

Booz Allen Hamilton Holding Corp  
Form DEF 14A  
June 16, 2016

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A  
(RULE 14a-101)  
INFORMATION REQUIRED IN PROXY STATEMENT  
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No.     )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Materials Pursuant to §240.14a-12

BOOZ ALLEN HAMILTON HOLDING CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Notice of 2016  
Annual Meeting  
of Stockholders  
and Proxy Statement  
July 28, 2016

---



Booz Allen Hamilton Holding Corporation  
8283 Greensboro Drive  
McLean, Virginia 22102

June 16, 2016

Dear Fellow Stockholder:

I am pleased to invite you to join our Board of Directors, senior leadership and fellow stockholders at our Annual Meeting of Stockholders to be held at 8:00 a.m. (EDT) on July 28, 2016, at The John C. Newman Auditorium, located in our offices at 8283 Greensboro Drive, McLean, VA 22102. Enclosed with this proxy statement are your proxy card and our 2016 annual report to stockholders.

Items of business to be transacted at our annual meeting are:

1. Election of three directors;
2. Ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2017; and
3. Consideration of any other business that may properly be brought before the annual meeting.

The Board of Directors recommends that you vote FOR Proposals 1 and 2.

Your vote is important. Whether you plan to attend the annual meeting or not, you may access electronic voting via the Internet or the automated telephone voting feature, both of which are described on your enclosed proxy card, or you may sign, date and return the proxy card in the envelope provided. If you plan to attend the annual meeting, you may vote in person.

Registration and seating will begin at 7:30 a.m. Each stockholder will be asked to sign an admittance log and may be asked to present a valid picture identification. Stockholders holding stock in brokerage accounts must bring a copy of a brokerage statement reflecting their stock ownership as of the June 6, 2016 record date. Cameras and recording devices will not be permitted at the meeting.

On behalf of Booz Allen Hamilton, I want to thank you for your continued support and investment.

Sincerely,

Horacio D. Rozanski  
President and Chief Executive Officer

---



NOTICE OF BOOZ ALLEN HAMILTON HOLDING CORPORATION'S 2016 ANNUAL MEETING OF STOCKHOLDERS

Time and Date: 8:00 a.m. (EDT), July 28, 2016

Place: The John C. Newman Auditorium, located in our offices at 8283 Greensboro Drive, McLean, VA 22102

- Agenda:
1. The election of three director nominees named in the proxy statement;
  2. The ratification of the selection of Ernst & Young LLP as the Company's independent registered public accounting firm for the Company's fiscal year 2017; and
  3. The transaction of any other business that may properly be brought before the annual meeting.

The Board of Directors recommends that you vote FOR Proposals 1 and 2.

Record Date: Only holders of record of the Company's Class A common stock on June 6, 2016 will be entitled to vote at the annual meeting.

Date of Distribution: This proxy statement and the accompanying materials are being mailed to stockholders beginning June 16, 2016.

Proxy Voting: Your vote is important. Whether you plan to attend the annual meeting or not, you may access electronic voting via the Internet or the automated telephone voting feature, both of which are described on your enclosed proxy card, or you may sign, date and return the proxy card in the envelope provided. If you plan to attend the annual meeting, you may vote in person.

On Behalf of the Board of Directors,  
Nancy J. Laben  
Secretary

June 16, 2016

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held on July 28, 2016: This Notice of Annual Meeting and Proxy Statement and our 2016 Annual Report are available at [www.proxyvote.com](http://www.proxyvote.com).

---



TABLE OF CONTENTS TO PROXY STATEMENT

PROXY STATEMENT SUMMARY	<u>1</u>
ELECTION OF DIRECTORS	<u>5</u>
Board Structure	<u>5</u>
Class III Election	<u>5</u>
Class III Nominees	<u>5</u>
CONTINUING DIRECTORS	<u>7</u>
CORPORATE GOVERNANCE AND GENERAL INFORMATION CONCERNING THE BOARD OF DIRECTORS AND ITS COMMITTEES	<u>11</u>
Our Board of Directors	<u>11</u>
Corporate Governance Guidelines	<u>11</u>
Codes of Conduct and Ethics	<u>11</u>
Board Meetings and Attendance	<u>11</u>
Board Leadership Structure	<u>11</u>
Succession Planning and Talent Reviews	<u>12</u>
Risk Oversight	<u>12</u>
Annual Board Performance Assessment	<u>13</u>
Board Independence	<u>13</u>
Selection of Nominees for Election to the Board	<u>13</u>
Director Orientation and Continuing Education	<u>14</u>
Communications with the Board	<u>14</u>
Board Committees	<u>14</u>
Director Compensation	<u>17</u>
Director Ownership Guidelines	<u>19</u>
COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION	<u>19</u>

SECURITY OWNERSHIP INFORMATION	<u>21</u>
SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE	<u>23</u>
CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS	<u>24</u>
Policies and Procedures for Related Person Transactions	<u>24</u>
Related Person Transactions	<u>24</u>
COMPENSATION DISCUSSION AND ANALYSIS	<u>27</u>
Executive Summary	<u>27</u>
Setting Executive Compensation	<u>30</u>
Compensation Elements	<u>30</u>
Executive Ownership Requirements	<u>34</u>
Risk Assessment	<u>35</u>
Government Limitations on Reimbursement of Compensation Costs	<u>35</u>

---

Policy on Recovering Bonuses in the Event of a Restatement	<u>35</u>
Certain Change in Control Provisions	<u>35</u>
Policies on Timing of Equity Grants	<u>36</u>
Effect on Accounting and Tax Treatment on Compensation Decisions	<u>36</u>
Compensation Tables and Disclosures	<u>37</u>
COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION	<u>44</u>
AUDIT COMMITTEE REPORT	<u>45</u>
PRE-APPROVAL OF SERVICES BY INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	<u>45</u>
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FEES	<u>47</u>
RATIFICATION OF APPOINTMENT OF ACCOUNTANTS	<u>47</u>
OTHER BUSINESS	<u>48</u>
IMPORTANT INFORMATION ABOUT ANNUAL MEETING AND PROXY PROCEDURES	<u>49</u>
Appendix A	<u>A - 1</u>

---

**PROXY STATEMENT SUMMARY**

This summary highlights information contained elsewhere in this proxy statement. The summary does not contain all of the information that you should consider, and you should review our Annual Report on Form 10-K for the year ended March 31, 2016 and the entire proxy statement carefully before voting.

Unless the context otherwise indicates or requires, as used in this proxy statement, references to: (i) the “Company,” “we,” “us,” “our” or our “company” refer to Booz Allen Hamilton Holding Corporation, its consolidated subsidiaries and predecessors; (ii) “Booz Allen Holding” refers to Booz Allen Hamilton Holding Corporation exclusive of its subsidiaries; (iii) “Booz Allen Hamilton” refers to Booz Allen Hamilton Inc., our primary operating company and a wholly-owned subsidiary of Booz Allen Holding; (iv) “our Board” or “the Board” means the Board of Directors of the Company; (v) “stockholder” means holders of our common stock; (vi) “fiscal,” refers to our fiscal years ended March 31; and (vii) “you,” “your,” “yours” or other words of similar import in this proxy statement refers to stockholders entitled to vote on the matters to be presented at the annual meeting.

**2016 Annual Meeting of Stockholders**

Date and Time: July 28, 2016 at 8:00 a.m. EDT

Place: Booz Allen Hamilton

The John C. Newman Auditorium

8283 Greensboro Drive, McLean, VA 22102

Record date: June 6, 2016

Admission: Annual meeting admission is limited to our registered and beneficial stockholders as of the record date and persons holding valid proxies from stockholders. Admission to our annual meeting requires proof of your stock ownership as of the record date, and valid, government-issued identification. See "Important Information about the Annual Meeting and Proxy Procedures" on page 49 for additional information.

**Voting Matters and Board Recommendations**

Stockholders are being asked to vote on the following matters at the 2016 Annual Meeting of Stockholders:

Proposal Description	Board's Voting Recommendation	Page Reference
No. 1 Election of 3 director nominees	FOR each nominee	5
No. 2 Ratification of appointment of Ernst & Young LLP as the Company's independent registered accounting firm for fiscal year 2017	FOR	47

**How to Vote**

Stockholders as of the record date may vote in person at the meeting or vote in advance by submitting a proxy by Internet, telephone, or mail as follows:

Vote by Internet	Vote by Telephone	Vote by Mail	Vote in Person
Visit proxyvote.com	Call the phone number located on the top of your proxy card.	Complete, sign, date and return your proxy card in envelope provided.	Attend our annual meeting and vote by ballot.

## Company Performance and Highlights

### Delivering Significant Returns to Stockholders

In fiscal 2016, we continued to deliver above-market returns to our stockholders through appreciation in our stock price, the payment of regular dividends and share repurchases.

• Our stock price increased by 5% during fiscal 2016 and total shareholder return increased by 7% over the same period.

• During fiscal 2016, we declared and paid \$80.0 million in recurring dividends to stockholders - three regular dividends of \$0.13 per share each; and one regular dividend of \$0.15 per share.

• The dividend rate was increased by 15%, effective in the fourth quarter of fiscal 2016.

• During fiscal 2016, we repurchased approximately \$54.9 million in shares in open market transactions.

### Fiscal 2016 Company Performance

• Fiscal 2016 marked the first year of top line revenue growth since fiscal 2012.

• Continued focus on investments in markets, capabilities, and people is positioning Booz Allen for sustainable quality growth.

• Full year revenue up 2.5% to \$5.41 billion

• Adjusted EBITDA decreased 3.3% to \$506.1 million

• Adjusted Diluted EPS increased 3.1% to \$1.65

• Total backlog increased 26.2% to \$11.8 billion

• Free cash flow was \$182.6 million in fiscal 2016

Adjusted EBITDA, Adjusted Diluted Earnings Per Share and Free Cash Flow may differ from similarly titled measures presented by other companies in our industry and are not recognized measures under U.S. Generally Accepted Accounting Principles, or GAAP. A reconciliation between these non-GAAP financial measures and the most directly comparable financial measure calculated and presented in accordance with GAAP can be found in Appendix A to this proxy statement.

Our Board of Directors

This year's Board nominees include the three Class III directors - Melody C. Barnes, Arthur E. Johnson and Charles O. Rossotti. Each nominee is listed below along with the continuing directors, and you can find additional information under "Election of Directors" beginning on page 5.

Director Independence Tenure

Age Mix

Diversity

55% of our Directors (6 of 11) are Women, Asian, Hispanic and/or African-American

3

---

#### Corporate Governance Highlights

9 of our 11 directors are independent and the Audit, Compensation and Nominating and Corporate Governance Committees are 100% independent.

Diverse Board of Directors in terms of gender, ethnicity, experience and skills.

On average, our directors attended 95% of the Board of Directors meetings and 95% of committee meetings.

The Board of Directors held regular executive sessions of non-management directors.

The Board of Directors conducts an annual discussion on management succession planning. In fiscal 2017, Lloyd W. Howell Jr. will succeed Kevin L. Cook as Chief Financial Officer and Treasurer effective July 1, 2016.

We prohibit short sales and derivative transactions in our equity and hedging of our stock.

Equity awards include a provision for the recoupment of equity-based compensation in the event of misconduct leading to a financial restatement.

Our investor relations team and management regularly engage with current and potential stockholders.

- No poison pill in place.

Executive officer and director stock ownership guidelines.

Annual Board and Committee evaluations and self-assessments.

We place restrictions on the number of other public company boards on which our directors may serve in order to prevent overboarding.

#### Executive Compensation Highlights

Our executive compensation philosophy is centered on our use of a partnership-style culture and compensation model, which fosters internal collaboration through a single profit center and a firm-wide compensation pool.

Our executive compensation program during fiscal 2016 was structured so that each of our executives is assigned to a distinct level (with a separate level assigned to our chief executive officer) and all executives within the same level receive the same compensation.

As part of the Compensation Committee's review of our executive compensation program, the Committee reviews the program to ensure it is achieving the desired alignment between our executives and the long-term interests of our stockholders. The Committee is currently evaluating the introduction of a long-term performance-based component to our executive compensation program, where an element of compensation will be tied to achievement of multi-year performance goals.

#### Corporate Citizenship Highlights

Became a FIRST® (For Inspiration and Recognition of Science and Technology) strategic partner; one of only 18 organizations to achieve such recognition. We were recognized for our multifaceted support spanning all FIRST programs, including employees serving as team mentors, event volunteers, and regional/affiliate advisors. This past year, we also provided in-kind technical consulting services to help FIRST take its data analytics capabilities to the next level.

Partnered with Operation Homefront to launch the Booz Allen Innovation Award for Military Children recognizing a military child who has designed a bold, creative solution to address a local, regional or global challenge. Elizabeth O'Brien, age 17, of Aberdeen, North Carolina, whose father serves in the U.S. Army, was the inaugural winner for her innovative work with the Military Child Access Assistance Program which, in partnership with the nonprofit Military Missions in Action (MMIA), provides accessibility ramps and other home modifications to military families' homes. Our largest corporate financial contributions and pro bono consulting projects supported programs related to the military families and veterans, STEM initiatives, and health causes and employees logged more than 50,000 hours of volunteerism for community organizations.

Ranked by Forbes magazine as the top employer for veterans for three years running; named in the top ten of the G.I. Jobs list of Top 100 Military-Friendly Employers for six years; ranked #6 in the Military Times Best for Vets Survey and received the Employers' Support of the Guard and Reserve's prestigious Above and Beyond award. Additionally, we have been honored by Paralyzed Veterans of America and Give An Hour for outstanding practices that support

wounded veterans.

• Small business program was noted as "the most robust and dynamic program in the industry" by the Defense Contract Management Agency.

• During government fiscal year 2016, approximately \$714 million spent with various small and small disadvantaged businesses, representing more than 64% of subcontracted spending.

• Maintained eight active mentor-protégé agreements with small businesses through various federal Mentor-Protégé programs.

4

---

## PROPOSAL 1: ELECTION OF DIRECTORS

### Board Structure

The Company currently has eleven directors divided into three classes: four in Class I, four in Class II, and three in Class III. The terms of office of the three Class III directors expire at the 2016 Annual Meeting of Stockholders.

### Class III Election

The three nominees for election as Class III directors are listed below. If elected, the nominees for election as Class III directors will serve for a term of three years and until their successors are elected and qualify. Unless you instruct us on the proxy card to vote differently, we will vote signed, returned proxies FOR the election of such nominees. If for any reason any nominee cannot or will not serve as a director, we may vote such proxies for the election of a substitute nominee designated by the Board.

### Class III Nominees

To be elected, a nominee must receive the vote of a plurality of the votes validly cast at the annual meeting represented either in person or by proxy at the annual meeting. The Nominating and Corporate Governance Committee and the Board believe that each Class III Nominee brings a strong and diverse set of skills and experiences to the company, including significant government, public company, financial and strategic experience, that will strengthen our Board's independent leadership and effectiveness with respect to our business and long-term strategy. The Class III Nominees are as follows:

Director	Principal Occupation, Business Experience and Other Directorships Held
----------	--

Melody C. Barnes (Class III)	Ms. Barnes is the Co-Founder and Principal of MB Squared Solutions, LLC, a domestic policy strategy firm, and Chair of the Aspen Institute Forum for Community Solutions. Since 2012, she has also served as Vice Provost, Global Student Leadership Initiatives and a Senior Fellow at the Robert F. Wagner School of Public Service at New York University. Ms. Barnes currently serves as a director of Ventas Inc., a real estate investment trust. From January 2009 to January 2012, Ms. Barnes served in the White House as Director of the Domestic Policy Council. In this role, she provided policy and strategic advice to President Obama and coordinated the domestic policy-making process for his administration. Before joining the White House, she served as the Senior Domestic Policy Advisor for then-Senator Obama's 2008 presidential campaign. Ms. Barnes was the Executive Vice President for Policy at the Center for American Progress from 2005 to 2008 and a Senior Fellow at the Center for American Progress from 2003 to 2005, and prior to that she was a principal in the Raben Group LLC. She also served as Chief Counsel to Senator Edward M. Kennedy on the Senate Judiciary Committee from 1998 to 2003 and General Counsel for Senator Kennedy from 1995 to 1998. Ms. Barnes also serves on the non-profit boards of directors of Year-Up and the Marguerite Casey Foundation.
------------------------------	--

Age: 52 Specific qualifications, experience, skills and expertise include:

Director since: 2015	• Significant government experience and strong skills in public policy; • Public company directorship; and • Core business skills, including financial and strategic planning as well as leading not-for-profit Independent organizations.
----------------------	--

Committees:

- 

Compensation

- 

Nominating

and  
Corporate  
Governance

5

---

Director Principal Occupation, Business  
Experience and Other Directorships Held

Arthur E. Johnson (Class III) Mr. Johnson retired as Senior Vice President, Corporate Strategic Development of Lockheed Martin Corp. in 2009, a position he held since 1999. Mr. Johnson has over 20 years of senior leadership experience in the information technology and defense businesses. Mr. Johnson brings extensive IT management experience to the Board, having held senior positions at IBM, Loral Corporation and Lockheed Martin. He serves on the boards of directors of AGL Resources, Inc., since 2002, and Eaton Corporation, since 2009, and as an independent trustee of the Fixed Income and Asset Allocation funds of Fidelity Investments, since 2008. Mr. Johnson served as a director of Delta Airlines, from 2005 to 2007, and IKON Office Solutions Corporation, from 1999 to 2008.

Age: 69

Director since: Specific qualifications, experience, skills and expertise include:

- 2011 Independent
- Public company directorship and audit committee experience;
  - Operating and management experience;
  - Understanding of government contracting; and
  - Core business skills, including financial and strategic planning.

