expenses	**123,863**	93,317
Other	**2,646**	3,362
Total accounts payable and other accrued expenses	**$406,310**	$354,097

Accrued expenses consisted primarily of the Company's reserve related to potential cost disallowance in conjunction with audits by the DCAA.

9. Accrued Compensation and Benefits

Accrued compensation and benefits consisted of the following:

March 31,	2011	2010
Bonus	**$136,503**	$146,035
Retirement	**93,826**	89,200
Vacation	**133,643**	119,912
Other	**33,024**	29,998
Total accrued compensation and benefits	**$396,996**	$385,145

10. Deferred Payment Obligation

In connection with the Merger Transaction, on July 31, 2008 the Company established a DPO of $158.0 million, payable by 8.5 years after the Closing Date, 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 the 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 claims will be paid out to the selling shareholders. As of March 31, 2011 and 2010, the Company has recorded $90.5 million and $100.2 million, respectively, for pre-acquisition uncertain tax positions, of which approximately $52.7 million and $62.4 million, respectively, may be indemnified under the remaining available DPO. During fiscal 2011, the Company favorably settled $11.0 million of its pre-acquisition uncertain tax positions, thereby reducing the estimated amount to be indemnified under the remaining available DPO and increasing the DPO amount to be paid to the selling shareholders. Accordingly, the $38.2 million and $20.0 million DPO balance recorded as of March 31, 2011 and 2010, respectively, within other long-term liabilities in the accompanying consolidated balance sheets, represents the residual balance estimated to be paid to the selling shareholders based on consideration of contingent tax claims, accrued interest and other matters. Interest is accrued at a rate of 5.0% per six-month period on the DPO balance, net of any settled claims or payments, which was $80.0 million as of March 31, 2011 and 2010.

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,	2011	2010
Deferred payment obligation	**$ 80,000**	$158,000
Return of capital to selling shareholders	**–**	(78,000)
Payment of accrued interest to selling shareholders	**–**	(22,443)
Indemnified pre-acquisition uncertain tax positions	**(52,721)**	(62,425)
Accrued interest	**10,904**	24,896
Amount recorded in the consolidated balance sheets	**$ 38,183**	$ 20,028

11. Debt

Debt consisted of the following:

March 31,	2011		2010	
	Interest Rate	**Outstanding Balance**	Interest Rate	Outstanding Balance
Senior secured credit agreement:				
Tranche A Loans	**2.81%**	**$497,185**	4.00%	$ 110,829
Tranche B Loans	**4.00%**	**497,143**	7.50%	566,811
Tranche C Loans		**–**	6.00%	345,790
		994,328		1,023,430
Unsecured credit agreement:				
Mezzanine Term Loan		**–**	13.00%	545,202
Total		**994,328**		1,568,632
Current portion of long-term debt		**(30,000)**		(21,850)
Long-term debt, net of current portion		**$964,328**		$1,546,782

The Company maintains a Senior Secured Agreement, as amended, with a syndicate of lenders. In connection with the Refinancing Transaction, the Senior Secured Agreement was amended and restated effective February 3, 2011 to amend the term loan facilities and increase the Company's revolving credit facility. The Senior Secured Agreement, as amended, provides for $1.0 billion in term loans ($500.0 million of Tranche A Loans and $500.0 million of Tranche B Loans) and a $275.0 million revolving credit facility. The loans under the Senior Secured Agreement, as amended, are secured by substantially all of the Company's assets.

The Senior Secured Agreement, as amended, requires quarterly principal payments of 1.25% of the stated principal amount of the Tranche A Loans, with annual incremental increases to 1.875%, 2.50%, 3.125%, and 16.25%, prior to the Tranche A Loans maturity date of February 3, 2016, and 0.25% of the stated principal amount of the Tranche B Loans, with the remaining balance payable on the Tranche B Loans maturity date of August 3, 2017. The revolving credit facility matures on July 31, 2014, at which time any outstanding principal balance is due in full.

At the Company's option, the interest rate on borrowings under the Senior Credit Facilities may be based on the Eurocurrency rate or the alternate base rate, or ABR, plus, in each case, an applicable margin, subject to the Eurocurrency rate and ABR being no lower than 1.00% or 2.00%, respectively, in the case of Tranche B Loans. Subject to a leveraged based pricing grid, the applicable margins on Tranche A Loans range from 2.00% to 2.75% with respect to Eurocurrency loans, or 1.00% to 1.75% with respect to ABR loans. The applicable margins on Tranche B Loans will be 3.00% with respect to Eurocurrency loans, or 4.00% with respect to ABR loans, stepping down, in each case to 2.75% and 3.75%, respectively, when the total leverage ratio is less than or equal to 1.75 to 1.00. The revolving credit facility margin and commitment fee are subject to the leveraged based pricing grid, set forth in the Senior Secured Agreement, as amended.

The Company entered into a 3-month LIBOR on February 3, 2011 for the Tranche A Loans at 0.31% plus the 2.50% spread to total the 2.81% all-in rate. For the Tranche B Loans, the Company entered into a 6-month LIBOR to lock in the all-in rate of 4.00%, which consists of the 1.00% floor plus the 3.00% spread. Depending on market conditions, Tranche A Loans and Tranche B Loans will reprice under the most appropriate LIBOR term. Currently, the Tranche B Loans do not have a variable rate as the floor has not been exceeded.

Prior to the February 2011 Refinancing Transaction, the Company's then existing Senior Secured Agreement provided for $1,060.0 million in term loans ($125.0 million Tranche A Loans, $585.0 million Tranche B Loans, and $350.0 million Tranche C Loans), and a $245.0 million revolving credit facility. The Senior Secured Agreement required scheduled principal payments in equal consecutive quarterly installments of 2.50%, 0.25%, and 0.25% of the stated principal amounts of Tranche A Loans, Tranche B Loans, and Tranche C Loans, with incremental increases prior to their respective maturity dates. The interest rates on the loans under the Senior Secured Agreement were based on the Eurocurrency rate or ABR, subject to the Eurocurrency rate and ABR being no lower than 3.00% or 4.00%, respectively, in the case of Tranche B Loans, and 2.00% or 3.00%, respectively, in the case of Tranche C Loans. Subject to a leveraged based pricing grid, the applicable interest rate margins on Tranche A Loans ranged from 3.75% to 4.00% with respect to Eurocurrency loans, or 2.75% to 3.00% with respect to ABR loans. The applicable interest rate margins on Tranche B Loans were 4.50% with respect to Eurocurrency loans, or 3.50% with respect to ABR loans, as defined in the Senior Secured Agreement. The applicable interest rate margins on Tranche C Loans were 4.00% with respect to Eurocurrency loans, or 3.00% with respect to ABR loans, as defined in the Senior Secured Agreement.

Prior to the February 2011 Refinancing Transaction, the Company's then existing Mezzanine Credit Agreement provided for a $550.0 million term loan, or Mezzanine Term Loan. The Mezzanine Term Loan did not require scheduled principal payment installments, but reached maturity July 31, 2016, at which time any remaining principal balance would have been due in full. Optional prepayments required a prepayment fee equal to 3.00% of the principal amount prepaid if paid on or after the second anniversary but before the third anniversary of the Closing Date, 2.00% if paid on or after the third anniversary but before the fourth anniversary of the closing date, and a mandatory 1.00% if paid on or after the fourth anniversary of the Closing Date. The Company recorded the mandatory 1.00% payment as additional interest expense over the life of the Mezzanine Term Loan on the consolidated statements of operations. Prepayments made before the second anniversary of closing date are subject to additional premiums and penalties based on the present value of the debt and remaining interest payments at the time of such prepayment. The applicable fixed interest rate on the Mezzanine Term Loan was 13.00%, with the option that, in lieu of interest payments in cash, up to 2.00% of that amount would be added to the then outstanding aggregate principal balance.