Committee:

- Audit

Charles O. Rossotti (Class III) Mr. Rossotti has served as a Senior Advisor to The Carlyle Group, a private equity firm, since June 2003. Prior to this position Mr. Rossotti served as the Commissioner of the Internal Revenue Service from 1997 to 2002. Mr. Rossotti co-founded American Management Systems, Inc., an international business and information technology consulting firm in 1970, where he served at various times as President, Chief Executive Officer and Chairman of the Board until 1997. Mr. Rossotti serves as a director for the AES Corporation since 2003 and as its Chairman since 2013, ECi Software Solutions, since 2014, Coolbine Systems, since September 2015 and Novetta Solutions LLC, since March 2016. Mr. Rossotti formerly served as a director of Bank of America Corporation, from 2009 to May 2013, Compusearch Software Systems, from 2005 to 2010, Wall Street Institute from 2005 to 2010, Apollo Global, from 2006 to 2012, Quorum Management Solutions from 2010 to 2014, Primatics Financial from 2011 to 2015, and as a trustee of Carlyle Select Trust from March 2014 to April 2015.

Age: 75

Director since: 2008 Specific qualifications, experience, skills and expertise include:

- Independent
- Public company directorship and audit committee experience;
  - Operating and management experience;
  - Understanding of government contracting;
  - Core business skills, including financial and strategic planning; and
  - Expertise in finance, financial reporting, compliance and controls and global businesses.

Committee:

- None

The Board of Directors recommends a vote FOR each of the Class III nominees.



CONTINUING DIRECTORS

The eight directors whose terms will continue after the annual meeting and will expire at the 2017 annual meeting (Class I) or the 2018 annual meeting (Class II) are listed below.

Director Principal Occupation, Business Experience and Other Directorships Held

Ralph W. Shrader (Class I) Dr. Shrader is our Chairman and has served in this position since 2008. He previously served as our Chief Executive Officer from 2008 to January 1, 2015 and as our President from 2008 to December 31, 2013. He has also served as Chairman Booz Allen Hamilton Inc. since 1999 and as Chief Executive Officer of Booz Allen Hamilton Inc. from 1999 to January 1, 2015. Dr. Shrader has been an employee of our company since 1974. He is the seventh chairman since our company's founding in 1914 and has led our company through a significant period of growth and strategic realignment. Dr. Shrader is active in professional and charitable organizations, and is past Chairman of the Armed Forces Communications and Electronics Association.

Age: 71  
Director since: 2008  
Chairman

Specific qualifications, experience, skills and expertise include:

- Operating and management experience;
- Understanding of government contracting;
- Core business skills, including financial and strategic planning; and
- Deep understanding of our Company, its history, and culture.

Committee:  
• Executive (Chair)

Joan Lordi C. Amble (Class I) Ms. Amble was the Executive Vice President, Finance for the American Express Company from May 2011 to December 2011, and also served as its Executive Vice President and Corporate Comptroller from December 2003 until May 2011. Prior to joining American Express, Ms. Amble served as Chief Operating Officer and Chief Financial Officer of GE Capital Markets, a service business within GE Capital Services, Inc., overseeing securitizations, debt placement, and syndication, as well as structured equity transactions. From 1994 to March 2003, Ms. Amble served as vice president and controller for GE Capital. Ms. Amble is the President of JCA Consulting, LLC and serves on the board of directors of Zurich Insurance Group since April 2015, Brown-Forman Corporation, since 2011, XM Radio, since 2006; merged Sirius XM Holdings Inc., since 2008. Ms. Amble also served as a director at Broadcom Corp. from 2009 to 2011.

Age: 63  
Director since: 2012  
Independent

Specific qualifications, experience, skills and expertise include:

- Public company directorship and audit committee experience;
- Operating and management experience;
- Core business skills, including financial and strategic planning; and
- Expertise in finance, financial reporting, compliance and controls and global businesses.

Committee:  
• Audit

7

---

Director Principal Occupation, Business  
Experience and Other Directorships Held

Peter Mr. Clare is a Managing Director and Deputy Chief Investment Officer for Corporate Private Equity of The  
Clare Carlyle Group, a private equity firm, as well as Co-Head of its U.S. Buyout Group. Mr. Clare has been with  
(Class I) The Carlyle Group since 1992. He serves on the board of directors of Signode Industrial, since 2014. Mr.  
Clare served as a director of ARINC Incorporated from 2007 to 2013, CommScope, Inc. from 2011 to 2015,  
Pharmaceutical Product Development, LLC from 2011 to 2015, Sequa Corporation from 2007 to 2016 and  
Wesco Aircraft Holdings, Inc. from 2006 to 2012.

Age: 51  
Director  
since:  
2008  
Independent

Specific qualifications, experience, skills and expertise include:  
Committees:

- Executive
  - Operating experience;
  - Understanding of government contracting;
  - Core business skills, including financial and strategic planning;
  - Compensation
  - Public company directorship and committee experience; and
  - Nominating
  - Expertise in finance, financial reporting, compliance and controls and global businesses.
- and  
Corporate  
Governance  
(Chair)

Philip Mr. Odeen served as the chairman of the board of directors and lead independent director of AES  
A. Corporation from 2009 to 2013, and as a director of AES from 2003 to 2013. Mr. Odeen also served as the  
Odeen chairman of the board of Convergys Corporation from 2008 to 2013, and as a director of Convergys Corp.  
(Class from 2000 to 2013, QinetiQ North America, Inc., from 2006 to 2014, and ASC Signal Corporation, from  
I) 2009 to 2015. He has served as a director of Globant S.A., since 2013, and DRS since 2012. Mr. Odeen  
retired as Chairman/CEO of TRW Inc. in December 2002. Mr. Odeen has provided leadership and guidance  
to our Board as a result of his varied global business, governmental and non-profit and charitable  
organizational experience of over 40 years.

Age: 80 Specific qualifications, experience, skills and expertise include:

- Director  
since:  
2008  
Independent
- Operating and management experience;
  - Core business skills, including financial and strategic planning;
  - Understanding of government contracting;
  - Expertise in executive compensation and corporate governance; and
  - Public company directorship and committee experience.

Committees:

- Compensation  
(Chair)

- Nominating  
and  
Corporate  
Governance

8

---

Director Principal Occupation, Business  
Experience and Other Directorships Held

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

Age: 48

Director since: 2014

Specific qualifications, experience, skills and expertise include:

- Operating and management experience;
- Understanding of government contracting;
- Core business skills, including financial and strategic planning; and
- Deep understanding of our Company, its history, and culture.

Committee:  
• Executive

Ian Fujiyama (Class II) Mr. Fujiyama is a Managing Director of The Carlyle Group, a private equity firm, as well as a member of the firm's Aerospace, Defense and Government Services team. In 1999, Mr. Fujiyama spent two years in Hong Kong and Seoul working with The Carlyle Group's Asia buyout fund, Carlyle Asia Partners. He currently serves as a member of the board of directors of Dynamic Precision Group and Novetta Solutions LLC. He served on the board of directors of ARINC Incorporated from 2007 to 2013.

Age: 43

Director since: 2008

Independent

Specific qualifications, experience, skills and expertise include:

- Operating experience;
- Understanding of government contracting;
- Core business skills, including financial and strategic planning;
- Experience in mergers and acquisitions; and
- Expertise in finance, financial reporting, compliance and controls and global businesses.

Committees:  
• Executive  
• Compensation



Director Principal Occupation, Business  
Experience and Other Directorships Held

Mark Gaumond (Class II) Mr. Gaumond has 35 years of experience working with senior management and audit committees of public and privately-held companies. He held senior positions with Ernst & Young LLP from 2002 to 2010, retiring from the firm as Senior Vice Chair for the Americas, and previously was a partner with a 27-year career at Andersen LLP. Mr. Gaumond has a BA degree from Georgetown University and an MBA from New York University. He is member of the American Institute of Certified Public Accountants. He currently serves as a director Rayonier Advanced Materials, Inc. since 2014, First American Funds since 2016, the Fishers Island Development Corporation since 1992, the Walsh Park Benevolent Corporation since 1992 and on the advisory board of BPV Capital Management LLC since 2011. Mr. Gaumond formerly served as a director of Cliff's Natural Resources, Inc. from July 2013 to September 2014, Rayonier, Inc. from November 2010 to June 2014 and is a former trustee of The California Academy of Sciences.

Age: 65

Director

since: 2011 Specific qualifications, experience, skills and expertise include:

Independent

- Expertise in finance, financial planning, and compliance and controls;
- Core business skills, including financial and strategic planning;
- Public company audit committee experience.

Committee:

• Audit

(Chair)

Gretchen W. McClain (Class II) Ms. McClain was the founding President and Chief Executive Officer of Xylem, Inc. from October 2011 to September 2013. She joined Xylem as the founding CEO in 2011 when it was formed and taken public from a spinoff of the water business of ITT Corporation. She joined ITT in 2005 as the President of the company's residential and commercial water business and served as the SVP and President of ITT's commercial businesses from 2008 to 2011. Ms. McClain has served in a number of senior executive positions at Honeywell Aerospace (formerly AlliedSignal), including VP and General Manager of the Business, General Aviation and Helicopters Electronics division, and VP for Engineering and Technology, as well as for Program Management in Honeywell Aerospace. She also spent nine years with NASA and served as Deputy Associate Administrator for Space Development, where she played a pivotal role in the successful development and launch of the International Space Station Program as Chief Director of the Space Station and Deputy Director for Space Flight. Ms. McClain graduated from the University of Utah with a BS in Mechanical Engineering. She currently serves as a director of Ametek, Inc., Boart Longyear Limited and J.M. Huber Corporation (a family-owned business) and previously served as a director of Xylem, Inc. from 2011 to 2013 and Con-Way Inc. from June 2015 to October 2015.

Age: 53 Specific qualifications, experience, skills and expertise include:

Director

since: • Operating and management experience;

2014 • Core business skills, including financial and strategic planning;

Independent Public company directorship and audit committee experience.

Committees:

- Compensation
- Nominating and Corporate Governance

10

---

## CORPORATE GOVERNANCE AND GENERAL INFORMATION CONCERNING THE BOARD OF DIRECTORS AND ITS COMMITTEES

### Our Board of Directors

The Board is responsible for providing governance and oversight over the strategy, operations and management of the Company. The primary focus of the Board is promoting stockholder value by fostering the long-term success of the Company. The Board is responsible for supporting and overseeing management, to which the Board has delegated the responsibility to manage the day-to-day strategy and operations of the Company.

The Board generally holds four regular meetings per year, and special meetings as necessary. The Board meets in executive session during each regular meeting; non-management directors also typically meet in executive sessions during each regular meeting. Consistent with the Company's Corporate Governance Guidelines, Mr. Clare was appointed by the non-management directors to serve as the Presiding Director on May 23, 2013. The Presiding Director presides over executive sessions at which the Chairman is not present. At least annually, independent directors also meet in executive session during a regular Board meeting.

The Board and its committees establish annual calendars of activities to guide the development of their agendas during the year. All directors are invited to propose agenda topics when the annual calendars are established as well as in advance of each regular Board meeting. In addition, directors are encouraged to raise topics that are not on a meeting agenda or suggest topics for future agendas. Each director is provided written materials in advance of each meeting, and the Board and its committees provide feedback to and make requests of management at each of their meetings.

### Corporate Governance Guidelines

As noted above, the Board has adopted Corporate Governance Guidelines. The Board and the Nominating and Corporate Governance Committee are responsible for reviewing and amending these guidelines as they deem necessary and appropriate. The Nominating and Corporate Governance Committee is responsible for overseeing the system of corporate governance of the Company. The Corporate Governance Guidelines are available without charge on the Investor Relations portion of our website, [www.boozallen.com](http://www.boozallen.com).

### Codes of Conduct and Ethics

Our website also includes the Company's Code of Business Ethics and Conduct, which is applicable to our directors and all employees, and the Company's Code of Ethics for Senior Financial Officers, each of which was adopted by the Board and each of which may be accessed without charge. The Code of Ethics for Senior Financial Officers applies to the Company's Chief Executive Officer, Chief Financial Officer, Controller and any other persons performing similar functions. We will disclose on the Investor Relations portion of our website any amendments to the Code of Business Ethics and Conduct or Code of Ethics for Senior Financial Officers and any waiver granted to an executive officer or director under these codes. In fiscal 2016, no such waivers were sought or granted. The information found on the Company's website is not part of this proxy statement nor is it incorporated into any other filings the Company makes with the SEC.

### Board Meetings and Attendance

Directors are expected to attend each Board meeting, each meeting of the committees on which they serve, and the Annual Meeting of Stockholders. During fiscal 2016, the Board met six times, including four regular meetings and two special meetings. Each of our directors who served as a director during fiscal 2016 attended 75% or more of the aggregate total number of meetings of the Board and the Board Committees on which he or she served that were held during the time he or she was a director in fiscal 2016. Director attendance was 95% for both Board and Board committee meetings during fiscal 2016. All directors who served at the time of our 2015 Annual Meeting of Stockholders attended that meeting.

### Board Leadership Structure

As noted in our Corporate Governance Guidelines, the Board has no policy with respect to the separation of the offices of Chairman and Chief Executive Officer. The Board believes that it is important to retain its flexibility to allocate the responsibilities of the offices of the Chairman and Chief Executive Officer in any way that is in the best interests



of the Company at a given point in time. The Board has concluded that it is currently in the best interest of the stockholders for Dr. Shrader to continue his service as Chairman, retaining his four decades of experience at the Company with a focus on continuing to build stockholder value, managing risk and supporting the Company's executive management. In his role as President and Chief Executive Officer, Mr. Rozanski will continue to work closely with the Board in establishing the overall strategy and direction of the Company, and to effectively communicate our strategy to our stockholders, clients and employees.

#### Succession Planning and Talent Reviews

The Board believes that executive management succession planning is one of its most important responsibilities. Accordingly, the Board regularly undertakes executive management succession planning and talent reviews. On an annual basis, the Chairman leads the Board in an in-depth discussion concerning Chief Executive Officer succession and the Chief Executive Officer leads the Board in a discussion concerning senior management succession. Chief Executive Officer succession is also discussed by the Board in an executive session outside the presence of any management directors. Management also updates the Board on key talent indicators such as recruiting and retention for the overall employee population throughout the year.

On February 12, 2016, Kevin L. Cook, the Executive Vice President, Chief Financial Officer and Treasurer of the Company, informed the Company of his intention to retire, effective as of July 1, 2016. In connection with Mr. Cook's retirement, the Board ratified the appointment of Lloyd W. Howell, Jr., currently an Executive Vice President of the Company, to the additional positions of Chief Financial Officer and Treasurer, effective as of July 1, 2016.

#### Risk Oversight

The Board and its committees play an important role in overseeing the Company's risk management processes, and risk management considerations form a regular element of the Board's dialogue with management. One of the primary tools that facilitates the Board's oversight of risk (and actions being taken to mitigate it) is the Company's Enterprise Risk Management Framework, or ERM Framework. Under the leadership of our President and Chief Executive Officer, the ERM Framework is designed to enable effective and efficient identification of risks and facilitate the evaluation of risks as an integral part of decision making. As part of the ERM Framework, the Company:

- identifies and classifies into tiers the top risks facing the business;
- discusses and evaluates the Company's risk appetite with respect to different types of operational risk; and
- develops action plans to mitigate and monitor risk.

The process for regularly updating the ERM Framework enables effective and efficient identification of risks and facilitates the evaluation of risks as an integral part of decision making. Under the ERM Framework, our President and Chief Executive Officer leads an annual risk identification, analysis and mitigation discussion with the Board and prepares a quarterly update for the Board of our enterprise risks. In addition to updates provided through the ERM Framework, the Board receives other information and briefings as part of its risk oversight role. During the course of the year, the lead management official with responsibility for each of our major markets provides a comprehensive overview of the market, including risks and challenges. The Board is also regularly updated by other elements of management, including the Chief Financial Officer, Chief Legal Officer, and Chief Administrative Officer concerning significant risks facing the Company and processes that have been implemented to mitigate these risks.

In addition to this dialogue between management and the entire Board, the Board's committees have more specific roles concerning elements of the Company's risk management processes.

• **Audit Committee:** The Audit Committee is regularly updated by the Chief Legal Officer, Director of Internal Audit, Chief Information Officer and Chief Information Security Officer and receives regular reports concerning the status of

the Company's ethics and compliance program, internal controls over financial reporting and other operational compliance areas, and significant communications from the Company's regulators. The Audit Committee also leads the Board's efforts with respect to the oversight of cybersecurity risk.

• **Compensation Committee:** The Compensation Committee is responsible for overseeing risks related to the Company's executive compensation policies and practices.

• **Nominating and Corporate Governance Committee:** The Nominating and Corporate Governance Committee oversees risks arising from the Company's governance processes.

## Annual Board Performance Assessment

Annually, the Board and each of its committees perform an assessment of their operations and effectiveness, and set goals for the future. The core of this process involves our Secretary interviewing each director individually. The comments of the directors are compiled and presented, as applicable, to the Chairman, the full Board or the appropriate committee. Each committee and the Board identify key matters to be addressed, and these matters become part of future agendas for the Board and its committees.

## Board Independence

Nine of our current directors are independent under our Corporate Governance Guidelines and applicable New York Stock Exchange listing standards. In order for a director to be considered independent, the Board must determine, after consideration of all relevant facts and circumstances, that he or she has no material relationship with the Company directly or as a partner, stockholder or officer of an organization that has a relationship with the Company. The independence criteria adopted by the Board are set forth in the Company's Corporate Governance Guidelines. The Board has previously determined that Messrs. Clare, Fujiyama, Odeen, Gaumont, Johnson and Rossotti, Ms. Amble, Ms. Barnes and Ms. McClain were independent under the independence criteria for directors established by the New York Stock Exchange and the independence criteria adopted by the Board. As a result, we currently have a majority of independent directors and satisfy the applicable rule of the New York Stock Exchange. Mr. Rozanski is an employee of the Company and is not independent under the NYSE listing standards or our Corporate Governance Guidelines. In addition, Dr. Shrader was an employee within the past three years and is not considered independent under the NYSE listing standards or our Corporate Governance Guidelines.