During fiscal 2011, interest payments of $3.9 million, $37.0 million, $19.1 million, $49.9 million, and $46,000 were made for Tranche A Loans, Tranche B Loans, Tranche C Loans, the Mezzanine Term Loan, and the revolving credit facility, respectively. During fiscal 2010, interest payments of $4.9 million, $44.1 million, $5.3 million, and $72.5 million were made for Tranche A Loans, Tranche B Loans, Tranche C Loans, and the Mezzanine Term Loan, respectively. In February 2011, the Company drew down $50.0 million on the revolving credit facility, which was fully repaid as of March 31, 2011. As of March 31, 2011 and 2010, no amounts were outstanding on the revolving credit facility.

The total outstanding debt balance is recorded in the accompanying consolidated balance sheets, net of unamortized discount of $5.7 million and $19.2 million as of March 31, 2011 and 2010, respectively.

The Company made optional repayments on the Senior Credit Facilities and the mezzanine credit facility during fiscal 2011. In accordance with the terms of the Mezzanine Credit Agreement, the Company also paid prepayment penalties of 3.00% of the respective principal repayment amounts. In addition, the Company wrote-off ratable portions of DIC and OID associated with each repayment on the Senior Credit Facilities and the mezzanine credit facility. These amounts were reflected in other, net in the accompanying consolidated statements of operations.

The optional repayments on the Senior Credit Facilities and the mezzanine credit facility, and the associated prepayment penalties and write-off of DIC and OID during fiscal 2011 were as follows:

Date	Term Facility	Principal Payment	Prepayment Penalties	Write-Off of DIC	Write-Off of OID	Total Expense
February 3, 2011	Tranche A, B, and C Loans	$1,021,463	$ –	$11,374	$ 6,432	$17,806
	Mezzanine	222,076	6,662	8,287	1,768	16,717
December 21, 2010*	Mezzanine	32,494	975	1,229	262	2,466
November 26, 2010*	Mezzanine	210,430	6,313	8,022	1,712	16,047
August 2, 2010	Mezzanine	85,000	2,550	3,359	732	6,641
		$1,571,463	$16,500	$32,271	$10,906	$59,677

** The December 21, 2010 and November 26, 2010 repayments and prepayment penalties were paid with net proceeds from the sale of shares of the Company's Class A Common Stock.*

The following table summarizes required future debt principal repayments:

Payments Due By March 31,	Total	2012	2013	2014	2015	2016	Thereafter
Tranche A Loans	500,000	25,000	37,500	50,000	62,500	325,000	–
Tranche B Loans	500,000	5,000	5,000	5,000	5,000	5,000	475,000
Total	$1,000,000	$30,000	$42,500	$55,000	$67,500	$330,000	$475,000

At March 31, 2011 and 2010, the Company was contingently liable under open standby letters of credit and bank guarantees issued by the Company's banks in favor of third parties. These letters of credit and bank guarantees totaling $1.9 million and $1.4 million as of March 31, 2011 and 2010, respectively, primarily relate to leases and support of insurance obligations. These instruments reduce the Company's available borrowings under the revolving credit facility.

The Senior Secured Agreement, as amended, requires the maintenance of certain financial and non-financial covenants. As of March 31, 2011, the Company was in compliance with all of its covenants.

12. Deferred Financing Costs

A reconciliation of the beginning and ending amount of DIC for the periods presented are as follows:

March 31,	**2011**	2010
Beginning of year	**$ 52,042**	$41,934
Amortization	**(6,925)**	(5,700)
Write-off related to optional debt repayments	**(32,271)**	–
Additional DIC related to February 2011 Refinancing Transaction	**8,192**	–
Additional DIC related to December 2009 Recapitalization Transaction	**–**	15,808
End of year	**$ 21,038**	$52,042

Costs incurred in connection with the February 2011 Refinancing Transaction were $12.5 million, of which $8.2 million was recorded as other long-term assets and will be amortized and reflected in interest expense in the consolidated statements of operations over the lives of the loans. Amortization of these costs will be accelerated to the extent that any prepayment is made on the Senior Credit Facilities. The remaining amount of $4.3 million was recorded as general and administrative expenses in the consolidated statements of operations.

Costs incurred in connection with the December 2009 Recapitalization Transaction to amend the Senior Secured Agreement and Mezzanine Credit Agreement were $18.9 million, of which $15.8 million was recorded as other long-term assets and is amortized and reflected in interest expense in the consolidated statements of operations over the lives of the loans. The remaining amount of $3.1 million was recorded as general and administrative expenses in the consolidated statements of operations.

13. Income Taxes

The components of income tax expense (benefit) from continuing operations were as follows:

	The Company			Predecessor
	Fiscal Year Ended March 31, 2011	Fiscal Year Ended March 31, 2010	Eight Months Ended March 31, 2009	Four Months Ended July 31, 2008
Current:				
U.S. Federal	**$ (4,880)**	$ 2,664	$ –	$ (1,414)
State and local	**5,487**	1,074	–	(459)
Total current	**607**	3,738	–	(1,873)
Deferred:				
U.S. Federal	**40,290**	18,004	(16,133)	(44,996)
State and local	**2,473**	1,833	(6,014)	(9,240)
Total deferred	**42,763**	19,837	(22,147)	(54,236)
Total	**$43,370**	$23,575	$(22,147)	$(56,109)

A reconciliation between income tax computed at the U.S. federal statutory income tax rate to income tax expense (benefit) from continuing operations are as follows:

	The Company			Predecessor
	Fiscal Year Ended March 31, 2011	Fiscal Year Ended March 31, 2010	Eight Months Ended March 31, 2009	Four Months Ended July 31, 2008
Income tax expense (benefit) computed at U.S. statutory rate (35)%	**$ 44,822**	$17,148	$(21,326)	$(158,779)
Increases (reductions) resulting from:				
Changes in accruals for uncertain tax positions	**(10,142)**	–	–	–
State income taxes, net of the federal tax benefit	**6,039**	2,913	(2,651)	(6,889)
Meals and entertainment	**2,684**	2,552	1,321	–
Nondeductible stock-based compensation	**–**	–	–	97,048
Other	**(33)**	962	509	12,511
Income tax expense (benefit) from continuing operations	**$ 43,370**	$23,575	$(22,147)	$ (56,109)

Significant components of the Company's net deferred income tax asset were as follows:

March 31,	**2011**	2010
Deferred income tax assets:		
Accrued expenses	**$ 53,675**	$ 36,655
Stock-based compensation	**56,114**	47,461
Pension and postretirement insurance	**22,785**	844
Property and equipment	**31,982**	28,728
Net operating loss carryforwards	**57,124**	141,472
Capital loss carryforward	**42,379**	42,379
AMT	**8,353**	3,091
Deferred rent and tenant allowance	**18,101**	4,047
Other	**12,440**	4,913
Total gross deferred income taxes	**302,953**	309,590
Less: Valuation allowance	**(42,379)**	(42,379)
Total net deferred income tax assets	**260,574**	267,211
Deferred income tax liabilities:		
Unbilled receivables	**138,667**	122,733
Intangible assets	**94,789**	106,106
Debt issuance costs	**6,926**	–
Total deferred tax liabilities	**240,382**	228,839
Net deferred income tax asset	**$ 20,192**	$ 38,372

Deferred tax balances reflect the impact of temporary differences between the carrying amount of assets and liabilities and their tax basis and are stated at the tax rates expected to be in effect when taxes are actually paid or recovered. 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 book earnings, future reversals of existing taxable temporary differences, projected future taxable income, as well as any tax planning strategies. The Company recognized a valuation allowance of $42.4 million as of March 31, 2011 and 2010 against the deferred tax asset associated with the capital loss carryforward. For all other deferred tax assets, the Company believes it is more likely than not that the results of future operations will generate sufficient taxable income to realize these deferred tax assets.

At March 31, 2011 and 2010, the Company had approximately $148.8 million and $367.6 million, respectively, of net operating loss, or NOL, carryforwards, which will begin to expire in 2028. As discussed in Notes 1 and 4, Holding acquired the Predecessor in a nontaxable merger effective August 1, 2008. The Company believes that it is more likely than not that the Company will generate sufficient taxable income to fully realize the tax benefit of our NOL carryforwards over the next two years.

UNCERTAIN TAX POSITIONS

The Company maintains reserves for uncertain tax positions related to tax benefits recognized in prior years. These reserves involve considerable judgment and estimation and are evaluated by management based on the best information available including changes in tax regulations and other information. As of March 31, 2011 and 2010, the Company has recorded $90.5 million and $100.2 million, respectively, of reserves for uncertain tax positions, of which approximately $52.7 million and $62.4 million, respectively, may be indemnified under the remaining available DPO.

Included in the balance of reserves for uncertain tax positions at March 31, 2011 and 2010 are potential tax benefits of $77.3 million and $86.0 million, respectively, that, if recognized, would impact the effective tax rate. A reconciliation of the beginning and ending amount of potential tax benefits for the periods presented are as follows:

March 31,	**2011**	2010
Beginning of year	**$85,982**	$87,867
Settlements with taxing authorities	**(129)**	(1,885)
Lapse of statute of limitations	**(8,549)**	–
End of year	**$77,304**	$85,982

For the fiscal year ended March 31, 2011, the Company's reserves for uncertain tax positions decreased primarily as a result of a lapse in statute of limitations for a prior federal tax year, which was recorded as an income tax benefit of approximately $11.0 million.

The Company recognizes accrued interest and penalties 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 $13.2 million and $14.2 million at March 31, 2011 and 2010, respectively.

The Internal Revenue Service, or IRS, is completing its examination of the Company's income tax returns for fiscal 2006, 2005, and 2004. As of March 31, 2011, the IRS has proposed certain adjustments to the Company's claim on research credits. Management is currently appealing the proposed adjustment and does not anticipate that the adjustments will result in a material change to its financial position. The Company is also subject to taxes imposed by various taxing authorities including state and foreign jurisdictions. Tax years that remain open and subject to examination related to state and foreign jurisdictions are not considered to be material or will be indemnified under the Merger Agreement. Additionally, due to statute of limitations expirations and potential audit settlements, it is reasonably possible that approximately $55.0 million of currently remaining unrecognized tax positions, each of which are individually insignificant, may be effectively settled by March 31, 2012.

14. 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. ECAP provides for distributions, subject to certain vesting provisions, to participants by reason of retirement, death, disability, or termination of employment. Total expense under ECAP for fiscal 2011, fiscal 2010, the eight months ended March 31, 2009, and the four months ended July 31, 2008 was $224.8 million, $210.3 million, $116.8 million, and $53.3 million, respectively, and the Company-paid contributions were $223.7 million, $196.3 million, $127.3 million, and $32.9 million, respectively.

DEFINED BENEFIT PLAN AND OTHER POSTRETIREMENT BENEFIT PLANS

The Company maintains and administers a defined benefit retirement plan and a postretirement medical plan for current, retired, and resigned Officers.

The Company established a non-qualified defined benefit plan for all Officers in May 1995, or 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' Bonus Plan is not salary related, but rather is based primarily on years of service.

In addition, the Company provides postretirement healthcare benefits to former or active Officers under a medical indemnity insurance plan, with premiums paid by the Company. This plan is referred to as the Officer Medical Plan.

The Company recognizes a liability for the defined benefit plans' underfunded status, measures the defined benefit plans' obligations that determine its funded status as of the end of the fiscal year, and recognizes as a component of accumulated other comprehensive income (loss) 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:

	The Company			Predecessor
	Fiscal Year Ended March 31, 2011	Fiscal Year Ended March 31, 2010	Eight Months Ended March 31, 2009	Four Months Ended July 31, 2008
Service cost	**$3,363**	$2,682	$2,325	$ 755
Interest cost	**2,569**	2,269	1,395	666
Total postretirement medical expense	**$5,932**	$4,951	$3,720	$1,421

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

	The Company			Predecessor
	Fiscal Year Ended March 31, 2011	Fiscal Year Ended March 31, 2010	Eight Months Ended March 31, 2009	Four Months Ended July 31, 2008
Officer Medical Plan	**5.75%**	5.75%	6.50%	6.50%
Retired Officers' Bonus Plan	**5.75%**	5.75%	6.50%	6.50%

Assumed healthcare cost trend rates for the Officer Medical Plan at March 31, 2011 and 2010 were as follows:

Pre-65 Initial Rate	2011	2010
Healthcare cost trend rate assumed for next year	**8.0%**	8.0%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	**5.0%**	5.0%
Year that the rate reaches the ultimate trend rate	**2018**	2017

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, 2011 would have the following effects:

	1% Increase	1% Decrease
Effect on total of service and interest cost	$1,017	$ (827)
Effect on postretirement benefit obligation	$7,793	$(6,408)

Total pension expense, consisting of service and interest, associated with the Retired Officers' Bonus Plan was $864,000, $800,000, $800,000, and $300,000 for fiscal 2011, fiscal 2010, eight months ended March 31, 2009, and four months ended July 31, 2008, respectively. Benefits paid associated with the Retired Officers' Bonus Plan were $647,000, $300,000, $600,000, and $400,000 for fiscal 2011, fiscal 2010, eight months ended March 31, 2009, and four months ended July 31, 2008, respectively. The end-of-period benefit obligation of $5.2 million and $5.0 million as of March 31, 2011 and 2010, respectively, is included in postretirement obligations in the accompanying consolidated balance sheets.

Accumulated other comprehensive loss as of March 31, 2011, includes unrecognized net actuarial loss of $2.7 million, net of taxes of $1.1 million, that have not yet been recognized in net periodic pension cost for the Retired Officers' Bonus Plan and the Officer Medical Plan. Accumulated other comprehensive loss as of March 31, 2010, includes unrecognized net actuarial loss of $7.2 million, net of taxes of $2.9 million, that have not yet been recognized in net periodic pension cost for the Retired Officers' Bonus Plan and the Officer Medical Plan. A primary driver for the net actuarial loss of $7.2 million in fiscal 2010 was the change in the actuarial discount rate from 6.50% to 5.75%.

The amounts in accumulated other comprehensive income expected to be recognized as components of net periodic benefit (cost) in fiscal 2012 are $8.5 million of net gain (loss), zero net prior service cost (credit), and zero net transition asset (obligation).

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

	The Company			Predecessor
	Fiscal Year Ended March 31, 2011	Fiscal Year Ended March 31, 2010	Eight Months Ended March 31, 2009	Four Months Ended July 31, 2008
Benefit obligation, beginning of the year	**$45,455**	$35,577	$32,157	$32,605
Service cost	**3,363**	2,682	2,325	755
Interest cost	**2,569**	2,270	1,395	666
Actuarial loss (gain)	**3,053**	6,673	797	(1,518)
Benefits paid	**(1,687)**	(1,747)	(1,097)	(351)
Benefit obligation, end of the year	**$52,753**	$45,455	$35,577	$32,157
Changes in plan assets				
Fair value of plan assets, beginning of the year	**$ –**	$ –	$ –	$ –
Employer contributions	**1,687**	1,747	1,097	351
Benefits paid	**(1,687)**	(1,747)	(1,097)	(351)
Fair value of plan assets, end of the year	**$ –**	$ –	$ –	$ –

As of March 31, 2011 and 2010, the unfunded status of the Officer Medical Plan was $52.8 million and $45.5 million, respectively.

The postretirement benefit liability for the Officer Medical Plan 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 is an unfunded plan and contributions are made as benefits are paid, for all periods presented. As of March 31, 2011 and 2010, there were no plan assets for the Retired Officers' Bonus Plan and therefore, the accumulated liability of $5.2 million and $5.0 million, respectively, is unfunded. The liability will be distributed in a lump-sum payment as each Officer retires.