## Selection of Nominees for Election to the Board

The Nominating and Corporate Governance Committee recommends to the Board appropriate criteria for the selection of new directors based on the strategic needs of the Company and the Board, and periodically reviews the criteria adopted by the Board and, if deemed desirable, recommends to the Board changes to such criteria. The Board seeks members from diverse backgrounds who combine a broad spectrum of experience and expertise with a reputation for integrity. While the Board does not have a formal policy with respect to diversity, it is a critical factor the Nominating and Corporate Governance Committee considers when recommending director nominees to the Board. The Nominating and Corporate Governance Committee defines diversity in an expansive way to be reflective of the diversity of the Company and representative of the clients it serves. Exceptional candidates who do not meet all of these criteria may still be considered. The Board seeks director candidates who have experience in positions with a high degree of responsibility, are, or have been, leaders in the companies or institutions with which they are, or were, affiliated, and are selected based upon the contributions they can make to the Company.

In fiscal 2016, upon the recommendation of the Nominating and Corporate Governance Committee, the Board elected Melody C. Barnes as a new member of the Board, effective October 23, 2015. Ms. Barnes is Co-Founder and Principal of MB Squared Solutions LLC, a domestic policy strategy firm and Chair of the Aspen Institute Forum for Community Solutions. From 2009 to 2013, she served President Barack Obama as an Assistant to the President and as the Director of the Domestic Policy Council, which coordinates the domestic policy-making process in the White House. Before serving in the White House, Ms. Barnes was the Senior Domestic Policy Advisor to President Obama's campaign. Her significant government experience and strong skills in public policy, strategy and leadership will be valuable to the Board.

## Our Commitment to Board Diversity

Consistent with the Company's long-standing commitment in this regard, the Nominating and Corporate Governance Committee is focused on enhancing the diversity of the Board and works actively to achieve this goal, as reflected below:

	Women	Hispanic	African-American	Asian
No. of Directors	3	1	2	1
% of Directors	27%	9%	18%	9%



#### Board Tenure

We believe that Board tenure diversity is important and directors with many years of service provide the Board with a deep knowledge of our company, while newer directors lend fresh perspectives. The chart below reflects the Board tenure of our current directors.

Board Tenure is Diversified

Average Tenure is 5.4 Years

#### Process for Stockholders to Recommend Director Nominees

Stockholders wishing to nominate a candidate for director must provide written notice in care of the Secretary, to 8283 Greensboro Drive, McLean, Virginia 22102, not fewer than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting.

#### Director Orientation and Continuing Education

New directors are provided a multi-phase orientation generally timed to coincide with our Board meetings as part of our effort to integrate them in their role as directors and familiarize them with the Company. Orientation sessions are led by members of management and are focused on various elements of our business strategy, client service offerings, internal business operations, and corporate governance, among other areas. During the course of the year, representatives of management brief the Board on topics designed to provide directors a deeper understanding of various aspects of our business such as applicable legal developments, ethics and compliance programs and the evolving regulatory environment. In addition, the Board holds an annual business strategy session with management. Directors are also encouraged to participate in continuing education programs to better understand and execute their duties and responsibilities.

#### Communications with the Board

Stockholders, or other interested third parties, who wish to contact our Board may send written correspondence, in care of the Secretary, to 8283 Greensboro Drive, McLean, Virginia 22102. Communications may be addressed to an individual director, to the non-management directors as a group, or to the Board as a whole, marked as confidential or otherwise. Communications not submitted confidentially, which are addressed to directors that discuss business or other matters relevant to the activities of our Board, will be preliminarily reviewed by the office of the Secretary and then distributed either in summary form or by delivering a copy of the communication. Communications marked as confidential will be distributed, without review by the office of the Secretary, to the director, or group of directors, to whom they are addressed. With respect to other correspondence received by the Company that is addressed to one or more directors, the Board has requested that the following items not be distributed to directors, because they generally fall into the purview of management, rather than the Board: junk mail and mass mailings, service complaints and inquiries, resumés and other forms of job inquiries, solicitations for charitable donations, surveys, business solicitations, and advertisements.

#### Board Committees

Our Board has four standing committees: an Executive Committee, an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. The charter of each committee is available without charge on the Investor Relations portion of our website, [www.boozallen.com](http://www.boozallen.com).

The following chart identifies the members and chair of each standing committee, as well as related information. The following is a brief description of our committees.

**The Executive Committee**

Our Executive Committee is responsible, among its other duties and responsibilities, for assisting our Board in fulfilling its responsibilities. Our Executive Committee is responsible for approving certain corporate actions and transactions, including acquisitions of assets other than in the ordinary course of business and outside hires of certain senior officers or the termination of such employees. The members of our Executive Committee are Dr. Shrader (Chairman) and Messrs. Clare, Fujiyama and Rozanski. The Executive Committee did not meet during fiscal 2016 but acted by written consent.

**The Audit Committee**

Our Audit Committee is responsible, among its other duties and responsibilities, for overseeing our accounting and financial reporting processes, the audits of our financial statements, the qualifications and independence of our independent registered public accounting firm, the effectiveness of our internal control over financial reporting, and the performance of our internal audit function and independent registered public accounting firm. Our Audit Committee reviews and assesses the qualitative aspects of our financial reporting, our processes to manage business and financial risks, and our compliance with significant applicable legal, ethical and regulatory requirements. Our Audit Committee is directly responsible for the appointment, compensation, retention, and oversight of our independent registered public accounting firm.

The members of our Audit Committee are Messrs. Gaumont (Chairman) and Johnson and Ms. Amble, each of whom is an independent director as required by New York Stock Exchange listing standards and Rule 10A-3 of the Securities Exchange Act of 1934, or Exchange Act. The Board has determined that each member of our Audit Committee is financially literate and has determined that Mr. Gaumont and Ms. Amble are each an “audit committee financial expert” as such term is defined under Item 407(d)(5) of Regulation S-K promulgated under the Securities Act of 1933. Ms. Amble currently serves on the audit committees of four public companies (including us). In accordance with our Audit Committee Charter, the Board has discussed this simultaneous service with Ms. Amble, including the demands and time commitment attendant to such simultaneous service, and determined that such simultaneous service will not impair the ability of Ms. Amble to effectively serve on the Board and the Audit Committee.

The Audit Committee met seven times during fiscal 2016.

#### The Compensation Committee

Our Compensation Committee is responsible, among its other duties and responsibilities, for reviewing and approving all forms of compensation to be provided to, and employment letter agreements with, the executives and directors of our company and its subsidiaries (including the Chief Executive Officer), establishing and reviewing the general compensation philosophy of our Company and its subsidiaries, and reviewing, approving, and overseeing the administration of the employee benefits plans of our Company and its subsidiaries.

The members of our Compensation Committee are Messrs. Odeen (Chairman), Clare and Fujiyama, Ms. Barnes and Ms. McClain, each of whom is an independent director as required by New York Stock Exchange listing standards. Ms. Barnes was appointed to the Nominating and Corporate Governance Committee effective October 23, 2015. The Compensation Committee charter requires that at least two members of the Compensation Committee must satisfy the requirements of “non-employee director” for purposes of Rule 16b-3 under the Exchange Act. Messrs. Odeen and Fujiyama, Ms. Barnes and Ms. McClain currently satisfy these requirements.

The Compensation Committee has the authority to delegate any of its responsibilities to subcommittees as the Compensation Committee may deem appropriate, provided that the subcommittees are composed entirely of directors satisfying the independence standards then applicable to the Compensation Committee generally. The Compensation Committee has delegated to a Rule 16b-3 subcommittee its responsibility under the Company's Second Amended and Restated Equity Incentive Plan with respect to the approval of acquisitions and dispositions of Company securities by officers and directors of the Company for purposes of Section 16(b) of the Exchange Act. The members of the Rule 16b-3 subcommittee are Messrs. Odeen and Fujiyama. In addition, the Compensation Committee has delegated to a Section 162(m) subcommittee its authority to approve performance-based compensation for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended, or the Code. The Compensation Committee determined it would be advisable to establish this subcommittee to review and approve certain compensation that is intended to be performance based compensation for purposes of Section 162(m) of the Code. The members of the Section 162(m) subcommittee are Mr. Odeen and Ms. McClain, each of whom satisfies the requirements of an "outside director" for purposes of Section 162(m) of the Code.

The Compensation Committee has not engaged a compensation consultant; however, the Compensation Committee is briefed by management, which consults with ClearBridge Compensation Group, LLC, or ClearBridge, and Willis Towers Watson, or Towers Watson. During fiscal 2016, ClearBridge provided data analyses, market assessments regarding executive compensation, and counsel regarding proxy disclosure and preparation of related reports. During fiscal 2016, Towers Watson provided education sessions to management on our executive compensation program and provided market assessments on executive benefits and perquisites. The Compensation Committee assessed the independence of each of ClearBridge and Towers Watson and concluded that neither ClearBridge's nor Towers Watson's work for the Company raises any conflict of interest issues.

Each of our executive officers, who collectively comprise our Leadership Team, participates in the discussion and consideration of compensation to be awarded to all executives. See “Compensation Discussion and Analysis —Setting Executive Compensation.”

The Compensation Committee met eight times during fiscal 2016.

#### Nominating and Corporate Governance Committee

Our Nominating and Corporate Governance Committee is responsible, among its other duties and responsibilities, for identifying and recommending candidates to the Board for election to our Board (including candidates proposed by stockholders), reviewing the composition of the Board and its committees, developing and recommending to the Board corporate governance guidelines that are applicable to us, and overseeing Board and Board committee evaluations.

The members of our Nominating and Corporate Governance Committee are Mr. Clare (Chairman), Ms. Barnes, Mr. Odeen and Ms. McClain, each of whom is an independent director as required by New York Stock Exchange listing standards. Ms. Barnes was appointed to the Nominating and Corporate Governance Committee effective October 23, 2015.

Under the terms of the Amended and Restated Stockholders Agreement, as amended, subject to certain conditions and restrictions, one nominee for election to our Board, who may be a full-time employee of Carlyle, shall be designated

by Carlyle. In addition, the two current members of the Board who were previously designated for nomination to the Board by Booz Allen Holding's Chief Executive Officer, will continue to be designated for nomination to the Board and,

16

---

at all times, no fewer than one such nominee for election to the Board is to be designated by the Chief Executive Officer of Booz Allen Holding. Carlyle shall no longer have the right to designate any director at such time as Carlyle holds less than 5% of the outstanding Class A common stock. See “Certain Relationships and Related Party Transactions — Related Person Transactions — Stockholders Agreement.”

Except as described above, there is no difference in the manner in which the Nominating and Corporate Governance Committee evaluates a nominee for director designated by Carlyle or our Chief Executive Officer or recommended by a stockholder.

The Nominating and Corporate Governance Committee met four times during fiscal 2016.

#### Director Compensation

Directors who are employed by us or by Carlyle do not receive any additional compensation for their services as directors. The Compensation Committee reviews director compensation on an annual basis. In July 2015, with assistance from ClearBridge Compensation Group, the Committee reviewed director compensation data for the peer group used for benchmarking executive compensation and the general market. Based on that review, the Committee determined that our director compensation was below the median and approved a \$20,000 increase in overall director compensation, which consisted of a \$30,000 increase in the annual equity award and a decrease of \$10,000 in the annual retainer in order to emphasize greater equity ownership. The Committee also approved increases of \$10,000 and \$5,000 to the additional retainers for the Audit and Compensation Committee Chair, respectively.

Fiscal 2016 Compensation: Director compensation for fiscal 2016 included the following:

Component  
Annual Amount

Annual Board Chairman \$290,000

Annual Board Retainer \$90,000  
(non-Chairman)

Annual Equity Award \$110,000

Audit Committee Chair \$30,000

Additional Retainer Compensation Committee Chair \$15,000

Additional Retainer

Directors may elect to receive all or a portion of their annual retainer and any additional payments for service as a committee chair in the form of restricted stock, which will be granted under our Second Amended and Restated Equity Incentive Plan, which we refer to as our Equity Incentive Plan. Our directors do not receive additional fees for attending Board or committee meetings.

#### Director Compensation Table

Name	Fees Earned (\$)	Option Awards	Stock Awards	Other (\$)	Total (\$)
------	------------------	---------------	--------------	------------	------------

		(\$)	(\$)(1)(10)		
Joan Lordi C. Amble	90,000(2)	—	110,004(2)	—	200,004
Melody C. Barnes	69,590(3)	—	85,082(3)	—	154,672
Mark E. Gaumont	120,000(4)	—	110,008(4)	—	230,008
Arthur E. Johnson	90,000(5)	—	110,010(5)	—	200,010
Gretchen W. McClain	90,000(6)	—	110,004(6)	—	200,004
Philip A. Odeen	105,000(7)	—	110,014(7)	—	215,014
Charles O. Rossotti	90,000(8)	—	110,004(8)	—	200,004
Ralph W. Shrader	290,000(9)	—	110,010(9)	—	400,010

(1) This column represents the grant date fair value of the stock awards granted to our directors in fiscal 2016. Where the stock awards were the result of voluntary elections to receive cash retainers in stock, the value reflected in the Stock Awards column represents only the excess of the fair market value of the stock awards over the cash retainer amount paid if in the form of stock. The aggregate fair value of the awards was computed in accordance with FASB ASC Topic 718 using the valuation methodology and assumptions set forth in Note 17 to our financial statements for the fiscal year ended March 31, 2016, which are incorporated by reference

herein, modified to exclude any forfeiture assumptions related to service-based vesting conditions. The amounts in this column do not reflect the value, if any, that ultimately may be realized by the director.

Ms. Amble elected to receive her annual retainer in the form of restricted stock, and was granted a total of 7,474 (2) shares of restricted stock in lieu of the annual retainer and for her annual equity grant. The grant date fair market value of the shares was \$200,004, based on the \$26.76 closing price of our stock on the August 7, 2015 grant date.

Ms. Barnes elected to receive her pro-rated annual retainer in the form of cash, and was granted a total of 2,808 (3) shares of restricted stock for her annual equity grant. The grant date fair market value of the shares was \$85,082, based on the \$30.30 closing price of our stock on the October 23, 2015 grant date.

Mr. Gaumond elected to receive his annual retainer in the form of cash and his additional payment for service as the chair of the Audit Committee in the form of restricted stock, and was awarded a total of 5,232 shares of (4) restricted stock in lieu of \$30,000 for the chair retainer and for his annual equity grant. The grant date fair market value of the shares was \$140,008, based on the \$26.76 closing price of our stock on the August 7, 2015 grant date.

Mr. Johnson elected to receive his annual retainer in the form of cash, and was awarded 4,111 shares of restricted (5) stock for his annual equity grant. The grant date fair market value of the shares was \$110,010, based on the \$26.76 closing price of our stock on the August 7, 2015 grant date.

Ms. McClain elected to receive her annual retainer in the form of restricted stock, and was granted a total of 7,474 (6) shares of restricted stock in lieu of the annual retainer and for her annual equity grant. The grant date fair market value of the shares was \$200,004, based on the \$26.76 closing price of our stock on the August 7, 2015 grant date.

Mr. Odeen elected to receive his annual retainer and two-thirds of his additional payment for service as the chair of the Compensation Committee in the form of cash. He was awarded a total of 4,298 shares of restricted stock for the (7) remaining one-third of his chair retainer and for his annual equity grant. The grant date fair market value of the shares was \$115,014, based on the \$26.76 closing price of our stock on the August 7, 2015 grant date.

Mr. Rossotti elected to receive his annual retainer in the form of restricted stock, and was granted a total of 7,474 (8) shares of restricted stock in lieu of the annual retainer and for his annual equity grant. The grant date fair market value of the shares was \$200,004, based on the \$26.76 closing price of our stock on the August 7, 2015 grant date.

Dr. Shrader elected to receive his annual retainer as Chairman in the form of cash, and was awarded 4,111 shares (9) of restricted stock for his annual equity grant. The grant date fair market value of the shares was \$110,010, based on the \$26.76 closing price of our stock on the August 7, 2015 grant date.

(10) The following table sets forth the aggregate number of equity awards outstanding at the end of fiscal 2016.  
Equity Awards for Service as a Director

Name	Number of Securities Underlying Unexercised Options Exercisable	Option Exercise Price (\$)	Option Expiration Date	Unvested Restricted Stock(a)
Joan Lordi C. Amble	—	—	—	3,737
Melody C. Barnes	—	—	—	1,404
Mark E. Gaumond	—	—	—	2,616
Arthur E. Johnson	—	—	—	2,056
Gretchen W. McClain	—	—	—	3,737
Philip A. Odeen	10,000	6.08	5/7/2019	2,149
Charles O. Rossotti	10,000	6.08	5/7/2019	3,737
Ralph W. Shrader	—	—	—	28,893

The shares of restricted stock in this column all vest on July 31, 2016, with the exception of Dr. Shrader's shares, (a) which vest as follows: 19,165 shares vest on June 30, 2016; 2,056 shares vest on July 31, 2016 and 7,762 shares vest on June 30, 2017.



#### Director Ownership Guidelines

Equity ownership guidelines for all of our non-employee directors are in place to further align their interests to those of our stockholders. Each of our non-employee directors has five years from the date of commencement of their service on the Board to achieve equity ownership with a value equivalent to four times their annual retainer. In calculating a director's ownership, Class A common stock, and vested in-the-money options and vested and unvested restricted stock issued under the Equity Incentive Plan will be considered owned by the non-employee director. Each of our directors who has served on the Board for five years or more currently exceed the equity ownership guidelines. For a description of the guidelines applicable to executive officers, see "Compensation Discussion and Analysis" beginning on page 34.

COMPENSATION COMMITTEE INTERLOCKS  
AND INSIDER PARTICIPATION

The current members of our Compensation Committee are Messrs. Odeen (Chairman), Clare, Fujiyama, Ms. Barnes and Ms. McClain. Messrs. Clare and Fujiyama are employed by The Carlyle Group. Explorer Coinvest LLC, or Coinvest, is controlled indirectly by senior employees of the The Carlyle Group. Coinvest is a party to a stockholders agreement with Booz Allen Holding. The Carlyle Group is an affiliate of Carlyle Investment Management L.L.C., which is party to a management agreement with Booz Allen Holding and Booz Allen Hamilton pursuant to which Carlyle Investment Management provides Booz Allen Holding and its subsidiaries, including Booz Allen Hamilton, with advisory, consulting and other services for a fee. See “Certain Relationships and Related Party Transactions — Related Person Transactions — Stockholders Agreement,” and “— The Management Agreement.” No member of our Compensation Committee serves as a member of the board or compensation committee of any other entity that has one or more executive officers serving as a member of our Board or Compensation Committee.

20

---

## SECURITY OWNERSHIP INFORMATION

## Security Ownership of Directors and Executive Officers

The following table indicates information as of June 6, 2016 regarding the beneficial ownership of our Class A common stock by each of our directors, each of the named executive officers, and all of our directors and executive officers as a group.

The percentages shown are based on 148,168,034 shares of Class A common stock outstanding as of June 6, 2016. In August 2014, we converted all issued and outstanding shares of Class B non-voting common stock and Class C restricted common stock into shares of Class A common stock on a one-for-one basis. In September 2015, the Company purchased, at par value, all issued and outstanding shares of Class E special voting common stock in connection with the exercise of the final tranche of rollover options during the second quarter of fiscal 2016. Class A common stock is entitled to one vote per share on all matters voted on by our stockholders.

The amounts and percentages owned are reported on the basis of the SEC's rules governing the determination of beneficial ownership of securities. The SEC's rules generally attribute beneficial ownership of securities to each person who possesses, either solely or shared with others, the voting power or investment power, which includes the power to dispose of those securities. The rules also treat as outstanding all shares of capital stock that a person would receive upon exercise of stock options or warrants held by that person that are immediately exercisable or exercisable within 60 days. These shares are deemed to be outstanding and to be beneficially owned by the person holding those options for the purpose of computing the number of shares beneficially owned and the percentage ownership of that person, but they are not treated as outstanding for the purpose of computing the percentage ownership of any other person. Under these rules, one or more persons may be a deemed beneficial owner of the same securities and a person may be deemed a beneficial owner of securities to which such person has no economic interest. Unless otherwise indicated, the persons or entities identified in this table have sole voting and investment power with respect to all shares shown as beneficially owned by them, subject to applicable community property laws.

Name	Shares Beneficially Owned	Percentage of Class
Directors and Nominees		
Joan Lordi C. Amble	18,456	*
Melody C. Barnes	2,808	*
Peter Clare <sup>(9)</sup>	—	—
Ian Fujiyama <sup>(9)</sup>	—	—
Mark Gaumont	33,416	*
Arthur E. Johnson	16,877	*
Gretchen W. McClain	14,712	*
Philip A. Odeen	47,292 <sup>(1)</sup>	*
Charles O. Rossotti	109,401 <sup>(2)</sup>	*
Horacio D. Rozanski	835,307 <sup>(3)</sup>	*
Dr. Ralph W. Shrader	1,740,283 <sup>(4)</sup>	1.17%
Other Named Executive Officers		
Kevin L. Cook	25,290 <sup>(5)</sup>	*
Karen M. Dahut	384,094 <sup>(6)</sup>	*
Lloyd W. Howell, Jr.	484,940 <sup>(7)</sup>	*
Joseph Logue	686,213 <sup>(8)</sup>	*
All directors and executive officers as a group (20 persons) <sup>(10)</sup>	5,632,125	3.76%

\*Represents beneficial ownership of less than 1%.

(1)Includes 10,000 shares that Mr. Odeen has the right to acquire through the exercise of options.



- (2) Includes 10,000 shares that Mr. Rossotti has the right to acquire through the exercise of options.
- (3) Includes 150,896 shares that Mr. Rozanski has the right to acquire through the exercise of options and 13,186 shares issuable upon settlement of restricted stock units.
- (4) Dr. Shrader shares investment power and voting power with his wife, Mrs. Janice W. Shrader, for 1,679,076 shares in the Ralph W. Shrader Revocable Trust.
- (5) Includes 18,602 shares that Mr. Cook has the right to acquire through the exercise of options and 2,092 shares issuable upon settlement of restricted stock units.  
Includes 118,040 shares that Ms. Dahut has the right to acquire through the exercise of options and 10,360 shares issuable upon settlement of restricted stock units.
- (6) Ms. Dahut shares investment power and voting power with her husband, Mr. William L. Dahut, Jr., for 96,879 shares in the Karen M. Dahut Trust and such shares are pledged as security.  
Includes 158,120 shares that Mr. Howell has the right to acquire through the exercise of options and 10,360 shares issuable upon settlement of restricted stock units.
- (7) Mr. Howell shares investment power and voting power with his wife, Mrs. Patricia S. Howell, for 36,990 shares in the Lloyd Howell, Jr. Trust.
- (8) Includes 248,000 shares that Mr. Logue has the right to acquire through the exercise of options and 13,186 shares issuable upon settlement of restricted stock units  
Does not include shares of common stock held by Explorer Coinvest LLC, which is controlled indirectly by senior employees of Carlyle. Messrs. Clare and Fujiyama are directors of Booz Allen Holding and Managing Directors of Carlyle. Such persons disclaim beneficial ownership of the shares held by Explorer Coinvest LLC.
- (9)
- (10) Includes 1,370,789 shares that the directors and executive officers, in aggregate, have the right to acquire through the exercise of options and 78,312 shares issuable upon settlement of restricted stock units.

Security Ownership of Certain Beneficial Owners

The following table sets forth information as to any person known to us to be the beneficial owner of more than 5% of our Class A common stock.

Name and Address	Shares Beneficially Owned	Percentage of Class
Explorer Coinvest LLC (1) 1001 Pennsylvania Avenue, NW Washington, D.C. 20004	16,660,000	11.26%
The Vanguard Group (2) 100 Vanguard Boulevard Malvern, Pennsylvania 19355	9,832,623	6.62%

- Explorer Coinvest LLC is a U.S. entity that is owned by investment funds managed by The Carlyle Group. Explorer Manager, L.L.C. controls Explorer Coinvest LLC and is the non-member manager of Explorer Coinvest LLC. Twenty-two senior Carlyle professionals, each own equal, and collectively own the entire interests, in Explorer Manager, L.L.C. As reported in the Schedule 13D/A filed on June 1, 2016, Explorer Coinvest LLC has sole voting and dispositive power with respect to 16,660,000 shares of our Class A common stock.
- The Vanguard Group has filed with the Securities and Exchange Commission a Schedule 13G dated February 10, 2016, which reports the beneficial ownership of 9,832,623 shares of Class A common stock by it as of December 31, 2015. As reported in the Schedule 13G, The Vanguard Group had sole voting power with respect to 81,930 shares of our Class A common stock, sole dispositive power with respect to 9,752,093 shares of our Class A common stock, shared voting power with respect to 5,700 shares of our Class A common stock and shared dispositive power with respect to 80,530 shares of our Class A common stock.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Based on a review of reports filed by the Company's directors, executive officers and beneficial holders of 10% or more of our outstanding shares, and upon representations from those persons, all reports required to be filed by the Company's reporting persons during fiscal 2016 were filed on time.

23

---

## CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

### Policies and Procedures for Related Person Transactions

We adopted a written related person transactions policy pursuant to which related persons, namely our executive officers, directors and principal stockholders, and their immediate family members, are not permitted to enter into certain transactions, or materially modify or amend an ongoing transaction, with us, in which the amount involved exceeds \$120,000, without the consent of our Audit Committee or any designated member of the Audit Committee. Any request for us to enter into or materially modify or amend certain such transactions is required to be presented to our Audit Committee for review, consideration and approval. All of our directors and executive officers are required to report to our Audit Committee any such related person transaction. In approving or rejecting the proposed transaction, our Audit Committee will take into account, among other factors it deems appropriate, whether the proposed related person transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances, the extent of the related person's interest in the transaction and, if applicable, the impact on a director's independence. Under the policy, if we should discover related person transactions that have not been approved, our Audit Committee will be notified and will determine the appropriate action, including ratification, rescission, or amendment of the transaction.

### Related Person Transactions

#### Stockholders Agreement

In connection with the acquisition of Booz Allen Hamilton by Carlyle on July 31, 2008, Booz Allen Holding, Explorer Coinvest LLC, an entity controlled indirectly by senior employees of Carlyle, certain members of the management of Booz Allen Holding and certain other stockholders of Booz Allen Holding entered into the stockholders agreement. Effective November 16, 2010, the stockholders agreement was amended and restated, and on June 12, 2012, the amended and restated stockholders agreement was further amended. On January 30, 2015, the stockholders agreement was further amended and restated in its entirety to provide that, upon termination of the amended and restated stockholders agreement, which occurs at such time as more than 60% of Booz Allen Holding's equity securities have been sold to the public, certain provisions will continue to survive until such time as Coinvest holds less than 5% of the outstanding Class A common stock. Following a sale of Class A common stock by Coinvest in February 2015, the amended and restated stockholders agreement was terminated pursuant to its terms and only the provisions described below continue to survive.

While our second amended and restated bylaws do not limit the Board from increasing the number of directors, under the continuing provisions of the amended and restated stockholders agreement, the number of directors on the Board is set at a minimum of six directors and a maximum of twelve directors and, so long as Coinvest continues to hold at least 5% of the outstanding Class A common stock, the number of directors of the Board may not be increased above twelve or decreased below six by action of the Board without the mutual consent of Booz Allen Holding and Coinvest.

Subject to certain conditions and restrictions, a maximum of three of the nominees for election to our Board, who may be full-time employees of Carlyle, are to be designated by Coinvest. In addition, the two current members of the Board who were previously designated for nomination to the Board by Booz Allen Holding's Chief Executive Officer will continue to be designated for nomination to the Board and, at all times, no fewer than one of the nominees for election to the Board is to be designated by the Chief Executive Officer of Booz Allen Holding. Coinvest is entitled to designate no fewer than one director for such time as Coinvest holds less than 15%, but at least 5%, of the outstanding Class A common stock. Carlyle shall no longer have the right to designate any director at such time as Carlyle holds less than 5% of the outstanding Class A common stock.

Coinvest has registration rights under the amended and restated stockholders agreement, with respect to 16,660,000 shares of Class A common stock that it owned as of June 6, 2016. The Company is required to pay all registration and filing fees and other expenses; however, Coinvest is required to reimburse Booz Allen Holding for its pro-rata share of such fees and expenses. Booz Allen Holding has agreed to indemnify Coinvest from liabilities resulting from the registration of securities of Booz Allen Holding pursuant to the amended and restated stockholders agreement.

#### The Management Agreement and Indemnification Agreements

On July 31, 2008, Booz Allen Holding and Booz Allen Hamilton entered into a management agreement with TC Group V US, L.L.C., a company affiliated with Carlyle, or TC Group. On June 7, 2012, TC Group assigned all of its right, title and interest in, and obligations under, the management agreement to Carlyle Investment Management L.L.C.,

or Carlyle Investment Management. Pursuant to the management agreement, Carlyle Investment Management, as the assignee of TC Group, provides Booz Allen Holding and its subsidiaries, including Booz Allen Hamilton, with advisory, consulting and other services. Booz Allen Holding pays Carlyle Investment Management an aggregate annual fee of \$1.0 million for such services, plus expenses. Furthermore, in consideration for any additional investment banking services provided by Carlyle Investment Management and other services other than advisory and consulting services described above, Carlyle Investment Management is entitled to receive additional reasonable compensation as agreed by the parties.

The management agreement also provides that Booz Allen Hamilton will indemnify Carlyle Investment Management and its officers, employees, agents, representatives, members and affiliates against certain liabilities relating to or arising out of the performance of the management agreement and certain other claims and liabilities. We have entered into indemnification agreements with each of our directors and executive officers. The indemnification agreements provide the directors and our executive officers with contractual rights to the indemnification and expense advancement rights provided under our second amended and restated bylaws, as well as contractual rights to additional indemnification as provided in the indemnification agreements.

We believe that the management and indemnification agreements are, in form and substance, substantially similar to those commonly entered into in transactions of like size and complexity sponsored by private equity firms. We further believe that the fees incurred by us under the management agreement are customary and within the range charged by similarly situated sponsors. In addition, from time to time and in the ordinary course of business and at arms-length, we engage other Carlyle portfolio companies as subcontractors or service providers and they engage us as subcontractors or service providers. The cost and revenue associated with these related party transactions were approximately \$0.1 million and \$0.2 million, respectively, for fiscal 2016.

#### The Acquisition

In connection with the acquisition of Booz Allen Hamilton by Carlyle, our current and former executive officers (or their related family trusts) received a combination of current and deferred cash consideration as well as stock and options in Booz Allen Holding. Of the overall cash consideration, \$158.0 million was structured as an interest in the deferred payment obligation and \$80.0 million was deposited into escrow to fund certain purchase price adjustments, future indemnification claims under the merger agreement and for certain other adjustments. The remainder of the cash consideration was paid on the closing date as part of the acquisition. The current and former executive officers (or their related family trusts) receive their pro rata share of any payments of the deferred payment obligation and any releases of funds held in escrow to selling stockholders.

As of March 31, 2016, there was approximately \$81.3 million of the deferred payment obligation outstanding, which includes accrued interest of \$1.3 million. Remaining potential claims outstanding that may be indemnified under the deferred payment obligation relate to former officers and stockholders' suits that are still in litigation. The ultimate value of our current and former executive officers' (or their related family trusts') interests in the deferred payment obligation will not be known until all such matters are resolved.

#### Other Relationships

Bryan E. Shrader, a Vice President at the Company, is the son of Dr. Ralph Shrader, our former Chief Executive Officer and current Chairman of the Board. He earned a base salary of \$215,239 and received a bonus of \$78,000 and retirement contributions of \$12,851 in fiscal 2016. He also participates in the Company's other benefit programs on the same basis as other employees at the same level. Mr. Shrader continues to be employed by us during fiscal 2017 under similar terms.

Cameron A. Mayer, a Principal at the Company, is the son of Mr. John Mayer, an Executive Vice President of the Company. He earned a base salary of \$178,750 and received a bonus of \$78,000 and retirement contributions of \$10,675 in fiscal 2016. Mr. Mayer also participates in the Company's other benefit programs on the same basis as other employees at the same level. Mr. Mayer continues to be employed by us during fiscal 2017 under similar terms.

Albert L. Iannitto, an Associate at the Company, is the brother-in-law of Mr. Joseph Logue, an Executive Vice President of the Company. He earned a base salary of \$110,583, milestone anniversary and recognition awards totaling \$2,950, and retirement contributions of \$6,818 in fiscal 2016. Mr. Iannitto also participated in the Company's other benefit programs on the same basis as other employees at the same level. Mr. Iannitto retired from the Company at the end of fiscal 2016.

Ryan J. Cook, a Lead Associate at the Company, is the son of Mr. Kevin L. Cook, an Executive Vice President and Chief Financial Officer of the Company. He earned a base salary of \$113,229, performance and recognition awards totaling \$1,350, and retirement contributions of \$3,318 in fiscal 2016. Mr. Cook also participates in the Company's other benefit programs on the same basis as other employees at the same level. Mr. Cook continues to be employed by us during fiscal 2017 under similar terms.

## COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis provides a detailed description of our executive compensation philosophy and programs, the compensation decisions the Compensation Committee has made under those programs and the factors considered in making those decisions. The following discussion of compensation arrangements of our named executive officers for fiscal 2016 should be read together with the compensation tables and related disclosures set forth below. Although this Compensation Discussion and Analysis focuses on our named executive officers for fiscal 2016, the structure of our compensation programs is generally consistent for all Executive Vice Presidents and Senior Vice Presidents.

Our named executive officers for fiscal 2016 were:

Horacio D. Rozanski	Kevin L. Cook	Karen M. Dahut	Lloyd W. Howell, Jr.	Joseph Logue
President and Chief Executive Officer	Executive Vice President, Chief Financial Officer and Treasurer	Executive Vice President	Executive Vice President	Executive Vice President

In fiscal 2016, we announced that our Executive Vice President, Chief Financial Officer and Treasurer Kevin L. Cook will retire, and Executive Vice President Lloyd W. Howell, Jr. will succeed him effective July 1, 2016. In connection with his appointment as incoming-CFO and Treasurer, Mr. Howell stepped down as lead of our Civil Commercial Group and was succeeded by Executive Vice President Karen M. Dahut effective April 1, 2016. Ms. Dahut previously led our Strategic Innovations Group from its inception in 2012 to April 2016.

### Executive Summary

#### Company Performance

The company delivered modest growth in fiscal year 2016, exceeding full year Gross Revenue guidance and delivering Adjusted Diluted Earnings Per Share in line with our full year guidance. Vision 2020 is a comprehensive strategy to transform Booz Allen and create sustainable quality growth for the company. Fiscal year 2016 was the third year of implementing the strategy. The objectives of Vision 2020 are focused on:

- Increasing our capacity to serve as an essential partner to clients through a combination of deep domain understanding, market-leading consulting expertise, and broader technical capabilities;
- Investing heavily in advanced technical capabilities, including engineering, systems delivery, cyber, and analytics;
- Pursuing an innovation agenda that has produced new solutions, new business partners and alliances, and a reinvigorated culture of innovation inside the company;
- Expanding into the commercial and international markets; and
- Building distinctive business and people models to support growth.

Guided by our strategy, we have continued to invest in new capabilities and markets, and increased spending on proposal activities to capture opportunities in what has been a robust pipeline. As a result, we have experienced healthy growth in backlog, the composition of which provides better insight into future years, which supports our goal of delivering sustainable quality growth. Our strategy is positioning Booz Allen as an essential partner to our clients. We are leveraging our collaborative culture to seamlessly combine and deliver the breadth of our capabilities to our extensive client base. Our ability to combine our deep client mission understanding, our growing technical expertise, and our consulting heritage is what differentiates us from our competitors. The success of our

strategy can be seen in recent contract wins, strong performance in the commercial and international markets, and Booz Allen's return to revenue growth in fiscal year 2016.