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

For the Fiscal Year Ending March 31,	Officer Medical Plan Benefits
2012	$ 1,703
2013	1,966
2014	2,194
2015	2,527
2016	2,879
2017–2021	22,208

15. Other Long-Term Liabilities

Other long-term liabilities consisted of the following:

March 31,	**2011**	2010
Deferred rent	**$ 45,878**	$ 10,255
Deferred compensation	**22,408**	11,289
Stock-based compensation	**31,392**	27,432
Deferred payment obligation	**38,161**	20,028
Postretirement obligation	**57,997**	50,464
Other	**–**	292
Total other long-term liabilities	**$195,836**	$119,760

In fiscal 2011 and 2010, the Company recorded a stock-based compensation liability of $40.4 million and $34.4 million, respectively, including $9.0 million and $7.0 million, respectively, expected to be paid within one year, related to the reduction in stock option exercise price associated with the December 2009 dividend. Options vested and not yet exercised that would have had an exercise price below zero as a result of the dividend were reduced to one cent, with the remaining reduction to be paid in cash upon exercise of the options. Refer to Note 17 for further discussion of the December 2009 dividend.

The Company maintains a deferred compensation plan, or EPP, established in January 2009, for the benefit of certain employees. The EPP allows eligible participants to defer all or a portion of their annual performance bonus, reduced by amounts withheld for the payment of taxes or other deductions required by law. The Company makes no contributions to the EPP, but maintains participant accounts for deferred amounts and interest earned. The amounts deferred into the EPP will earn interest at a rate of return indexed to the results of the Company's growth as defined by the EPP. In each subsequent year, interest will be compounded on the total deferred balance. Employees must leave the money

in the EPP until 2014. The deferred balance generally will be paid within 180 days of the final determination of the interest to be accrued for 2014, upon retirement, or termination. As of March 31, 2011 and 2010, the Company's liability associated with the EPP was $22.4 million and $11.3 million, respectively.

16. Stockholders' Equity

STOCK SPLIT

On September 21, 2010, the Company's Board of Directors approved an amended and restated certificate of incorporation that was filed on November 8, 2010, thereby effecting a ten-for-one stock split of all the outstanding shares of Class A Common Stock, Class B Non-Voting Common Stock, Class C Restricted Common Stock, and Class E Special Voting Common Stock. Par value for Class A Common Stock, Class B Non-Voting Common Stock, and Class C Restricted Common Stock remained at $0.01 par value per share. Par value for Class E Special Voting Stock was split ten-for-one to become $0.003 per share. All issued and outstanding common stock and stock options and per share amounts of the Company contained in the financial statements have been retroactively adjusted to reflect this stock split for all periods presented.

The amended and restated certificate of incorporation also eliminated the Class D Merger Rolling Common Stock and the Class F Non-Voting Restricted Common Stock.

COMMON STOCK

Holders of Class A Common Stock, Class C Restricted Common Stock, Class D Merger Rolling 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 and Class F Non-Voting Restricted Common Stock have no voting rights.

During fiscal 2011, 702,930 shares of Class A Common Stock held by an Officer were exchanged for the equivalent number of shares of Class B Non-Voting Common Stock, and 702,930 shares of Class E Special Voting Common Stock were issued to a family trust of the same Officer for an aggregate consideration of $2,109.

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

Class E Special Voting Common Stock represents the voting rights that accompany the new options program. The new options program has a fixed vesting and exercise schedule to comply with IRS section 409(a). 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. Refer to Note 17 for further discussion of the new options program.

Each share of common stock, except for Class E Special Voting Common Stock, is entitled to participate equally, 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 shareholders 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.

PREFERRED STOCK

The Company is authorized to issue 54,000,000 shares of Preferred Stock, $0.01 par value per share, the terms and conditions of which are determined by the Board of Directors upon issuance. The rights, preferences, and privileges of holders of common stock are subject to, and may be adversely affected by, the rights of holders of any shares of preferred stock that the Company may designate and issue in the future. At March 31, 2011 and 2010, there were no shares of preferred stock outstanding.

PREDECESSOR REDEEMABLE COMMON STOCK

Prior to the Merger Transaction, the Predecessor's authorized capital stock as of March 31 and July 31, 2008, consisted of 5,000 shares of Common Stock, 5,000 shares of Class A Non-Voting Common Stock, 4,000 shares of Class B Common Stock, and 1,000 shares of Class B Non-Voting Common Stock. Each share of Common Stock and each share of the Class B Common Stock was entitled to one vote. Pursuant to the terms of the Predecessor's Officer Stock Rights Plan, shares of Common Stock and shares of Class A Non-Voting Common Stock were redeemable at the book value per share at the option of the holder.

17. Stock-Based Compensation

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

	The Company			Predecessor
	Fiscal Year Ended March 31, 2011	Fiscal Year Ended March 31, 2010	Eight Months Ended March 31, 2009	Four Months Ended July 31, 2008
Cost of revenue	**$14,073**	$23,652	$20,479	$ –
General and administrative expenses	**34,605**	48,245	41,580	511,653
Total	**$48,678**	$71,897	$62,059	$511,653

As of March 31, 2011 and 2010, there was $40.6 million and $75.6 million, respectively, of total unrecognized compensation cost related to unvested stock compensation agreements. The unrecognized compensation cost as of March 31, 2011 is expected to be fully amortized over the next 5.25 years.

OFFICERS' ROLLOVER STOCK PLAN

The Rollover Plan was adopted as a mechanism to enable the exchange by the Officers of the Company's U.S. government consulting business who were required to exchange (and those commercial officers who elected to exchange subject to an aggregate limit) a portion of their previous equity interests in the Predecessor for equity interests in the Company. Among the equity interests that were eligible for exchange were common stock and stock rights, both vested and unvested.

The stock rights that were unvested, but would have vested in 2008, were exchanged for 2,028,270 shares of new Class C Restricted Common Stock, or Class C Restricted Stock, issued by the Company at an estimated fair value of $10.00 at August 1, 2008. The aggregate grant date fair value of the Class C Restricted Stock issued for $20.3 million is being recorded as expense over the vesting period. Total compensation expense recorded in conjunction with this Class C Restricted Stock for fiscal 2011, fiscal 2010, and the eight months ended March 31, 2009 was $3.9 million, $7.1 million, and $7.9 million, respectively. As of March 31, 2011 and 2010, unrecognized compensation cost related to the non-vested Class C Restricted Stock was $1.4 million and $5.3 million, respectively, and is expected to be recognized over 2.25 and 3.25 years, respectively. For fiscal 2011 and 2010, 988,980 and 494,490 shares of Class C Restricted Stock vested, respectively. At March 31, 2011 and 2010, 3,971,730 shares of Class C Restricted Stock were authorized but unissued under the Plan. Notwithstanding the foregoing, Class C Restricted Stock was intended to be issued only in connection with the exchange process described above.

In addition to the conversion of the stock rights that would have vested in 2008 to Class C Restricted Stock, new options, or New Options, were issued in exchange for old stock rights held by the Predecessor's U.S. government consulting partners that were issued under the stock rights plan that existed for the Predecessor's Officers prior to the closing of the Merger Transaction. The New Options were granted based on the retirement eligibility of the Officer. For the purposes of the New Options, there are two categories of Officers — retirement eligible and non-retirement eligible. New Options granted to retirement eligible Officers vest in equal annual installments on June 30, 2009, 2010, and 2011.

The following table summarizes the exercise schedule for Officers who were deemed retirement eligible. Exercise schedules are based on original vesting dates applicable to the stock rights surrendered:

	Percentage of New Options to be Exercised					
As of June 30,	2009	2010	2011	2012	2013	2014
Retirement eligible:						
Original vesting date of June 30, 2009	60%	20%	20%	–	–	–
Original vesting date of June 30, 2010	–	50%	20%	20%	10%	–
Original vesting date of June 30, 2011	–	–	20%	20%	30%	30%

Those individuals who were considered retirement eligible also were given the opportunity to make a one-time election to be treated as non-retirement eligible. The determination of retirement eligibility was made as of a fixed period of time and cannot be changed at a future date.

New Options granted to Officers who were categorized as non-retirement eligible will vest 50% on June 30, 2011, and 25% on June 30, 2012 and 2013.

The following table summarizes the exercise schedule for Officers who were deemed non-retirement eligible. Exercise schedules are based on original vesting dates applicable to the stock rights surrendered:

	Percentage of New Options to be Exercised				
As of June 30,	2011	2012	2013	2014	2015
Non-retirement eligible:					
Original vesting date of June 30, 2011	20%	20%	20%	20%	20%
Original vesting date of June 30, 2012	–	25%	25%	25%	25%
Original vesting date of June 30, 2013	–	–	33%	33%	34%

If a holder's employment with the Company were to terminate without cause, by reason of disability, or Company approved termination, these shares will continue to vest as if the holder continued to be employed as a retirement eligible or non-retirement eligible employee, as the case may be. In the event that a holder's employment is terminated due to death, any unvested New Options shall immediately vest in full. In the event of a holder's termination of employment due to death, disability, or a Company approved termination, the Company may, in its sole discretion, convert all or a portion of unexercised New Options into the right to receive upon vesting and exercise, in lieu of Company common stock, a cash payment pursuant to a prescribed formula. The aggregate grant date fair value of the New Options issued of $127.1 million is being recorded as compensation expense over the vesting period. Total compensation expense recorded in conjunction with the New Options for the fiscal 2011, fiscal 2010, and the eight months ended March 31, 2009 was $27.3 million, $42.2 million, and $42.7 million, respectively. The total fair value of New Options vested during fiscal 2011 and 2010 was $10.4 million and $10.4 million, respectively. As of March 31, 2011 and 2010, unrecognized compensation cost related to the non-vested New Options was $14.7 million and $42.0 million, respectively, which is expected to be recognized over 2.25 and 3.25 years, respectively.

EQUITY INCENTIVE PLAN

The EIP was created in connection with the Merger Transaction 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 common stock of Holding. The grants of options under the EIP were as follows:

Date of Grant	Number of Options Granted	Estimated Fair Value of Common Stock at Time of Grant
August 17, 2010	50,000	$16.85
April 28, 2010	1,700,000	12.80
February 15, 2010	140,000	11.49
January 27, 2010	470,000	11.49
May 7, 2009	1,420,000	11.81
November 19, 2008	11,900,000	10.00

On November 16, 2010 the Board of Directors approved the grant of 260,000 options under the amended EIP. On March 1, 2011, the Board of Directors approved additional grants of 430,000 options under the amended EIP, however, the grant date for these options was not established until the first quarter of fiscal 2012.

Stock options are granted at the discretion of the Board of Directors or its Compensation Committee and expire ten years from the date of the grant. Options generally vest over a five-year period based upon required service and performance conditions. The Company calculates the pool of additional paid-in capital associated with excess tax benefits using the "simplified method."

The aggregate grant date fair value of the EIP Options issued during fiscal 2011, fiscal 2010, and the eight months ended March 31, 2009, was $15.3 million, $10.6 million, and $51.5 million, respectively, and is being recorded as expense over the vesting period. Total compensation expense recorded in conjunction with options outstanding under the EIP for fiscal 2011, fiscal 2010, and the eight months ended March 31, 2009 was $17.4 million, $22.4 million, and $11.5 million, respectively. The total fair value of EIP Options vested during fiscal 2011 and 2010 was $12.7 million and $10.1 million, respectively. As of March 31, 2011 and 2010, unrecognized compensation cost related to the non-vested EIP Options was $24.5 million and $28.1 million, respectively, and is expected to be recognized over 5.25 and 4.75 years, respectively. As of March 31, 2011 and 2010, there were 12,130,240 and 7,633,600 options, respectively, available for future grant under the EIP.

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 will 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 and is estimated to be valued at $8.3 million for the deferred bonus earned in fiscal 2011. 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

On April 28, 2010, the Compensation Committee of the Board of Directors granted 11,730 Class A Common Stock with certain restrictions, or Class A Restricted Stock, to certain Board members for their continued service to the Company. These shares vest in equal installments on September 30, 2010 and March 31, 2011, and were issued with an aggregate grant date fair value of $150,000. Total compensation expense recorded in conjunction with this grant for fiscal 2011 was $150,000. There were no additional shares authorized to be issued under the April 2010 Compensation Committee grant.

On May 7, 2009, the Compensation Committee of the Board of Directors granted 19,070 Class A Restricted Stock to certain unaffiliated Board members. These shares vest in equal installments on May 7, 2009, September 30, 2009, and March 31, 2010, and were issued with an aggregate grant date fair value of $225,000. Total compensation expense recorded in conjunction with this grant for fiscal 2010 was $225,000. There were no additional shares authorized to be issued under the May 2009 Compensation Committee grant.

PREDECESSOR STOCK PLAN

Prior to the Merger Transaction, the Predecessor's Officer Stock Rights Plan enabled Officers to purchase shares of Class A Common Stock. The Board of Directors had sole discretion to establish the book value applicable to shares of common stock to be purchased by Officers upon the exercise of their stock rights. Rights were granted in connection with the Class B Common Stock to purchase shares of Class A Common Stock, and vested one-tenth each year based on nine years of continuous service, with the first tenth vesting immediately. The exercise price for the first tenth was equal to the book value of the Predecessor's Class A Common Stock on the grant date, and for the remaining rights the exercise price was equal to 50% of the book value on the grant date. Rights not exercised upon vesting were forfeited. Rights also accelerated upon retirement, in which case the exercise price was equal to 100% of the grant date book value.

Effective July 30, 2008, the Predecessor modified the Officer Stock Rights Plan to provide for accelerated vesting of stock rights in anticipation of a change in control of the Predecessor. All unvested stock rights were accelerated and vested with the exception of rights that would be exchanged for equity instruments in Holding after the Merger Transaction. Any stock rights that were due to vest in June 2008 were exercised at a price of 50% of the grant date book value and converted to Class A Common Stock on July 30, 2008. The remaining stock rights that were accelerated and vested were subsequently exercised at 100% of the grant date book value and converted to Class A Common Stock on July 30, 2008.

The Predecessor accounted for the rights granted under the Officer Stock Rights Plan as liability awards, which are marked to intrinsic value for the life of the award, using an accelerated method, through stock-based compensation expense.

Stock-based compensation expense of $193.5 million related to the acceleration of stock rights, and $318.2 million related to the mark-up of redeemable common shares, was recorded during the four months ended July 31, 2008.

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 stock on the date of the New Option grant was determined based on the fair value of the Merger Transaction involving Booz Allen Hamilton, Inc. and the Company that occurred on July 31, 2008. For all grants of options through the initial public offering, the fair value of the Company's stock was determined by an independent valuation specialist. For all grants of options subsequent to the initial public offering, the fair value of the Company's stock was based on the Company's closing price on the New York Stock Exchange.

As the Company has no plans to issue regular dividends, a dividend yield of zero was used in the Black-Scholes option-pricing model. Expected volatility was calculated as of each grant

date based on reported data for a peer group of publicly traded companies for which historical information was available. The Company will continue to use peer group volatility information until historical volatility of the Company can be regularly measured against an open market to measure expected volatility for future 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 was estimated based on internal qualitative and quantitative factors. Forfeitures were estimated based on the Company's historical analysis of Officer 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:

Through Fiscal Year Ended March 31, 2011	Rollover Stock Plan New Options (Retirement)	Rollover Stock Plan New Options (Non-Retirement)	Equity Incentive Plan
Dividend yield	0.0%	0.0%	0.0%
Expected volatility	33.6%	36.0%	40.0%
Risk-free interest rate	2.76%	3.26%	2.63%
Expected life (in years)	2.98	5.29	7.02

The weighted-average grant-date fair values of retirement eligible New Options, non-retirement eligible New Options, and EIP Options were $8.54, $8.63, and $4.98, respectively.