Our stock price increased by 5% during fiscal 2016 and total shareholder return increased by 7% over the same period.

During fiscal 2016, we declared and paid \$80.0 million in dividends to stockholders - three regular dividends of \$0.13 per share each; and one regular dividend of \$0.15 per share.

The dividend rate was increased by 15%, effective in the fourth quarter of fiscal 2016.

During fiscal 2016, we repurchased approximately \$54.9 million shares in open market transactions.

We expect to declare and pay regular quarterly cash dividends in the future; however, the actual declaration of any such future dividends and the establishment of the per share amounts, record dates, and payment dates are subject to the discretion of the Board of Directors, which will take into consideration future earnings, cash flows, financial requirements, and other factors.

#### Compensation Philosophy

Our executive compensation program is designed to motivate our executives to act in the best interests of the Company through an emphasis on client service and collaboration to rapidly and efficiently deploy talent across markets, clients, and opportunities.

#### Our Philosophy

- Aligns executives' compensation with company performance and the creation of long-term sustainable shareholder value.

- Uses a partnership-style compensation model which fosters a culture of collaboration.

- Attracts, motivates and retains executives of exceptional ability to meet and exceed the demands of our clients.

- Creates appropriate rewards and penalties for exceeding or falling short of firm-level performance targets.

Utilizing this philosophy and compensation design, our executive compensation program effectively achieves the following objectives:

- Focuses on optimizing stockholder value and fostering an ownership culture;

- Encourages and rewards executives through emphasis on client service and collaboration; and

#### Key Tenets of Our Program Design

- 100% of annual compensation tied to company performance including base salary which is designed as a "draw."

- Equity awards with multi-year vesting to reinforce the importance of translating annual operating results into long-term shareholder value.

- Each executive is assigned to a level based on role, responsibilities, competencies, and performance with all executives at the same level receiving the same total compensation.

- Based on business needs we may also pay additional amounts to one or more executives to recognize special roles or responsibilities.

Creates and enables agility within our leadership and the Company overall allowing us to quickly adjust, align, and advance in an ever-changing global marketplace.

#### Fiscal 2016 Compensation Program Summary

Our executive compensation program consists of the following components, which are designed to provide compensation that is heavily tied to the achievement of our short and long-term goals and designed to promote a long-term career with the Company:

Element	Objective
Base Draw	Reflects the requirements of the marketplace to attract and keep our executive talent
Annual Incentives	Rewards our executives for performance against key operational and financial targets
Long Term Equity Incentives	Rewards our executives for growing our Company over the long term and aligns their interests with our stockholders
Benefits	Provides for the health and welfare of our executives
Retirement Benefits	Promotes long term commitment of our executives to the Company and builds financial security

Each executive's total annual compensation, including base draw and annual incentives are at risk and tied to our annual financial performance, other than as required by applicable federal, state, and local labor law requirements. Annual compensation tied to performance targets are delivered in a mix of cash and restricted stock units as described below. The target annual compensation mix for all named executive officers is approximately 52% base draw and 48% annual incentives.

As part of the Compensation Committee's review of our executive compensation program, the Committee reviews the program to ensure it is achieving the desired alignment between our executives and the long-term interests of our stockholders. The Committee is currently evaluating the introduction of a long-term performance-based component to our executive compensation program, where an element of compensation will be tied to achievement of multi-year performance goals.

#### Key Executive Compensation Practices

To ensure strong corporate governance, our compensation program incorporates the following key practices:

What We Do	What We Don't Do
Require our executives and directors to satisfy meaningful stock ownership requirements	No repricing of underwater stock options
Compensation recovery policy (clawbacks)	No individual supplemental executive retirement plans
Total compensation for our CEO is closely aligned with that of our other NEOs	No golden parachute payments for CEO following a change in control
Annual review of appropriate peer group to benchmark executive compensation	No stock options granted below fair market value
Annual risk assessment of incentive-based compensation to identify any issues that could have a material, adverse impact on the Company	No change in control agreements for NEOs
Regular reviews of executive talent, performance, deployments, and succession	No engagement by executives in hedging transactions
Mitigate dilutive effect of equity awards through share repurchase program	
Align executive pay with performance	

### Advisory Vote to Approve Executive Compensation

At the 2014 Annual Meeting of Stockholders, over 99% of the votes cast were in favor of our executive compensation structure. The Board and Compensation Committee viewed this strong support as indicating general approval of our approach to executive compensation, and no changes were made to our programs directly because of the 2014 vote outcome. There is an advisory vote scheduled for the 2017 Annual Meeting of Stockholders.

We welcome feedback regarding our executive compensation programs and will continue to engage with our stockholders in fiscal 2017.

### Setting Executive Compensation

Our compensation program allows us to attract and retain top tier talent and provide significant incentives for exceeding our performance targets, while also providing significant penalties for under-performance. The President and Chief Executive Officer, Chief Financial Officer, and Chief Personnel Officer together recommend the target compensation for each level by reviewing historical compensation and considering factors such as projected financial performance, growth, and market conditions for the coming fiscal year. The recommendation is then reviewed with the Company's Leadership Team. The result is the dollar value per point multiplied by the number of points assigned to each executive level to determine target compensation. Based upon their collective experience and reasoned business judgment, our Compensation Committee considers the recommendation from management and approves the final targeted monetary value per point based on achieved performance objectives.

### Benchmarking Compensation

We evaluate compensation for the fiscal year based on overall performance objectives and broad market parameters, including:

- Peer Market Analysis (from proxy statements of peer companies); and
- Technical Industry Market Survey Analysis (cross industry surveys for companies of similar size).

Our management consults with ClearBridge Compensation Group, LLC, who provides us with a peer group analysis of market position and executive compensation design. For fiscal 2016, peer comparisons were performed against seven companies which were selected based on similarities to the Company in size and/or industry as well as operations. The selected companies were Accenture, CSRA, Inc. (formerly SRA International), ICF International, Leidos Holdings, Inc., ManTech International, SAIC, Inc., and CACI International. In addition, management obtains market analysis and executive compensation survey data from nationally recognized survey providers, including Mercer U.S. Long Term Incentive and Equity Compensation Survey, Towers Watson Top Management Survey, and Towers Watson Professional Services Executive Survey. Salary, cash incentive compensation, and long-term stock incentives are considered in these analyses; however, we do not use survey data to set compensation; instead, we use it to confirm that our compensation is within a competitive range. The companies we use for compensation benchmarking are reviewed annually and adjusted as necessary due to changes at the selected company (e.g., acquisitions, mergers, etc.) or changes in comparability to Booz Allen. In addition, during fiscal 2016, Towers Watson provided education sessions to management on our executive compensation program and provided market assessments on executive benefits and perquisites.

### Compensation Elements

#### Base Draw

Our executives receive a monthly base draw payment, which is paid over the course of the year like a salary, but is unlike salary in that the base draw is performance-based. In the event that annual Company performance is significantly below expectations, any excess draw payment made to each executive is at risk and could be required to

be returned, subject to the limitations established by applicable federal, state and local labor law requirements. For fiscal 2016, each of our named executive officers earned the base draw set forth in the “Salary” column of the Summary Compensation Table.

30

---

## Annual Incentive

The annual incentive portion of our executives' compensation is provided through our annual bonus program, which is delivered in cash and restricted stock units. The amount earned is based on achievement of the Company's performance target metric with upward or downward adjustments for exceeding or falling below the target. The performance target metric is set at or near the beginning of each fiscal year by the Compensation Committee of the Board of Directors. For fiscal 2016, the annual incentive performance metric is Adjusted EBITDA. Payment of the annual incentive payments at target levels would generally occur when actual Adjusted EBITDA is equal to the target Adjusted EBITDA. A portion of any variance between target and actual Adjusted EBITDA is reflected as an adjustment to the pool of funds available for the annual incentive payment, or the bonus pool. The amount of the adjustment is determined by the Compensation Committee in its sole discretion. A positive variance between the target and actual Adjusted EBITDA would generally result in an increase in the bonus pool and a negative variance would generally result in a decrease in the bonus pool.

Adjusted EBITDA is defined as our 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, and (ii) transaction costs, fees, losses, and expenses, including fees associated with debt prepayments. We base the annual incentive portion of our executives' compensation on Adjusted EBITDA because we believe it is a direct reflection of the cash flow and operating profitability of our business and represents the element of our performance that executives can most directly impact through their management of the business.

No bonuses are payable to our Named Executive Officers unless we achieve a minimum Adjusted EBITDA level of \$452 million. If we achieve that level of performance, we can allocate up to 200% of their pro-rata share of the target bonus pool based on our actual Adjusted EBITDA results and the bonus pool approved by the Compensation Committee for all of our executives.

Our Compensation Committee reviews and approves the Adjusted EBITDA result and any adjustments to the plan bonus pool based on year end operating results. The final bonus pool as approved by our Compensation Committee is distributed to our executives on a consistent per point basis.

	Adjusted EBITDA	Bonus Pool
FY16 Target	\$532.2 million	\$27.4 million
FY16 Actual	\$506.1 million	\$28.1 million

The Compensation Committee approved a slight increase to the bonus pool notwithstanding actual results being less than five percent under target, given the relatively strong performance of the Company, which exceeded that of many others in the U.S. Government services industry.

In approving a \$28.1 million bonus pool, the Compensation Committee took into consideration the Company's financial performance during fiscal year 2016, including the return to modest growth after three years of contraction, the delivery of results that met or exceeded the financial outlook provided at the beginning of the fiscal year, stock price appreciation of 5% and total shareholder return of 7%. In addition, the Company successfully transitioned its largest contract, SURVIAC, during fiscal year 2016, while continuing to make strategic and tactical investments necessary for the long term health of the business.

In addition, executives receive a "supplemental bonus" payable in cash that is tied to Company performance and varies based on the executives' total compensation. The supplemental bonus is calculated by multiplying the sum of the base draw and bonus by a factor assigned to each executive's level. For fiscal 2016, the supplemental bonus factor for each of our Named Executive Officers is indicated in the following table:



Name	Supplemental Bonus Factor (%)
Horacio D. Rozanski	12.8
Kevin L. Cook	7.4
Karen M. Dahut	12.7
Lloyd W. Howell, Jr.	12.7
Joseph Logue	12.8

Any supplemental bonus payments to executives are contingent upon the Company generating net income as reported in the Company's audited financial statements for the fiscal year as well as upon approval by the Compensation Committee of the Board of Directors.

#### Annual Incentive - Cash Component

The cash component of the annual incentive is generally the same for each executive within the same level. For the named executive officers, a portion (ranging from 55% - 70%) of the annual incentive is provided in cash with the remainder delivered in restricted stock units as described below. In addition, executives receive the supplemental bonus in cash, as previously discussed. Executives who retire before the end of the calendar year, or whose employment terminates before the issuance of the equity portion of the annual bonus and under circumstances that entitle them to a full or pro-rated bonus, will be paid their annual bonus entirely in cash. The Compensation Committee may also determine in other circumstances that an annual bonus will be paid entirely in cash and, in light of Mr. Cook's announced retirement, has determined that his annual bonus for fiscal 2016 will be paid entirely in cash.

#### Annual Incentive - Equity Component

The equity component of the annual incentive award is granted in restricted stock units and vests ratably over three years, subject to certain exceptions. The equity portion is intended to enable executives to own meaningful amounts of our stock and create a link to long-term shareholder value.

For the named executive officers, a portion (ranging from 30% - 45%) of the annual incentive (excluding the supplemental cash bonus) is delivered in the form of restricted stock units. The Company determines the number of restricted stock units to be granted to each executive by multiplying the total annual bonus amount by the percentage factor and then applying a 20% premium. The resulting amount is divided by the fair market value of our stock on the date of grant to determine the number of units granted. The Compensation Committee has determined that Mr. Cook will not receive an equity grant with respect to fiscal 2016 in light of his announced retirement.

#### Annual Incentive - Fiscal 2016 Payments

The cash payments received by each of our named executive officers for fiscal 2016 are reflected in the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table. The equity grants for fiscal 2015 performance granted in fiscal 2016 are reflected in this year's "Stock Awards" column of the Summary Compensation Table. The equity grants for fiscal 2016 performance granted in fiscal 2017 will be reflected in next year's "Stock Awards" column of the Summary Compensation Table. Total payments for fiscal 2016 for each of our named executive officers under the annual bonus program are reflected below:

Name	Total Annual Incentive <sup>1</sup>	Amount Paid in Cash <sup>1</sup>	Amount to be Delivered in Restricted Stock Units <sup>2</sup>
	(\$)	(\$)	(\$)
Horacio D. Rozanski	1,416,423	869,943	546,480
Kevin L. Cook <sup>3</sup>	363,270	363,270	—
Karen M. Dahut	983,407	603,247	380,160

Edgar Filing: Booz Allen Hamilton Holding Corp - Form DEF 14A

Lloyd W. Howell, Jr.	983,407	603,247	380,160
Joseph Logue	1,231,672	756,472	475,200

(1) Includes supplemental cash bonus payment.

32

---

(2) Includes 20% premium.

(3) Mr. Cook will retire in fiscal 2017. Accordingly, the Compensation Committee has determined that his annual bonus for fiscal 2016 will be paid entirely in cash.

#### Long-Term Incentives

We believe that our executives should hold meaningful amounts of equity to align their interests to those of our stockholders, and, accordingly, long-term equity compensation is an important component of our compensation program. Our long-term incentive program consists of awards of stock options to our executives under the Equity Incentive Plan. We believe stock options further our objective of aligning the interests of our executives with those of our stockholders by providing our executives with a continuing stake in our long-term success and by rewarding them based on the future growth in our equity value. We generally award stock options upon hire of an executive and/or upon promotion, which vest ratably over five years based on continued employment, subject to certain exceptions. We do not grant stock options on an annual basis. Mr. Rozanski received a grant of options on April 1, 2015, as reflected in the Grants of Plan Based Awards table below, in recognition of his promotion to Chief Executive Officer during the prior fiscal year. Mr. Cook received a grant of options, as reflected in the Grants of Plan Based Awards table below, upon his promotion to Executive Vice President effective April 1, 2015. Our named executive officers hold substantial amounts of equity as shown below and further discussed under "Executive Ownership Requirements."

Named Executive Officers	Ownership Requirement	Actual Ownership <sup>1</sup>
Chief Executive Officer	5x base draw	18x base draw
Other Named Executive Officers	2x to 3x base draw	12x base draw

(1) Actual ownership for the other named executive officers is an average of their actual equity holdings compared to their respective base draw amounts as of fiscal year end.

#### Benefits and Perquisites

Our employees are eligible to participate in a full complement of benefit plans. Our executives also participate in enhanced medical and dental plans, life insurance, AD&D and personal liability coverage at the Company's expense. Our executives receive perquisites including initiation fees for club memberships and reasonable dues on an annual basis, up to \$15,000 per year for financial counseling, up to \$7,500 every three years to update an estate plan, up to \$3,000 for preparation of estate plans following relocation to a new tax jurisdiction and a one-time reimbursement of up to \$5,000 for retirement financial planning. In addition, in order to protect our executives from various risks, we maintain an executive protection program that provides our executives with a security assessment for their primary residence and security service for foreign or domestic travel. We believe that our executive benefit and perquisite programs are reasonable and necessary to sustain a fully competitive executive compensation program. For more detail on the perquisites that our named executive officers receive, see footnote 6 to the Summary Compensation Table below.

#### Defined Contribution Retirement Plan and Other Retirement Benefits

We provide retirement benefits to our executives (including our named executive officers) in order to help them build financial security for retirement, while allowing them to direct the investment of their retirement savings as they choose.

#### Employees' Capital Accumulation Plan

All employees, including our named executive officers, are automatically eligible to participate in the tax-qualified Employees' Capital Accumulation Plan, or ECAP. We fund contributions to ECAP annually for each of our named executive officers. All employees, including our named executive officers, will be eligible for an annual matching

contribution of up to 6% of their eligible annual income as determined by the Internal Revenue Code. Each executive is also eligible to receive a payment that is equivalent to the annual tax-deferred contribution he or she is permitted to make to ECAP under the Internal Revenue Code. Executives may elect to have these funds deposited into a pre-tax or Roth 401(k), or the executive may simply receive the funds as a cash payment and taxed accordingly.

### Additional Retirement Benefits

We provide additional retirement benefits to our executives (including our named executive officers) in order to provide them with additional security in retirement and promote a long-term career with our company. Our executives participate in the Officers' Retirement Plan, under which the executive may retire with full benefits after a minimum of either (a) age 60 with five years of service as an executive or (b) age 50 with ten years of service as an executive. An eligible executive who retires and does not receive severance benefits is entitled to receive a single lump sum retirement payment equal to \$10,000 for each year of service as an executive, pro-rated as appropriate, and an annual allowance of \$4,000 for financial counseling and tax preparation assistance. Our retirees are also eligible to receive comprehensive coverage for medical, pharmacy and dental health care. The premiums for this health care coverage are paid by the Company.

#### Employment Letters

Effective April 1, 2014, we entered into employment letter agreements, or employment letters, with Messrs. Rozanski, Logue and Howell and Ms. Dahut to reflect leadership changes, to align their compensation to the market for similarly situated executives, and to ensure retention of these critical leaders during our leadership succession period.

The employment letters provide for base draw and annual incentives that are consistent with that currently provided to the executives (and described above). Each executive officer will be eligible to participate in the employee benefit and executive perquisite programs of the Company on the same terms as similarly situated executive officers of the Company. Payments upon termination of employment will be governed by the Company's severance, transition, retirement, disability or other policies, as applicable, as in effect from time to time, and subject the terms and conditions of such policies. The officer is required to provide the Company with not less than 90 days' notice of termination of employment for any reason other than death or disability (or such longer notice period as is provided in the relevant officer policy). In addition, each executive agreed to be bound by perpetual confidentiality provisions and non-compete and non-solicit covenants while employed with us and for one year following termination of employment. Under the employment letters, in fiscal year 2015, each of Messrs. Rozanski and Logue received a special grant of 268,818 shares of restricted stock and each of Mr. Howell and Ms. Dahut also received a special grant of 179,212 shares of restricted stock. 33% of the restricted stock vested on March 31, 2016, with the remaining shares to vest 34% on March 31, 2017, and 33% on March 31, 2018, subject to the executive's continued employment through such dates.