DECEMBER 2009 DIVIDEND AND JULY 2009 DIVIDEND

On December 7, 2009, the Company's Board of Directors approved a dividend of $4.642 per share paid to holders of record as of December 8, 2009 of Class A Common Stock, Class B Non-Voting Common Stock, and Class C Restricted Common Stock. This dividend totaled $497.5 million. As required by the Rollover Plan and the EIP, and in accordance with applicable tax laws and regulatory guidance, the exercise price per share of each outstanding New Option and EIP Option was reduced in an amount equal to the value of the dividend. The Company evaluated the reduction of the exercise price associated with the dividend issuance. Both the Rollover and EIP plans contained mandatory antidilution provisions requiring modification of the options in the event of an equity restructuring, such as the dividends declared in July and December 2009. In addition, the structure of the modifications, as a reduction in the exercise price of options, did not result in an increase to the fair value of the awards. As a result of these factors, the Company did not record incremental compensation expense associated with the modifications of the options as a result of the July and December 2009 dividends. Options vested and not yet exercised that would have had an exercise price below zero as a result of the dividend were reduced to one cent. The difference between the one cent exercise price and the reduced value for shares vested and not yet exercised of approximately $54.4 million will be accrued by the Company as the options vest and will be paid in cash upon exercise of the options, subject to the continued vesting of the options. As of March 31, 2011 and 2010, the Company reported $31.4 million and $27.4 million, respectively, in other long-term liabilities and $9.0 million and $7.0 million, respectively, in accrued compensation and benefits in the consolidated balance sheets based on the proportion of the potential payment of $54.4 million which is represented by vested options for which stock-based compensation expense has been recorded. The Company paid $7.0 million to option holders in fiscal 2011 to settle the New Options exercised during the fiscal year, which is included in stock option exercises in cash flows from financing activities in the consolidated statements of cash flows.

On July 27, 2009, the Company's Board of Directors approved a dividend of $1.087 per share paid to holders of record as of July 29, 2009 of the Company's Class A Common Stock, Class B Non-Voting Common Stock, and Class C Restricted Common Stock. This dividend totaled $114.9 million. In accordance with the Officers' Rollover Stock Plan, the exercise price per share of each outstanding option, including New Options and EIP options, was reduced in compliance with applicable tax laws and regulatory guidance. Additionally, the Company evaluated the reduction of the exercise price associated with the dividend issuance. As a result, the Company did not record any additional incremental compensation expense associated with the dividend and corresponding decrease in the exercise and fair value of all outstanding options.

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

	Number of Options	Weighted Average Exercise Price
Officers' Rollover Stock Plan New Options		
Retirement eligible:		
Options outstanding at March 31, 2010	5,828,340	$ 0.01*
Granted	–	–
Forfeited	–	–
Expired	–	–
Exercised	1,699,930	0.01
Options outstanding at March 31, 2011	4,128,410	$ 0.01
Non-retirement eligible:		
Options outstanding at March 31, 2010	7,517,500	$ 0.01*
Granted	–	–
Forfeited	–	–
Expired	–	–
Exercised	–	–
Options outstanding at March 31, 2011	7,517,500	$ 0.01
Equity Incentive Plan Options		
Options outstanding at March 31, 2010	13,064,970	$ 4.80
Granted	2,010,000	13.45
Forfeited	624,140	4.38
Expired	–	–
Exercised	2,675,105	4.40
Options outstanding at March 31, 2011	11,775,725	$ 6.39

* Reflects adjustment for $4.642 dividend issued December 11, 2009, and $1.087 dividend issued July 27, 2009.

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

	Number of Options	Weighted Average Fair Value	Aggregate Intrinsic Value on Grant Date
Officers' Rollover Stock Plan New Options			
Retirement eligible:			
Unvested at March 31, 2010	4,856,950	$12.86	$40,995
Granted	–	–	–
Vested	2,428,470	4.27*	10,370*
Forfeited	–	–	–
Unvested at March 31, 2011	2,428,480	$21.46	
Non-retirement eligible:			
Unvested at March 31, 2010	7,517,500	$10.00	$62,553
Granted	–	–	–
Vested	–	–	–
Forfeited	–	–	–
Unvested at March 31, 2011	7,517,500	$10.00	
Equity Incentive Plan Options			
Unvested at March 31, 2010	10,826,040	$ 4.91	$ –
Granted	2,010,000	13.45	–
Vested	2,642,170	4.82	–
Forfeited	624,140	4.38	–
Unvested at March 31, 2011	9,569,730	$ 6.76	

* Reflects adjustment for $4.642 dividend issued December 11, 2009, and $1.087 dividend issued July 27, 2009.

The following table summarizes stock options outstanding at March 31, 2011:

Range of Exercise Prices	Stock Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (In years)	Stock Options Exercisable	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (In years)
Officers' Rollover Stock Plan						
$0.01	11,645,910	$0.01*	1.75	1,699,930	$0.01	0.38
Equity Incentive Plan						
$4.27–$20.00	11,775,725	$6.39	7.94	2,205,895	$4.77	7.70

* Reflects adjustment for $4.642 dividend issued December 11, 2009, and $1.087 dividend issued July 27, 2009.

The grant date aggregate intrinsic value for New Options outstanding and New Options exercisable at March 31, 2011 was $49.7 million and $726,000, respectively.

18. Related-Party Transactions

As discussed in Note 1, Carlyle acquired all of the issued and outstanding stock 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 2011 were $6.3 million and $5.3 million, respectively. Revenue and cost associated with these related party transactions for fiscal 2010 were $15.1 million and $13.5 million, respectively. Revenue and cost associated with these related party transactions for the eight months ended March 31, 2009 were immaterial.

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. In accordance with the Management Agreement, TC Group provides the Company with advisory, consulting, and other services and the Company pays TC Group an aggregate annual fee of $1.0 million plus expenses. In addition, the Company made a one-time payment to TC Group of $20.0 million for investment banking, financial advisory, and other services provided to the Company in connection with the Acquisition. For fiscal 2011, fiscal 2010, and the eight months ended March 31, 2009, the Company incurred $1.0 million, $1.0 million, and $700,000, respectively, in advisory fees.

Pursuant to the spin-off described in Note 1, effective July 31, 2008, the Company entered into a transition services agreement, or TSA, and a collaboration agreement, or CA, with Booz & Company Inc., or Booz & Co. The TSA required the Company and Booz & Co. to provide to each other certain support services for up to 15 months following July 31, 2008. Revenue and expenses were recognized as incurred.

The CA requires the Company and Booz & Co. to provide to each other the services of personnel that were either staffed on existing contracts as of July 31, 2008, or contemplated to be staffed in proposals submitted prior to but accepted after such date. The CA will remain in effect until the termination or expiration of the applicable contracts. Revenue and expenses are recognized as incurred.

Included in the accompanying consolidated balance sheets and statements of operations are support services between the Company and Booz & Co. under terms of the TSA and CA, as well as occupancy charges based on license agreements:

As of March 31, 2011:	
Accounts receivable	$ 187
Accounts payable	$ 91
As of March 31, 2010:	
Accounts receivable	$ 376
Accounts payable	$ 1,318
For the fiscal year ended March 31, 2011:	
Revenue	$ 1,438
Expenses	$ 1,936
For the fiscal year ended March 31, 2010:	
Revenue	$ 3,712
Expenses	$ 2,889
For the eight months ended March 31, 2009:	
Revenue	$27,652
Expenses	$27,785

There were no related-party transactions during the four months ended July 31, 2008.

19. Commitments and Contingencies

LEASES

The Company leases office space under noncancelable operating leases that expire at various dates through 2021. 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. 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 $118.4 million, net of $5.8 million of sublease income, $109.5 million, net of $7.1 million of sublease income, $68.6 million, net of $10.6 million of sublease income, and $30.2 million, net of $2.0 million of sublease income for fiscal 2011, fiscal 2010, eight months ended March 31, 2009, and four months ended July 31, 2008, respectively.

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

For the Fiscal Year Ending March 31,	Operating Lease Payments	Operating Sublease Income
2012	$ 85,440	$ 989
2013	70,783	496
2014	64,086	–
2015	54,267	–
2016	40,600	–
Thereafter	58,567	–
	$373,743	$1,485

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.

As a result of the Merger Transaction, the Company assigned a total of nine leases to Booz & Co. The facilities are located in New York, New York; Troy, Michigan; Florham Park, New Jersey; Parsippany, New Jersey; Houston, Texas; Chicago, Illinois; Cleveland, Ohio; Dallas, Texas; and London, England. Except for the Cleveland and Dallas leases, which expired, the Company remains liable under the terms of the original leases should Booz & Co. default on its obligations. There were no events of default under these leases as of March 31, 2011 and March 31, 2010. The maximum potential amount of undiscounted future payments is $47.0 million, and the leases expire at different dates between February 2012 and March 2017.

GOVERNMENT CONTRACTING MATTERS

For fiscal 2011, fiscal 2010, eight months ended March 31, 2009, and four months ended July 31, 2008, approximately 97%, 98%, 98%, and 93%, respectively, of the Company's revenue was generated from contracts with U.S. government agencies or other U.S. government contractors. Contracts with the U.S. government are subject to extensive legal and regulatory requirements and, from time to time and in the ordinary course of business, agencies of the U.S. government investigate whether the Company's operations are conducted in accordance with these requirements and the terms of the relevant contracts by using investigative techniques as subpoenas or civil investigative demands. U.S. government 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 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 adequately reserved for any losses that may be experienced from any investigation of which it is aware. The Defense Contract Management Agency Administrative Contracting Officer has negotiated annual final indirect cost rates through fiscal year 2006. Audits of subsequent years may result in cost reductions and/or penalties. Management believes it has adequately reserved for any losses that may be experienced from any such reductions and/or penalties. As of March 31, 2011 and 2010, the Company has recorded a liability of approximately $100.2 million and $72.7 million, respectively, for its current best estimate of net amounts to be refunded to customers for potential adjustments from such audits or reviews of contract costs incurred subsequent to fiscal year 2006.

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 monetary damages in varying amounts that currently range up to $26.2 million 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 financial condition and results of operations.

Six former officers and stockholders of the Predecessor who had departed the firm prior to the Acquisition have filed a total of nine suits, with original filing dates ranging from July 3, 2008 through December 15, 2009 (three of which were amended on July 2, 2010 and then further amended into one consolidated complaint on September 7, 2010) against the Company and certain of the Company's 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. 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. Two of these suits have been dismissed and another has been dismissed but the former stockholder has sought leave to re-plead. Five of the remaining suits are pending in the United States District Court for the Southern District of New York and the sixth is pending in the United States District Court for the Southern District of California. As of March 31, 2011 and 2010, the aggregate alleged damages sought in the six remaining suits was approximately $348.7 million ($291.5 million of which is sought to be trebled pursuant to RICO) and $197.0 million ($140.0 million of which is sought to be trebled pursuant to RICO), respectively, plus punitive damages, costs, and fees.

20. 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.

21. Unaudited Quarterly Financial Data

	2011 Quarters			
	First	**Second**	**Third**	**Fourth**
Revenue	**$1,341,929**	**$1,367,214**	**$1,389,176**	**$1,492,977**
Operating income	**88,745**	**71,909**	**75,131**	**83,659**
Income before income taxes	**48,085**	**26,276**	**21,943**	**31,760**
Net income	**28,169**	**14,817**	**23,638**	**18,070**
Earnings per common share:				
Basic (1)	**$ 0.26**	**$ 0.14**	**$ 0.20**	**$ 0.14**
Diluted (1)	**$ 0.23**	**$ 0.12**	**$ 0.18**	**$ 0.13**

	2010 Quarters			
	First	Second	Third	Fourth
Revenue	$1,229,459	$1,279,257	$1,261,353	$1,352,564
Operating income	52,351	57,938	40,712	48,553
Income before income taxes	15,972	21,262	2,696	9,064
Net income	8,425	10,810	1,294	4,890
Earnings per common share:				
Basic (1)	$ 0.08	$ 0.10	$ 0.01	$ 0.05
Diluted (1)	$ 0.08	$ 0.10	$ 0.01	$ 0.04

(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.

22. Supplemental Financial Information

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

	The Company			Predecessor
	Fiscal Year Ended March 31, 2011	Fiscal Year Ended March 31, 2010	Eight Months Ended March 31, 2009	Four Months Ended July 31, 2008
Allowance for doubtful accounts:				
Beginning balance	**$ 2,127**	$ 1,648	$ 1,959	$ 4,364
Provision for doubtful accounts	**230**	1,371	2,082	1,038
Charges against allowance	**(1,009)**	(892)	(2,393)	(3,443)
Ending balance	**$ 1,348**	$ 2,127	$ 1,648	$ 1,959
Tax valuation allowance:				
Beginning balance	**$42,379**	$10,056	$16,000	$ –
Purchase accounting adjustments	**–**	32,323	(5,944)	16,000
Ending balance	**$42,379**	$42,379	$10,056	$16,000

23. Discontinued Operations

As discussed in Note 1, the Predecessor spun off its global commercial business into a stand-alone entity referred to as Booz & Company Inc. on July 31, 2008. Accordingly, the following amounts related to the global commercial business have been segregated from continuing operations and included in discontinued operations, net of taxes, in the consolidated statement of operations for the four months ended July 31, 2008:

	July 31, 2008
Revenue	$ 438,567
Operating expenses:	
Cost of revenue	300,652
General and administrative expenses	1,142,880
Operating loss	(1,004,965)
Interest expense	(855)
Other, net	2,741
	1,886
Loss before income tax benefit	(1,003,079)
Income tax benefit	154,708
Loss from discontinued operations, net of taxes	$ (848,371)

STOCK-BASED COMPENSATION

As discussed in Note 17, the Predecessor's Officer Stock Rights Plan enabled Officers of the Predecessor to purchase shares of stock. The global commercial business recorded stock-based compensation expense of $427.3 million in general and administrative expenses related to the acceleration of stock rights and shadow stock units, and $541.8 million for the mark-up of redeemable common stock during the four months ended July 31, 2008. The value of the accelerated stock rights and the redeemable common stock was determined using the price per share paid in the Merger Transaction.

DEFINED CONTRIBUTION PLANS

As discussed in Note 14, the Company has a defined contribution plan. Total expense under ECAP related to the global commercial business was $7.6 million for the four months ended July 31, 2008.

DEFINED BENEFIT PLAN AND OTHER POSTRETIREMENT BENEFIT PLANS

The Predecessor recognized total pension expense of $500,000, and total postretirement expense of $1.8 million, for its U.S. employees as a component of loss from discontinued operations for the four months ended July 31, 2008.

The officers and professional staff of the Predecessor employed in Germany were covered by a defined benefit pension plan, or Non-U.S. Plan. As stipulated in the Merger Agreement, the Company is not liable for the pension obligations associated with the German Pension Plan. The Predecessor recognized total pension expense for the Non-U.S. Plan as a component of loss from discontinued operations of $8.9 million for the four months ended July 31, 2008.

These plans were transferred to Booz & Co. as new plans as part of the Merger Transaction.

LEASE OBLIGATIONS

Rent expense related to the global commercial business, net of sublease income, was $10.5 million for the four months ended July 31, 2008.

24. Subsequent Events

After March 31, 2011, the Company a signed a definitive purchase agreement to sell its state and local government transportation consulting business for $28.5 million in cash, subject to certain adjustments. The transaction is expected to close in the second quarter of fiscal 2012. If the Company recognizes a gain on the sale, there is potential for a release of a portion of the deferred tax valuation allowance.