#### Executive Ownership Requirements

Equity ownership requirements are in place for all of our executives to further align their interests to those of our stockholders. Until an executive has satisfied the ownership requirements set forth below, the executive cannot sell any equity granted as equity compensation by the firm. Each executive's required equity ownership amount is determined as a multiple of his or her base draw. The applicable multiples for our named executive officers are set forth in the table below as well as a comparison of their actual equity ownership as of the end of the fiscal year:

Named Executive Officers	Ownership Requirement	Actual Ownership <sup>1</sup>
Chief Executive Officer	5x base draw	18x base draw
Other Named Executive Officers	2x to 3x base draw	12x base draw

(1) Actual ownership for the other named executive officers is an average of their actual equity ownership compared to their respective base draw amounts as of fiscal year end.

In calculating an executive's ownership, Class A Common Stock, vested in-the-money stock options, and vested and unvested restricted stock and restricted stock units issued under the Equity Incentive Plan will be considered owned by the executive.

34

---

## Risk Assessment

We conducted an internal risk assessment of our compensation programs. Based on our approach of compensating our executives to foster the financial success of the Company as a whole and other elements of our compensation system, our Company's Leadership Team and the Compensation Committee of the Board, with the information from our internal review, concluded that our executive compensation program does not encourage undue risk-taking.

### Government Limitations on Reimbursement of Compensation Costs

As a government contractor, we are subject to applicable federal statutes and the Federal Acquisition Regulation, or the FAR, which govern the reimbursement of costs by our government clients. Pursuant to FAR 31.205-6(p), our contracts entered into prior to June 24, 2014 include limitations on the allowability of senior executive compensation equal to a benchmark compensation cap established each year by the Administrator of the Office of Federal Procurement Policy under Section 39 of the Office of Federal Procurement Policy Act (41 U.S.C. 1127). The benchmark cap applies to the five most highly compensated employees in management positions. When comparing senior executive compensation to the benchmark cap, all wages, salary, bonuses, deferred compensation and employer contributions to defined contribution pension plans, if any, for the year, as recorded in our books and records, must be included. Any amounts over the cap are considered unallowable and are therefore not recoverable under our government contracts.

For all employees working on contracts with Department of Defense (DoD), NASA or Coast Guard, entered into on or after December 31, 2011 and before June 24, 2014, the FAR also limits the allowability of reimbursement for compensation to the benchmark compensations caps described above.

For all employees working on Federal contracts entered into on or after June 24, 2014, the Bipartisan Budget Act imposed a new compensation cap of \$487,000, which cap will be adjusted annually in accordance with the Employment Cost Index for all workers. The FAR was amended to impose this limitation effective June 24, 2014.

### Policy on Recovering Bonuses in the Event of a Restatement

We have included provisions in our Annual Incentive Plan and our Equity Incentive Plan that provide us with the ability to impose the forfeiture of bonuses and equity compensation and the recovery of certain bonus amounts and gains from equity compensation awarded under those plans in the event of an accounting restatement due to material non-compliance with any financial reporting requirements under the securities laws with respect to individuals who engage in misconduct or gross negligence that results in a restatement of our financial statements, individuals subjected to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002, and, to the extent that, based on erroneous data, any award or payment is in excess of what would have been paid under the accounting restatement during the three-year period preceding the date on which a financial restatement is required, current or former executives, or as otherwise required under applicable laws or regulations. In addition, if an individual engages in certain other misconduct, we have the discretion to suspend vesting of all or a portion of any award and/or require the forfeiture or disgorgement to us of any equity award (including gains on the sale of the stock, if any) that vested, was paid or settled in the twelve months prior to or any time after the individual engaged in such misconduct. Our Equity Incentive Plan and Annual Incentive Plan also permit the Company to subject awards to forfeiture, disgorgement and recoupment under any applicable claw-back policies that may be adopted by the Board or our Compensation Committee. The Company is awaiting regulatory guidance regarding clawbacks of compensation under the Dodd-Frank Act and expects to implement a clawback policy after that guidance is finalized.

### Certain Change in Control Provisions

For options granted after our initial public offering, in the event of a change in control, unless the plan administrator determines otherwise, all time-vesting awards under the Equity Incentive Plan will fully vest and a pro-rated portion

of outstanding performance-vesting awards will vest based on the performance achieved as of the change in control. Under the Equity Incentive Plan, "change in control" is generally defined as the acquisition by any person (other than Carlyle) of 50% or more of the combined voting power of our company's then outstanding voting securities, the merger of our company if its stockholders immediately prior to the merger together with Carlyle do not own more than 50% of the combined voting power of the merged entity, the liquidation or dissolution of our company (other than in a

35

---

bankruptcy proceeding or for the purposes of effecting a corporate restructuring or reorganization) or the sale of all or substantially all the assets of our company to non-affiliates.

Options granted under our Equity Incentive Plan prior to our initial public offering also contain provisions that accelerate vesting in connection with certain change in control events that result in liquidity to Carlyle, which were negotiated at the time of Carlyle's investment in our company to motivate management to assist our principal stockholders in achieving a favorable return on their investment in our company. As of June 30, 2016, there are no remaining unvested options outstanding that were granted prior to our initial public offering.

In addition, if during the five year period after a change in control our executives' retiree medical plan is terminated or modified in a manner that is materially adverse to our executives, our executives, including our named executive officers, will be guaranteed their existing benefits under the plan through the fifth anniversary of the change in control and receive at the end of the five-year period a cash payment equal to the excess of the actuarial cost of the executive's benefits under the plan that would be accrued on the company's financial statements on the fifth anniversary of the change in control in the absence of the termination or modification over the amount that is accrued on our financial statements on the fifth anniversary of the change in control giving effect to the termination or modification (but excluding the accrual on the payment itself).

#### Policies on Timing of Equity Grants

It is our policy not to time the granting of equity awards in relation to the release of material, non-public information. Accordingly, regularly scheduled awards are permitted to be granted at times when there is material non-public information. We expect that we will generally grant awards to new hires and promotion awards effective at the time of the next scheduled Compensation Committee or Board of Directors meeting, and annual awards effective July 1. In addition, it is our policy not to grant equity awards with effect from, or with an exercise price based on market conditions as they existed on, any date prior to the date on which the party in which granting authority is vested (typically our Compensation Committee or our Board of Directors) takes formal action to grant them.

#### Effect of Accounting and Tax Treatment on Compensation Decisions

Section 162(m) of the Internal Revenue Code imposes a limit on the amount of compensation that we may deduct in any one year with respect to certain "covered employees," unless certain specific and detailed criteria are satisfied. Performance-based compensation, as defined in the Internal Revenue Code, is fully deductible if the programs are approved by stockholders and meet other requirements. As described above, all of our short-term non-equity incentive compensation is determined based upon the achievement of certain predetermined financial performance goals and follow criteria that generally permit us to deduct such amounts without being subject to limits under Section 162(m). While we will continue to monitor our compensation programs in light of Section 162(m) and seek to pay deductible compensation whenever possible consistent with our overall compensation philosophy, our Compensation Committee considers it important to retain the flexibility to design compensation programs that are in the best long-term interests of our company and our stockholders. As a result, we have not adopted a policy requiring that all compensation be deductible and our Compensation Committee may conclude that paying compensation at levels that are subject to limits under Section 162(m) is nevertheless in the best interests of our company and our stockholders.

Other provisions of the Internal Revenue Code can also affect compensation decisions. Section 409A of the Internal Revenue Code, which governs the form and timing of payment of deferred compensation, imposes sanctions, including a 20% penalty and an interest penalty, on a recipient of deferred compensation that does not comply with Section 409A. Our Compensation Committee takes into account the potential implications of Section 409A in determining the form and timing of compensation awarded to our executives and strives to structure its nonqualified deferred compensation plans to meet these requirements.

Section 280G of the Internal Revenue Code disallows a company's tax deduction for payments received by certain individuals in connection with a change in control to the extent that the payments exceed an amount approximately three times their average annual compensation and Section 4999 of the Internal Revenue Code imposes a 20% excise tax on those payments. As described above, options granted under our Equity Incentive Plan have or will contain provisions that accelerate vesting of all or a portion of the awards in connection with a change in control. To the extent that payments upon a change in control are classified as excess parachute payments, our company's tax deduction would be disallowed under Section 280G.

## Compensation Tables and Disclosures

## SUMMARY COMPENSATION TABLE

Name and Principal Position	Year <sup>1</sup>	Salary	Bonus	Stock Awards <sup>2</sup>	Option Awards <sup>3</sup>	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings <sup>5</sup>	All Other Compensation <sup>7</sup>	Total
							(\$)		
Horacio D. Rozanski	2016	1,437,500	—	476,272	599,996	869,943	15,016	145,600	3,544,327
President & Chief Executive Officer	2015	1,050,000	—	6,757,378	—	1,255,054	16,370	425,263	9,504,065
Kevin L. Cook <sup>6</sup>	2016	437,500	—	75,584	169,997	363,270	11,631	141,568	1,199,550
Executive Vice President, Chief Financial Officer & Treasurer	2015	375,000	—	71,979	—	291,846	11,028	229,876	979,729
Karen M. Dahut <sup>6</sup>	2016	1,000,000	—	374,218	—	603,247	10,000	136,007	2,123,472
Executive Vice President	2015	825,000	—	4,558,901	—	930,430	12,179	270,945	6,597,455
Lloyd W. Howell, Jr. <sup>6</sup>	2016	1,000,000	—	374,218	—	603,247	15,845	136,163	2,129,473
Executive Vice President	2015	825,000	—	4,558,901	—	930,430	16,046	281,825	6,612,202
Joseph Logue	2016	1,250,000	—	476,272	—	756,472	10,000	146,321	2,639,065
Executive Vice President	2015	1,050,000	—	6,757,378	—	1,155,054	13,995	399,425	9,375,852
	2014	1,050,000	85,275	426,600	211,500	616,354	14,729	835,360	3,239,818

(1) Each year is a reflection of our fiscal year which runs from April 1 to March 31. For example, 2016 reflects fiscal 2016 - April 1, 2015 to March 31, 2016.

This column represents the aggregate grant date value of restricted stock units granted on July 1, 2015 as part of the fiscal 2015 annual incentive. See "Compensation Discussion and Analysis -- Compensation Elements -- Annual Incentive." For Messrs. Rozanski, Logue, Howell and Ms. Dahut, this column also represents the grant date value of restricted stock granted on May 2, 2014 in accordance with their employment letters as described in the

(2) "Compensation Discussion and Analysis - Employment Letters" section. The aggregate fair value of the awards was computed in accordance with FASB ASC Topic 718 using the valuation methodology and assumptions set forth in Note 16 to our financial statements for the fiscal year ended March 31, 2016, which are incorporated by reference herein, modified to exclude any forfeiture assumptions related to service-based vesting conditions. The amounts in this column do not reflect the value, if any, that ultimately may be realized by the executive.

(3) This column reflects the aggregate grant date value of options granted on April 1, 2015 to Messrs. Rozanski and Cook, as reflected in the Grants of Plan Based Awards table below, upon each of their promotions. See "Compensation Discussion and Analysis -- Compensation Elements - Long-Term Incentives." The aggregate fair value of the awards was computed in accordance with FASB ASC Topic 718 using the valuation methodology and assumptions set forth in Note 16 to our financial statements for the fiscal year ended March 31, 2016, which are incorporated by reference herein.

(4) This column reflects the cash portion of the annual bonus and supplemental bonus under our annual performance bonus program, which provides awards based on the achievement of corporate performance objectives. The portion of the award paid in cash is reported in the Summary Compensation Table with respect to the year in which the

bonus is earned. The annual performance bonus program is described more fully at “Compensation Discussion and Analysis - Annual Incentive.” This column also reflects the special cash bonus payments to Messrs. Rozanski, Logue, Howell and Ms. Dahut in fiscal 2015.

(5) This column reflects the change in value of the cash retirement benefit accrued under the Officers' Retirement Plan for each of our named executive officers.

(6) Messrs. Cook and Howell and Ms. Dahut were not named executive officers prior to 2015.

(7) The table below describes the elements included in All Other Compensation.

OTHER COMPENSATION TABLE

Name	Club Membership	Financial Counseling	Qualified Company Contributions to 401(k)	Company Non-Qualified Retirement Contributions to Employees <sup>a</sup>	Executive Medical and Retiree Plan Contributions	Tax Gross-Up <sup>b</sup>	Life Insurance	Other <sup>c</sup>	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Horacio D. Rozanski	15,320	14,400	15,900	18,000	51,220	1,874	2,352	26,534	145,600
Kevin L. Cook	7,968	10,531	15,900	24,000	51,220	4,664	9,096	18,189	141,568
Karen M. Dahut	7,080	12,115	15,900	24,000	51,220	3,117	3,846	18,729	136,007
Lloyd W. Howell, Jr.	11,330	13,280	15,900	18,000	51,220	1,656	2,988	21,789	136,163
Joseph Logue	14,187	10,400	15,900	24,000	51,220	2,457	3,468	24,689	146,321

Represents retirement plan contributions paid by the Company to the named executive officer as described above (a) under "Compensation Discussion and Analysis -- Compensation Elements -- Defined Contribution Retirement Plan and Other Retirement Benefits."

(b) Includes tax gross-ups relating to life insurance coverage.

(c) Includes: dental, supplemental medical, accident insurance, personal excess liability coverage, estate planning, and vehicle parking.

GRANTS OF PLAN BASED AWARDS TABLE

Name	Grant Date	Approval Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards <sup>1</sup>			Estimated Future and Possible Payouts Under Equity Incentive Plan Awards <sup>2</sup>			All Other Stock Awards; Number of Shares or Stock Units	All Other Securities Underlying Options <sup>3</sup>	Grant Date or Exercise Price of Stock and Option Awards (\$/Sh)	Grant Fair Value of Stock and Option Awards (\$)
			Threshold	Target	Max	Threshold	Target	Max				
Horacio D. Rozanski	4/1/2015	1/28/2015							—	89,380	29.08	599,996
	7/1/2015	5/19/2015				18,532 (#)			—			476,272
	—	5/19/2015	—	846,555	1,509,222	—	527,850 (\$)	1,055,700	—			
Kevin L. Cook	4/1/2015	1/28/2015							—	25,324	29.08	169,997

Edgar Filing: Booz Allen Hamilton Holding Corp - Form DEF 14A

	7/1/2015	5/19/2015			2,941	—		75,584
					(#)			
	—	5/19/2015	—	262,742	493,048	—	107,100	214,200
					(\$)			
Karen M. Dahut	7/1/2015	5/19/2015			14,561	—		374,218
					(#)			
	—	5/19/2015	—	587,004	1,047,220	—	367,200	734,400
					(\$)			
Lloyd W. Howell, Jr.	7/1/2015	5/19/2015			14,561	—		374,218
					(#)			
	—	5/19/2015	—	587,004	1,047,220	—	367,200	734,400
					(\$)			
Joseph Logue	7/1/2015	5/19/2015			18,532	—		476,272
					(#)			
	—	5/19/2015	—	736,134	1,312,367	—	459,000	918,000
					(\$)			

(1) Reflects the portion of the target and maximum bonus levels for fiscal 2016 under our annual performance bonus plan, which provides awards based on the achievement of corporate performance objectives, payable in cash, as well as the target and maximum supplemental bonus award. The annual performance bonus plan and supplemental bonus awards are described more fully under “Compensation Discussion and Analysis - Compensation Elements -

Annual Incentive.” Non-equity incentive plan awards have no minimum threshold payouts. The maximum payout for the annual bonus is equal to 200% of target plus the supplemental cash bonus payable as a result of the maximum annual bonus payment. The actual cash bonuses paid for fiscal 2016 are reflected in the Summary Compensation Table.

Reflects the actual number of restricted stock units grants under our Annual Incentive Plan during fiscal 2016, which occurred on July 1, 2015, with respect to fiscal 2015 performance. Restricted stock units granted in July 2015 will vest ratably over a three year period on June 30 of each year based on continued employment, subject to certain exceptions. Also reflects the dollar value of the portion of the target and maximum bonus levels for fiscal 2016 under our annual performance bonus plan payable in restricted stock units, including a 20% premium. Annual

(2) Incentive Plan awards have no minimum threshold payments. The maximum payout is equal to 200% of target. The actual number of restricted stock units awarded under the plan with respect to fiscal 2016 performance will be granted in the 2016 fiscal year based on the fair market value of our Class A common stock on the date of grant and will be reflected in the 2017 Summary Compensation Table. The annual performance bonus plan is described more fully under “Compensation Discussion and Analysis - Compensation Elements - Annual Incentive.”

Reflects the actual number of options granted under our Equity Incentive Plan on April 1, 2015 to Mr. Rozanski in connection with his promotion to Chief Executive Officer during the prior fiscal year and to Mr. Cook in

(3) connection with his promotion to Executive Vice President effective April 1, 2015. The options vest ratably over five years on March 31 of each year based on continued employment, subject to certain exceptions. See “Compensation Discussion and Analysis -- Compensation Elements - Long-Term Incentives.”