Non-GAAP Measures

Booz Allen utilizes and discusses Adjusted Operating Income, Adjusted EBITDA, Adjusted Net Income, and 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. Management views Adjusted Operating Income, Adjusted EBITDA, Adjusted Net Income, and Adjusted Diluted EPS as measures of the core operating business, which exclude the impact of the items detailed 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. 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 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. Adjusted Operating Income, Adjusted EBITDA, Adjusted Net Income, Adjusted Diluted EPS, and Free Cash Flow are not recognized measurements under GAAP and when analyzing our performance or liquidity, as applicable, investors should (i) evaluate each adjustment in our reconciliation of operating and net income to Adjusted Operating Income, Adjusted EBITDA, and Adjusted Net Income, and cash flows to Free Cash Flow, and the explanatory footnotes regarding those adjustments, and (ii) use Adjusted Operating Income, Adjusted EBITDA, Adjusted Net Income, and Adjusted Diluted EPS, in addition to, and not as an alternative to operating income, net income, or diluted EPS as a measure of operating results, with cash flows in addition to, and not as an alternative to, net cash generated from operating activities as a measure of liquidity, each as defined under GAAP. We have defined the aforementioned non-GAAP measures as follows:

"Adjusted Operating Income" represents operating income before (i) certain stock option-based and other equity-based compensation expenses, (ii) the impact of the application of purchase accounting, (iii) adjustments related to the amortization of intangible assets, and (iv) any extraordinary, unusual, or non-recurring items. We prepare Adjusted Operating Income to eliminate the impact of items it does not consider indicative of ongoing operating performance due to their inherent unusual, extraordinary, or non-recurring nature or because they result from an event of a similar nature.

"Adjusted EBITDA" represents net income before income taxes, net interest and other expense, and depreciation and amortization and before certain other items, including: (i) certain stock option-based and other equity-based compensation expenses, (ii) transaction costs, fees, losses, and expenses, including fees associated with debt prepayments, (iii) the impact of the application of purchase accounting, and (iv) any extraordinary, unusual, or non-recurring items. We prepare Adjusted EBITDA to eliminate the impact of items it does not consider indicative of ongoing operating performance due to their inherent unusual, extraordinary, or non-recurring nature or because they result from an event of a similar nature.

"Adjusted Net Income" represents net income before: (i) certain stock option-based and other equity-based compensation expenses, (ii) transaction costs, fees, losses, and expenses, including fees associated with debt prepayments, (iii) the impact of the application of purchase accounting, (iv) adjustments related to the amortization of intangible assets, (v) amortization or write-off of debt issuance costs and write-off of original issue discount, and (vi) any extraordinary, unusual, or non-recurring items, in each case net of the tax effect calculated using an assumed effective tax rate. We prepare Adjusted Net Income to eliminate the impact of items, net of tax, it does not consider indicative of ongoing operating performance due to their inherent unusual, extraordinary, or non-recurring nature or because they result from an event of a similar nature.

"Adjusted Diluted EPS" represents diluted EPS calculated using Adjusted Net Income as opposed to net income.

"Free Cash Flow" represents the net cash generated from operating activities less the impact of purchases of property and equipment.

Non-GAAP Measures

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

(Amounts in thousands, except share and per share data)	**2011**	2010	(Unaudited) Pro Forma 2009
Adjusted Operating Income			
Operating Income	**$ 319,444**	$ 199,554	$ 66,401
Certain stock-based compensation expense [a]	**39,947**	68,517	82,019
Purchase accounting adjustments [b]	**–**	1,074	3,077
Amortization of intangible assets [c]	**28,641**	40,597	57,833
Transaction expenses [d]	**4,448**	3,415	–
Adjusted Operating Income	**$ 392,480**	$ 313,157	$ 209,330
EBITDA & Adjusted EBITDA			
Net income	**$ 84,694**	$ 25,419	$ (49,441)
Income tax expense	**43,370**	23,575	(25,831)
Interest and other, net	**191,380**	150,560	141,673
Depreciation and amortization	**80,603**	95,763	106,335
EBITDA	**400,047**	295,317	172,736
Certain stock-based compensation expense [a]	**39,947**	68,517	82,019
Transaction expenses [d]	**4,448**	3,415	19,512
Purchase accounting adjustments [b]	**–**	1,074	3,077
Adjusted EBITDA	**$ 444,442**	$ 368,323	$ 277,344
Adjusted Net Income			
Net income	**$ 84,694**	$ 25,419	$ (49,441)
Certain stock-based compensation expense [a]	**39,947**	68,517	82,019
Transaction expenses [e]	**20,948**	3,415	–
Purchase accounting adjustments [b]	**–**	1,074	3,077
Amortization of intangible assets [c]	**28,641**	40,597	57,833
Amortization or write-off of debt issuance costs and write-off of original issue discount	**50,102**	5,700	3,106
Release of FIN 48 reserves [f]	**(10,966)**	–	–
Adjustments for tax effect [g]	**(55,855)**	(47,721)	(58,414)
Adjusted Net Income	**$ 157,511**	$ 97,001	$ 38,180
Adjusted Diluted Earnings Per Share			
Weighted-average number of diluted shares outstanding	**127,448,700**	116,228,380	105,695,340
Adjusted Net Income Per Diluted Share	**$ 1.24**	$ 0.83	$ 0.36
Free Cash Flow			
Net cash provided by operating activities	**$ 296,339**	$ 270,484	$ (6,217)
Less: Purchases of property and equipment	**(88,784)**	(49,271)	(46,149)
Free Cash Flow	**$ 207,555**	$ 221,213	$ (52,366)

(a) Reflects stock-based compensation expense for options for Class A Common Stock and restricted shares, in each case, issued in connection with the acquisition under the Officer's Rollover Stock Plan that was established in connection with the acquisition. Also reflects stock-based compensation expense for Equity Incentive Plan Class A Common Stock options issued in connection with the acquisition under the Equity Incentive Plan that was established in the connection with the acquisition.
(b) Reflects adjustments resulting from the application of purchase accounting in connection with the acquisition not otherwise included in depreciation and amortization.
(c) Reflects amortization of intangible assets resulting from the acquisition.
(d) Three months ended March 31, 2011 reflects costs related to the modification of our credit facilities in connection with the Refinancing Transaction. Fiscal 2011 reflects debt refinancing costs incurred in connection with the Refinancing Transaction and certain external administrative and other expenses incurred in connection with the initial public offering. Fiscal 2010 reflects costs related to the modification of our credit facilities, the establishment of the Tranche C term loan facility under our senior secured credit facilities and the related payment of special dividends.
(e) Three months ended March 31, 2011 reflects costs related to the modification of our credit facilities and prepayment fees associated with early repayments on the mezzanine term loan and credit facilities in connection with the Refinancing Transaction. Fiscal 2011 reflects debt refinancing costs and prepayment fees incurred in connection with the Refinancing Transaction, as well as certain external administrative and other expenses incurred in connection with the initial public offering. Fiscal 2010 reflects costs related to the modification of our credit facilities, the establishment of the Tranche C term loan facility under our senior secured credit facilities and the related payment of special dividends.
(f) Reflects the release of uncertain tax reserves, net of tax.
(g) Reflects tax adjustments at an assumed marginal tax rate of 40%.

Shareholder Information

COMPANY NEWS

Information about Booz Allen Hamilton Holding Corporation and our operating company Booz Allen Hamilton, including archived news releases and SEC filings, is available from the company's website at www.boozallen.com. Booz Allen's quarterly earnings conference calls and other significant investor events are posted when they occur.

Inquiries from securities analysts, portfolio managers, and other representatives of institutional investors about Booz Allen should be directed to:

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McLean, VA

SHARE PRICE INFORMATION

Booz Allen Hamilton Holding Corporation common stock is listed on the New York Stock Exchange (NYSE) under ticker symbol BAH. The weighted average number of diluted shares outstanding for the fiscal year ended March 31, 2011, was 127,448,700. Share price information can be found at www.boozallen.com/investors.

MANAGEMENT'S CERTIFICATIONS

The certifications of our Chief Executive Officer and Chief Financial Officer required by Section 302 of the Sarbanes-Oxley Act of 2002 have been filed with the Securities and Exchange Commission as exhibits to our Annual Report on Form 10-K.

In addition, our Chief Executive Officer provided to the New York Stock Exchange the annual Section 303A CEO certification regarding our compliance with the New York Stock Exchange's corporate governance listing standards.

Global Reach

Booz Allen Hamilton serves clients wherever their mission takes us. In the past year, we've supported clients on long-term engagements in Europe, Asia, Southeast Asia, the Middle East, and the Pacific Rim.

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