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END TABLE

Name	Option Awards				Option Exercise Price (\$)	Option Expiration Date	Stock Awards	
	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Number of Securities Underlying Unearned Options	Option			Number of Shares or Units of Stock That Have Not Vested <sup>4</sup>	Market Value of Shares or Units of Stock That Have Not Vested (\$) <sup>5</sup>
Horacio D. Rozanski	17,876	71,504	1 —	—	29.08	4/1/2025	220,755	6,684,461
	18,000	27,000	1 —	—	18.35	5/23/2023		
	45,000	—	—	—	6.45	<sup>6</sup> 4/29/2020		
	61,020	—	—	—	4.28	11/19/2018		
Kevin L. Cook	5,064	20,260	1 —	—	29.08	4/1/2025	5,711	172,929
	—	27,000	1 —	—	18.35	5/23/2023		
	31,992	2,669	1 3,470	—	<sup>2</sup> 11.93	<sup>6</sup> 4/1/2021		
	—	—	1,869	—	<sup>3</sup> 11.93	<sup>6</sup> 4/1/2021		
Karen M. Dahut	18,000	27,000	1 —	—	18.35	5/23/2023	149,056	4,513,416
	27,000	18,000	1 —	—	10.67	<sup>6</sup> 4/1/2022		
	36,000	—	—	—	6.08	5/7/2019		
	19,040	—	—	—	4.28	11/19/2018		
Lloyd W. Howell, Jr.	—	—	—	—	—	—	153,743	4,655,338
	45,000	—	—	—	6.08	5/7/2019		

Edgar Filing: Booz Allen Hamilton Holding Corp - Form DEF 14A

Joseph Logue	113,120—	—	4.28	11/19/2018	220,755 6,684,461
	18,000 27,000	<sup>1</sup> —	18.35	5/23/2023	
	36,000 —	<sup>1</sup> —	6.45	<sup>6</sup> 4/29/2020	
	185,000—	—	4.28	11/19/2018	

The options were granted pursuant to the Equity Incentive Plan and will vest and become exercisable, subject to (1) the continued employment of the named executive officer, as set forth in the table below. These options fully vest and become exercisable immediately prior to the effective date of certain change in control events.

Name	Option Price	Exercise June 30, 2016	Exercise March 31, 2017	Exercise June 30, 2017	Exercise March 31, 2018	Exercise June 30, 2018	Exercise March 31, 2019	Exercise March 31, 2020	Total
Horacio D. Rozanski	\$18.35	9,000	—	9,000	—	9,000	—	—	27,000
	\$29.08	—	17,876	—	17,876	—	17,876	17,876	71,504
Kevin L. Cook	\$11.93	2,669	—	—	—	—	—	—	2,669
	\$18.35	9,000	—	9,000	—	9,000	—	—	27,000
	\$29.08	—	5,064	—	5,064	—	5,064	5,068	20,260
Karen M. Dahut	\$10.67	9,000	—	9,000	—	—	—	—	18,000
	\$18.35	9,000	—	9,000	—	9,000	—	—	27,000
Joseph Logue	\$18.35	9,000	—	9,000	—	9,000	—	—	27,000

- (2) The options were granted in 2011 under the Equity Incentive Plan subject to vesting based on EBITDA performance goals during the five-year vesting period. These options will be forfeited on June 30, 2016. The options were granted in 2011 under the Equity Incentive Plan and will vest and become exercisable on June 30, 2016, subject to the continued employment of Mr. Cook, based on achievement of cumulative cash flow performance goals during the five-year period ending March 31, 2016. In addition, any unvested options would vest immediately prior to the effective date of certain change in control events on a pro-rata basis based on performance up to the date of the change of control.
- (3) The named executive officers' restricted stock and restricted stock units vests as set forth in the table below. The restricted stock and restricted stock units become fully vested upon certain change in control events, unless otherwise determined by our Compensation Committee.

Name	June 30, 2016	March 31, 2017	June 30, 2017	March 31, 2018	June 30, 2018
Horacio D. Rozanski	21,280	91,398	13,188	88,711	6,178
Kevin L. Cook	2,637	—	2,093	—	981
Karen M. Dahut	13,767	60,932	10,361	59,141	4,855
Lloyd W. Howell, Jr.	18,454	60,932	10,361	59,141	4,855
Joseph Logue	21,280	91,398	13,188	88,711	6,178

- (5) Market value has been determined based on the fair market value of our stock on March 31, 2016 of \$30.28.  
 (6) Exercise price reflects adjustment in connection with \$6.50 special dividend paid in August 2012.

Option Exercises and Stock Vested Table

The table below provides information on the named executive officers' restricted stock awards that vested and the stock options that they exercised in fiscal 2016.

OPTION EXERCISES AND STOCK VESTED TABLE

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise <sup>1</sup>	Value Realized on Exercise <sup>2</sup> (\$)	Number of Shares Acquired on Vesting	Value Realized on Vesting <sup>3</sup> (\$)
Horacio D. Rozanski	106,496.80	2,512,846	110,490.00	3,235,861
Kevin L. Cook	28,000.00	414,990	2,108.00	53,206
Karen M. Dahut	41,626.95	1,133,996	70,302.00	2,072,483
Lloyd W. Howell, Jr.	56,496.80	1,514,962	79,418.00	2,302,571
Joseph Logue	47,080.67	1,245,886	110,490.00	3,235,861

- (1) Fractional shares are paid in cash.

(2) Option Award (\$) value realized is based on fair market value less exercise cost at time of exercise.

40

---

(3) Stock Award (\$) value realized is based on fair market value on applicable vesting date of June 30, 2015 and March 31, 2016, respectively.

#### Pension Benefits Table

The Officers' Retirement Plan is an unfunded defined benefit retirement plan that we maintain for our executives. Under the Officers' Retirement Plan, if an executive retires of his or her own volition (and is not entitled to severance) after a minimum of either (a) age 60 with five years of service as an executive or (b) age 50 with ten years of service as an executive, he or she will be entitled to receive a single lump sum retirement payment equal to \$10,000 for each year of service as an executive, pro-rated as appropriate. As of fiscal 2016 end, Messrs. Logue and Cook and Ms. Dahut are eligible to receive benefits under the Officers' Retirement Plan upon retirement.

#### PENSION BENEFITS TABLE

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefits <sup>1</sup> (\$)	Payments During Last Fiscal Year (\$)
Horacio D. Rozanski	Officers' Retirement Plan	16.5	151,821	—
Kevin L. Cook	Officers' Retirement Plan	5.0	50,000	—
Karen M. Dahut	Officers' Retirement Plan	11.5	115,000	—
Lloyd W. Howell, Jr.	Officers' Retirement Plan	15.5	154,356	—
Joseph Logue	Officers' Retirement Plan	14.5	145,000	—

The present value of accumulated benefits has been calculated in a manner consistent with our reporting of the Retired Officers' Bonus Plan under Statement of Financial Accounting Standards No. 87, using the Accumulated (1) Benefit Obligation with the exception of the retirement rate assumptions. The amounts shown above reflect an assumption that each participant collects his or her benefit at the earliest age at which an unreduced benefit is available.

#### Non-Qualified Deferred Compensation

In connection with the payment of each special dividend in fiscal years 2010, 2013, 2014, and 2015, holders of certain options (including our named executive officers with the exception of Mr. Cook) granted pursuant to our Officers' Rollover Stock Plan to replace compensatory stock options initially granted by our predecessor received dividend equivalent rights that entitle the executive to receive, on the option's fixed exercise date, a cash payment based on difference between adjustments made to the option exercise price in connection with the dividend and the amount of the special dividend. This payment was subject to vesting and forfeiture on the same terms as the related option and is paid in the same calendar year as the related option is required to be exercised. The final tranche of options under the Officers' Rollover Stock Plan were exercised in the second quarter of fiscal 2016, and the final dividend adjustment payments in respect of such options were made to our named executive officers on October 2, 2015, as reflected in the table below.

#### NONQUALIFIED DEFERRED COMPENSATION TABLE

Name	Plan Name	Executive Contributions in Last FY (\$)	Registrant Contributions in Last FY (\$)	Aggregate Earnings in Last FY (\$)	Aggregate Withdrawals/ Distributions at Last FYE (\$)	Aggregate Balance at Last FYE (\$)
Horacio D. Rozanski	Officers' Rollover Stock Plan	—	—	—	850,917	—
Kevin L. Cook	Officers' Rollover Stock Plan	—	—	—	—	—
Karen M. Dahut	Officers' Rollover Stock Plan	—	—	—	366,258	—

Edgar Filing: Booz Allen Hamilton Holding Corp - Form DEF 14A

Lloyd W. Howell, Jr.	Officers' Rollover Stock Plan—	—	—	850,882	—
Joseph Logue	Officers' Rollover Stock Plan—	—	—	708,706	—

41

---

## Employment Arrangements and Potential Payments upon Termination or a Change in Control

Historically, we have not entered into employment letters with our executive officers. However, in January 2014, we entered into employment letters, effective April 1, 2014, with certain senior level executives, including Messrs. Rozanski, Logue and Howell and Ms. Dahut due to the leadership changes and the need to align their compensation to the market as described above under "Employment Letters." Pursuant to the employment letters, payments upon termination of employment will be governed by the Company's severance, transition, retirement, disability or other policies, as applicable, as in effect from time to time, and subject to the terms and conditions of such policies. Consistent with our Transition Policy, which deals with departures other than retirement, resignation, death, disability and terminations for cause, each named executive officer is eligible for transition pay equal to four months of base pay, plus one additional month for each year of service as an executive, up to a maximum of twelve months' base pay. Under the terms of our Transition Policy and Retirement Policy, all departure payments and benefits are contingent upon the executives' signing of a general release.

### Termination Payments

Under our Officers' Retirement Plan, if our named executive officers retire, they will each be entitled to receive a single lump sum retirement payment equal to \$10,000 for each year of service as an executive, pro-rated as appropriate, and an annual allowance of \$4,000 for financial counseling and tax preparation assistance. They are also eligible for a one-time payment of \$5,000 upon entering retirement for financial counseling expenses associated with developing a retirement financial strategy. In addition, each of our named executive officers and their eligible dependents will be entitled to receive the benefit of employer-paid retiree medical and dental coverage for life.

We entered into a retirement letter agreement in fiscal 2016 with Mr. Cook in connection with his announced retirement. Contingent upon satisfactory completion of defined objectives set forth in the letter agreement, Mr. Cook is entitled to a payment of \$230,000 in the event his employment terminates prior to September 30, 2016, or \$180,000 in the event his employment terminates on or after September 30, 2016. Pursuant to the letter agreement, Mr. Cook is also eligible to receive a six-month fiscal 2017 bonus payable in cash on the Company's established payment date for fiscal 2017 bonuses, and any outstanding restricted stock units held by Mr. Cook on his retirement date will continue to vest following his retirement. These payments and benefits are in addition to the benefits to be provided under the Officers' Retirement Plan, as described above.

### Change in Control Protections

We do not have change in control agreements with any of our employees.

Under the Equity Incentive Plan, if a change in control occurs, outstanding service-vesting options will vest immediately prior to the change in control, unvested performance-vesting options that are scheduled to vest in the year of the change in control, or that are subject to vesting under a catch-up vesting provision, vest immediately prior to the change in control if certain performance conditions are satisfied in the change in control and, unless determined otherwise by our Compensation Committee, restricted stock and restricted stock units will vest upon the change in control.

In addition, if during the five year period after a change in control our executives' retiree medical plan is terminated or modified in a manner that is materially adverse to our executives, our executives, including our named executive officers, will be guaranteed their existing benefits under the plan during such five-year period and will receive a cash payment equal to the excess of the actuarial cost of the executive's benefits under the plan that would be accrued on the company's financial statements on the fifth anniversary of the change in control in the absence of the termination or modification over the amount that is accrued on our financial statements on the fifth anniversary of the change in control after giving effect to the termination or modification (but excluding the accrual on the payment itself).

The following table presents potential payments to each named executive officer as if the named executive officer's employment had been terminated or a change in control had occurred as the last day of fiscal 2016. If applicable, amounts in the table were calculated using \$30.28, the closing fair market value of our common stock on March 31, 2016. The actual amounts that would be paid to any named executive officer can only be determined at the time of an

actual termination of employment or change in control and would vary from those listed below. The estimated amounts listed below are in addition to any retirement, welfare and other benefits that are available to our salaried employees generally.

Name	Severance Pay <sup>1</sup>	Equity With Accelerated Vesting <sup>2</sup>	Retirement Plan Benefits <sup>8</sup>	Death and Disability Benefits	Continued Perquisites and Benefits	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
<b>Horacio D. Rozanski</b>						
Death	—	7,173,376	—	2,119,792 <sup>3</sup>	—	9,293,168
Disability	—	—	—	3,275,032 <sup>4</sup>	—	3,275,032
Involuntary Termination	1,437,500	—	—	—	30,000	<sup>6</sup> 1,467,500
Retirement <sup>10</sup>	—	—	—	—	—	—
Voluntary Resignation	—	—	—	—	—	—
Termination for Cause	—	—	—	—	—	—
Change-In-Control	—	7,173,376	—	—	—	7,173,376
<b>Kevin L. Cook</b>						
Death	—	783,334	—	2,036,458 <sup>3</sup>	—	2,819,792
Disability	—	—	—	1,270,181 <sup>4</sup>	930,454 <sup>5</sup>	2,200,635
Involuntary Termination	328,125	—	—	—	30,000	<sup>6</sup> 358,125
Retirement <sup>11</sup>	230,000	—	50,000	—	1,007,107 <sup>7</sup>	1,287,107
Voluntary Resignation	—	—	—	—	—	—
Termination for Cause	—	—	—	—	—	—
Change-In-Control	—	783,334	—	—	930,454 <sup>9</sup>	1,713,788
<b>Karen M. Dahut</b>						
Death	—	5,350,506	—	2,083,333 <sup>3</sup>	—	7,433,839
Disability	—	—	—	2,911,337 <sup>4</sup>	1,229,571 <sup>5</sup>	4,140,908
Involuntary Termination	1,000,000	—	—	—	30,000	<sup>6</sup> 1,030,000
Retirement	—	—	115,000	—	1,310,652 <sup>7</sup>	1,425,652
Voluntary Resignation	—	—	—	—	—	—
Termination for Cause	—	—	—	—	—	—
Change-In-Control	—	5,350,506	—	—	1,229,571 <sup>9</sup>	6,580,077
<b>Lloyd W. Howell, Jr.</b>						
Death	—	4,655,338	—	2,083,333 <sup>3</sup>	—	6,738,671
Disability	—	—	—	3,142,927 <sup>4</sup>	—	3,142,927
Involuntary Termination	1,000,000	—	—	—	30,000	<sup>6</sup> 1,030,000
Retirement <sup>10</sup>	—	—	—	—	—	—
Voluntary Resignation	—	—	—	—	—	—
Termination for Cause	—	—	—	—	—	—
Change-In-Control	—	4,655,338	—	—	—	4,655,338
<b>Joseph Logue</b>						
Death	—	7,087,571	—	2,104,167 <sup>3</sup>	—	9,191,738
Disability	—	—	—	2,906,639 <sup>4</sup>	1,404,127 <sup>5</sup>	4,310,766
Involuntary Termination	1,250,000	—	—	—	30,000	<sup>6</sup> 1,280,000
Retirement	—	—	145,000	—	1,485,160 <sup>7</sup>	1,630,160
Voluntary Resignation	—	—	—	—	—	—
Termination for Cause	—	—	—	—	—	—
Change-In-Control	—	7,087,571	—	—	1,404,127 <sup>9</sup>	8,491,698

Each named executive officer is eligible for transition pay under our Transition Policy upon an involuntary (1) termination equal to four months of base pay, plus one additional month for each year of service as an executive, up to a maximum of twelve months' base pay.

- This column includes the value of the equity with accelerated vesting calculated using \$30.28, the closing fair market value of our common stock on March 31, 2016, and the value of the deferred cash payment due to the named executive officers as a result of the special dividends paid on June 29, 2012, August 31, 2012, November 29, 2013, February 28, 2014, and August 29, 2014. In connection with the payment of these special dividends,
- (2) holders of certain options granted pursuant to our Equity Incentive Plan, including the named executive officers, received dividend equivalent rights that entitle the holder to receive, on the option's vesting date, a cash payment based on the amount of the special dividend. The accelerated vesting for a change in control is described in more detail under "Change in Control Protections." In the event of death, all outstanding service-vesting and performance-vesting options immediately vest.
- (3) Each named executive officer has a \$2 million life insurance policy. If the death was accidental, an additional \$1.5 million would be paid. Survivors also receive one month's base pay.
- (4) Includes present value of disability insurance payments that cover up to 60% of base salary and bonus with a maximum benefit of \$25,000 per month (\$300,000 per year). The amounts in this column were calculated by valuing the benefit as a standard annuity benefit based on the incidence of disability, using assumptions consistent with

FAS 87/106 accounting for our other benefit programs and, for the assumption of a rate of disability, the 1977 Social Security Disability Index table.

(5) Amount includes actuarial present value of retiree medical benefits. The present value of accumulated benefits has been calculated in a manner consistent with our reporting of the Retired Officers' Welfare Plan under Statement of Financial Accounting Standards No. 106, using the Accumulated Postretirement Benefit Obligation with an adjustment made to retirement age assumptions as required by SEC regulations.

(6) Amount includes \$30,000 outplacement assistance.

(7) These amounts represent the actuarial present value of retiree medical benefits which were calculated as described in footnote 5 above. Amounts in this column also include the actuarial present value of up to \$4,000 per year for financial counseling assistance and were calculated with the same assumptions we use to disclose our Retired Officers' Bonus Plan, consistent with FAS 87, with an adjustment to the rate of retirement; the valuation is based on the discounted value of the full \$4,000. Amount also includes a retirement gift of \$10,000 as well as the depreciated value of bestowed office furniture and associated transportation costs, as applicable.

(8) Benefits under the Officers' Retirement Plan. This amount has been calculated using the methodology and assumptions described in footnote 1 to the Pension Benefits Table above.

(9) Reflects the present value of the guaranteed benefits and cash payment of the actuarial cost of the executive's benefits under the executives' retiree medical plan, assuming that the plan was terminated during the five years following a change in control.

(10) Messrs. Rozanski and Howell are not retirement eligible as executives as of March 31, 2016.

(11) Contingent upon satisfactory completion of defined objectives set forth in the letter agreement, Mr. Cook is entitled to a payment of \$230,000 in the event his employment terminates prior to September 30, 2016.

#### COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis included in this proxy statement with members of management, and based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement.

#### THE COMPENSATION COMMITTEE

Philip A. Odeen (Chairman)

Melody C. Barnes

Peter Clare

Ian Fujiyama

Gretchen W. McClain

## AUDIT COMMITTEE REPORT

Management has the primary responsibility for the Company's financial statements and accounting and reporting processes, including the systems of internal accounting control. The Company's independent registered public accounting firm, Ernst & Young LLP, is responsible for performing an independent audit of the consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board and issuing a report thereon.

The Audit Committee is composed of three directors identified below, each of whom is an independent director as defined by applicable SEC rules and NYSE listing standards. Two committee members, Mark Gaumond and Joan Amble, have been designated by the Board as "audit committee financial experts" under applicable SEC rules. For further description of each committee member's background and expertise, please refer to the director qualification section of our proxy statement beginning on page 5.

The Audit Committee operates under a written charter that it reviews annually and which is available free of charge on our website, [www.boozallen.com](http://www.boozallen.com). In accordance with its charter, the Audit Committee appoints the Company's independent registered public accounting firm, subject to stockholder ratification, and conducts an annual review of its performance. In addition, the Audit Committee pre-approves all audit and permissible non-audit services provided by Ernst & Young LLP, and the fees for those services. The Audit Committee also oversees the Company's internal audit function, including its annual audit plan, budget and staffing. As part of its oversight role, the Audit Committee meets throughout the year, separately and together, with each of management, the Company's internal auditors and Ernst & Young LLP.

The Audit Committee has reviewed and discussed with management of the Company and Ernst & Young LLP, the audited consolidated financial statements of the Company for the fiscal year ended March 31, 2016 (the "Audited Financial Statements").

The Audit Committee has discussed with Ernst & Young LLP the matters required to be discussed under Public Company Accounting Oversight Board ("PCAOB") Auditing Standard No. 16, Communications with Audit Committees.

The Audit Committee has: (i) considered whether non-audit services provided by Ernst & Young LLP are compatible with its independence; (ii) received the written disclosures and the letter from Ernst & Young LLP required by the applicable requirements of the PCAOB regarding Ernst & Young LLP's communications with the Audit Committee concerning independence; and (iii) discussed with Ernst & Young LLP its independence. The Audit Committee has reviewed significant audit findings prepared by Ernst & Young LLP, and those prepared by the Company's internal auditors as well as management's responses thereto.

Based on the reviews and discussions described above, the Audit Committee recommended to the Board that the Audited Financial Statements be included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2016 for filing with the Securities and Exchange Commission.

### THE AUDIT COMMITTEE

Mark Gaumond (Chairman)

Joan Lordi C. Amble

Arthur E. Johnson

### PRE-APPROVAL OF SERVICES BY INDEPENDENT REGISTERED ACCOUNTING FIRM

The Audit Committee pre-approves all audit, audit-related, tax, and other services performed by our independent auditors. The Audit Committee pre-approves specific categories of services up to pre-established fee thresholds. Unless the type of service had previously been pre-approved, the Audit Committee must approve that specific service before the independent auditors may perform it. In addition, separate approval is required if the amount of fees for any pre-approved category of service exceeds the fee thresholds established by the Audit Committee. The Audit Committee has delegated to the chair of the committee pre-approval authority with respect to permitted services, provided that the chair must report any pre-approval decisions to the Audit Committee at its next scheduled meeting. All fees described below were pre-approved by the Audit Committee.



INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FEES

The following table presents the Company's fees for services performed by its principal accounting firm, Ernst & Young LLP, during fiscal years 2016 and 2015.

(Amounts in thousands)	2016	2015
Audit fees <sup>(1)</sup>	\$3,115	\$3,037
Audit-related fees	—	—
Tax fees <sup>(2)</sup>	1,001	964
All other fees	—	—
Total	\$4,116	\$4,001

(1) Audit fees principally include those for services related to the audit and quarterly reviews of the Company's consolidated financial statements and consultation on accounting matters.

(2) Tax fees principally include domestic and foreign tax compliance and advisory services.

**PROPOSAL 2: RATIFICATION OF APPOINTMENT OF ACCOUNTANTS**

The Audit Committee has appointed Ernst & Young LLP, an independent registered public accounting firm, as the independent auditors to perform an integrated audit of the Company for the fiscal year ending March 31, 2017. Ernst & Young LLP served as our independent auditors for the fiscal year ended March 31, 2016. Stockholder approval of the appointment is not required.

The Board believes that obtaining stockholder ratification of the appointment is a sound corporate governance practice. If the stockholders do not vote on an advisory basis in favor of Ernst & Young LLP, the Audit Committee will reconsider whether to hire the firm and may retain Ernst & Young LLP or hire another firm without resubmitting the matter for stockholders to approve. The Audit Committee retains the discretion at any time to appoint a different independent auditor.

Representatives of Ernst & Young LLP are expected to be present at the annual meeting, available to respond to appropriate questions, and will have the opportunity to make a statement if they desire.

The Board of Directors recommends a vote FOR ratification of the appointment of Ernst & Young LLP as the independent registered public accounting firm for the Company for fiscal year 2017.

OTHER BUSINESS

The Board is not aware of any other matters to be presented at the annual meeting. If any other matter proper for action at the meeting should be presented, the holders of the accompanying proxy will vote the shares represented by the proxy on such matter in accordance with their best judgment. If any matter not proper for action at the meeting should be presented, the holders of the proxy will vote against consideration of the matter or the proposed action.

By order of the Board of Directors,

Nancy J. Laben

Secretary

McLean, Virginia

June 16, 2016

## IMPORTANT INFORMATION ABOUT ANNUAL MEETING AND PROXY PROCEDURES

The Board of Directors is soliciting proxies to be used at the Annual Meeting of Stockholders to be held on July 28, 2016, beginning at 8:00 a.m. (EDT) at The John C. Newman Auditorium, located in our offices at 8283 Greensboro Drive, McLean, VA 22102.

Do I need an admission ticket to attend the annual meeting?

No; however, you must present both proof of ownership and valid photo identification to attend the annual meeting.

- If you hold shares through an account with a bank or broker, contact your bank or broker to request a legal proxy from the owner of record to vote your shares in person. This will serve as proof of ownership.
- A recent brokerage statement or letter from your broker showing that you owned shares in your account as of the record date, June 6, 2016, also serves as proof of ownership.

If you do not have proof of ownership and valid photo identification, you will not be admitted into the annual meeting.

Who is entitled to vote at the annual meeting?

Holders of the Company's Class A common stock are entitled to vote at the annual meeting. The Board has established the record date for the annual meeting as June 6, 2016. Only holders of record of the Company's Class A common stock on the record date are entitled to receive notice of the meeting and to vote at the meeting.

How many shares must be present to hold the annual meeting?

In order for us to lawfully conduct business at the annual meeting, the holders of stock representing a majority of the voting power of all shares issued and outstanding and entitled to vote at the meeting must be present in person or represented by proxy. This is referred to as a quorum.

How many shares may I vote?

On June 6, 2016, 148,168,034 shares of our Class A common stock were outstanding. Each share of Class A common stock is entitled to one vote, and stockholders do not have the right to cumulate their votes for the election of directors.

What am I voting on and what are the Board's recommendations?

Proposal Description	Board's Voting Recommendation	Page Reference
No. 1 Election of 3 director nominees	FOR each nominee	5
No. 2 Ratification of appointment of Ernst & Young LLP as the Company's independent registered accounting firm for fiscal year 2017	FOR	47

What is the difference between holding shares as a stockholder of record and as a beneficial owner?

If your shares are registered directly in your name with the Company's registrar and transfer agent, Computershare, you are considered a "stockholder of record" with respect to those shares. We mail the proxy materials and our annual report to you directly.

If your shares are held in a brokerage account or bank, you are considered the “beneficial owner” of those shares, which are held in “street name.” In this case, the proxy materials and our annual report were forwarded to you by your

broker or bank. As the beneficial owner, you have the right to direct your broker or bank how to vote your shares by following the voting instructions included in the mailing.

What is the procedure for voting?

If you are a stockholder of record of Class A common stock, you can vote your shares at the annual meeting by attending the meeting and completing a ballot or you can give a proxy to be voted at the annual meeting in one of three ways: (1) over the telephone by calling a toll-free number provided on the enclosed proxy card, (2) electronically via the Internet as described in the enclosed proxy card, or (3) date, sign, and complete the proxy card and return it in the enclosed envelope, which requires no postage stamp if mailed in the United States.

If you are a beneficial owner of Class A common stock, you can vote your shares at the annual meeting by attending the meeting in person if you have requested and received a legal proxy from your bank or broker which you must bring with you to the meeting, or you can give a proxy to be voted at the annual meeting in one of three ways: (1) over the telephone by calling a toll-free number provided on the enclosed proxy card, (2) electronically via the Internet as described in the enclosed proxy card, or (3) date, sign, and complete the proxy card and return it in the enclosed envelope, which requires no postage stamp if mailed in the United States.

Can I change my proxy?

You may revoke your proxy before it is voted at the annual meeting by delivering a signed revocation letter to the Secretary at 8283 Greensboro Drive, McLean, VA 22102 or by submitting a new proxy, dated later than your first proxy, in one of the ways described in the answer to the previous question. If you are attending in person and have previously mailed your proxy card, you may revoke your proxy and vote in person at the meeting.

Can other matters be decided at the annual meeting?

The Board is not aware of any other matters to be presented at the annual meeting. If any other matter proper for action at the meeting should be presented, the holders of the accompanying proxy will vote the shares represented by the proxy on such matter in accordance with their best judgment. If any matter not proper for action at the meeting should be presented, the holders of the proxy will vote against consideration of the matter or the proposed action.

What is the vote required for each proposal?

For each of the proposals being considered at the annual meeting, approval of the proposal requires the affirmative vote of a majority of the shares entitled to vote at the annual meeting represented either in person or by proxy at the annual meeting, except that directors shall be elected by a plurality of the votes validly cast at the annual meeting.

What if I am a stockholder of record and do not provide voting instructions when returning a proxy?

Stockholders should specify their choice for each matter on the proxy card. Proxies that are signed and returned but do not contain voting instructions will be voted:

• FOR the election of all director nominees as set forth in this proxy statement;  
• FOR the ratification of the appointment of Ernst & Young LLP as the Company's independent registered accounting firm for fiscal year 2017.

What if I am a beneficial owner and do not give voting instructions to my broker?

If your shares are held by a broker in “street name,” your brokerage firm may vote your shares on certain “routine” matters if you do not provide voting instructions. The ratification of an independent registered public accounting firm is an example of a routine matter. If you do not provide voting instructions, your brokerage firm may either vote your shares on routine matters or leave your shares unvoted. When a brokerage firm votes its customers' shares on a routine matter without receiving voting instructions, these shares are counted both for establishing a quorum to conduct business at the meeting and in determining the number of shares voted for or against the routine matter. A brokerage firm cannot vote your shares on non-routine matters, such as the election of directors. If your brokerage firm has not

received voting instructions on a non-routine matter, these shares will be considered “broker non-votes” to the extent that the brokerage firm submits a proxy.

How are abstentions and broker non-votes counted?

Abstentions will be treated as present for purposes of determining a quorum but will not be included in vote totals and will not affect the outcome of the vote.

Broker non-votes are counted for purposes of establishing a quorum but will have no effect on the outcome of the non-routine proposals.

Who will count the votes?

A representative from Broadridge Financial Services will tabulate the votes and act as the inspector of election for the annual meeting.

Who will bear the costs of soliciting votes for the annual meeting?

We will bear all costs of soliciting proxies. Pursuant to rules adopted by the Securities and Exchange Commission, or SEC, we have elected to deliver a notice of Internet availability of proxy materials to stockholders and provide Internet access to those proxy materials. Stockholders may obtain paper copies of the proxy materials free of charge by following the instructions provided in the notice of Internet availability of proxy materials. We have also retained the services of Georgeson Inc. to assist in the solicitation of proxies for the annual meeting. The estimated cost of such services is \$15,000, plus reasonable out-of-pocket expenses incurred in the process of soliciting proxies.

When will the Company announce the voting results?

The preliminary voting results will be announced at the annual meeting. The Company will report the final results on our website and in a Current Report on Form 8-K filed with the SEC.

Can I receive a copy of the Annual Report?

The annual report of the Company on Form 10-K for the fiscal year ended March 31, 2016 is being furnished concurrently with this proxy statement to persons who were stockholders of record as of June 6, 2016, the record date for the annual meeting. These materials do not form part of the material for the solicitation of proxies.

What is “householding” and how does it affect me?

In some cases, stockholders holding their shares in a brokerage or bank account who share the same surname and address and have not given contrary instructions are receiving only one copy of our annual report on Form 10-K and this proxy statement. This reduces the volume of duplicate information received at your household and helps to reduce costs. If you would like to have additional copies of these documents mailed to you, please call or write our Secretary at 8283 Greensboro Drive, McLean, Virginia 22102, telephone: (703) 902-5000. If you want to receive separate copies of the proxy statement, annual report to stockholders, or Notice of Internet Availability of Proxy Materials in the future, or if you are receiving multiple copies and would like to receive only one copy per household, you should contact your bank, broker, or other nominee record holder.

How do I submit a proposal for action at the annual of meeting of stockholders in 2017?

Under applicable SEC rules and regulations, the Company will review for inclusion in next year's proxy statement stockholder proposals received by February 16, 2017. Proposals should be sent to the Secretary of the Company at 8283 Greensboro Drive, McLean, Virginia 22102.

Pursuant to our second amended and restated bylaws, stockholder proposals not included in next year's proxy statement may be brought before the 2017 Annual Meeting of Stockholders by a stockholder of the Company who is entitled to vote at the meeting, who has given a written notice to the Secretary of the Company at 8283 Greensboro Drive, McLean, Virginia 22102 containing certain information specified in the bylaws and who was a stockholder of record at the time such notice was given. Such notice must be delivered to or mailed and received at the address in

the preceding paragraph no earlier than March 30, 2017 and no later than April 29, 2017, except that if the date of the 2017 Annual Meeting of Stockholders is changed, and the meeting is held before June 28, 2017 or after October 6, 2017, such notice must be delivered at the address in the preceding paragraph no earlier than 120 days prior to the new date of such annual meeting and not later than the close of business on the later of (i) the ninetieth day prior to the new date of such annual meeting and (ii) the tenth day following the day on which a public announcement of the new date of such annual meeting is first made.

## Appendix A

## Non-GAAP Measures

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

- “Adjusted Operating Income” represents operating income before (i) certain stock option-based and other equity-based compensation expenses, (ii) adjustments related to the amortization of intangible assets, and (iii) transaction costs, fees, losses, and expenses, including fees associated with debt prepayments. We prepare Adjusted Operating Income to eliminate the impact of items we do not consider indicative of ongoing operating performance due to their inherent unusual, extraordinary, or non-recurring nature or because they result from an event of a similar nature.

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

- “Adjusted 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) adjustments related to the amortization of intangible assets, (iv) amortization or write-off of debt issuance costs and write-off of original issue discount, and (v) 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, we do not consider indicative of ongoing operating performance due to their inherent unusual, extraordinary, or non-recurring nature or because they result from an event of a similar nature.

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

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

A - 1

---

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)	Fiscal Year Ended March 31,		
	2016	2015	2014
	(Unaudited)		
Adjusted Operating Income			
Operating Income	\$444,584	\$458,822	\$460,611
Certain stock-based compensation expense (a)	—	—	1,094
Amortization of intangible assets (b)	4,225	4,225	8,450
Transaction expenses (c)	—	2,039	—
Adjusted Operating Income	\$448,809	\$465,086	\$470,155
EBITDA & Adjusted EBITDA			
Net income	\$294,094	\$232,569	\$232,188
Income tax expense	85,368	153,349	148,599
Interest and other, net	65,122	72,904	79,824
Depreciation and amortization	61,536	62,660	72,327
EBITDA	506,120	521,482	532,938
Certain stock-based compensation expense (a)	—	—	1,094
Transaction expenses (c)	—	2,039	—
Adjusted EBITDA	\$506,120	\$523,521	\$534,032
Adjusted Net Income			
Net income	\$294,094	\$232,569	\$232,188
Certain stock-based compensation expense (a)	—	—	1,094
Transaction expenses (c)	—	2,039	—
Amortization of intangible assets (b)	4,225	4,225	8,450
Release of income tax reserves (d)	(53,301 )	—	—
Amortization or write-off of debt issuance costs and write-off of original issue discount	5,201	6,545	6,719
Adjustments for tax effect (e)	(3,770 )	(5,124 )	(6,505 )
Adjusted Net Income	\$246,449	\$240,254	\$241,946
Adjusted Diluted Earnings Per Share			
Weighted-average number of diluted shares outstanding	149,719,137	150,375,531	148,681,074
Adjusted Net Income Per Diluted Share (f)	\$1.65	\$1.60	\$1.63
Free Cash Flow			
Net cash provided by operating activities	\$249,234	\$309,958	\$332,718
Less: Purchases of property and equipment	(66,635 )	(36,041 )	(20,905 )
Free Cash Flow	\$182,599	\$273,917	\$311,813

Reflects stock-based compensation expense for options for Class A Common Stock and restricted shares, in each case, issued in connection with the Acquisition of our Company by The Carlyle Group (the "Acquisition") under (a) the Officers' Rollover Stock Plan. 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.

(b) Reflects amortization of intangible assets resulting from the Acquisition.

(c) Fiscal 2015 reflects debt refinancing costs incurred in connection with the refinancing transaction consummated on May 7, 2014.

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

(e) Reflects tax effect of adjustments at an assumed marginal tax rate of 40%.

Excludes an adjustment of approximately \$3.5 million, \$3.4 million and \$3.1 million of net earnings for fiscal (f) 2016, 2015, and 2014, respectively, associated with the application of the two-class method for computing diluted earnings per share.

A - 2

---



[THIS PAGE INTENTIONALLY LEFT BLANK]

---







