

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

Booz Allen Hamilton Holding Corp  
Form DEF 14A  
June 21, 2012  
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**SCHEDULE 14A**

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 Material 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:

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(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:

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**Notice of  
Annual Meeting  
of Stockholders  
and Proxy  
Statement  
August 2, 2012**

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Booz Allen Hamilton Holding Corporation

8283 Greensboro Drive

McLean, Virginia 22102

June 21, 2012

Dear Stockholder:

You are cordially invited to attend our Annual Meeting of Stockholders to be held at 8:00 a.m. (EDT) on August 2, 2012, 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, the 2012 annual report to stockholders and the 2012 annual report on Form 10-K.

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 11, 2012 record date. Cameras and recording devices will not be permitted at the meeting.

On behalf of the Board of Directors, I want to thank you for your support of Booz Allen Hamilton.

Sincerely,

Ralph W. Shrader, Ph.D.

Chairman, Chief Executive Officer and President

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
OF BOOZ ALLEN HAMILTON HOLDING CORPORATION**

**Time:** 8:00 a.m. (EDT), August 2, 2012

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

**Proposals:**

1. The election of directors;
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 2013; and
3. The transaction of any other business that may properly be brought before the annual meeting.

**Who Can Vote:** Only holders of record of the Company's Class A common stock, Class C restricted common stock and Class E special voting common stock on June 11, 2012 will be entitled to vote at the meeting.

**Date of Mailing:** This proxy statement and accompanying materials are first being mailed to stockholders on June 21, 2012.  
Douglas S. Manya

Secretary

McLean, Virginia

June 21, 2012

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*This summary highlights information contained elsewhere in this proxy statement but does not contain all information that you should read and consider prior to voting. For more complete information regarding our financial performance, please review our Annual Report on Form 10-K for the fiscal year ended March 31, 2012.*

**2012 Annual Meeting of Stockholders**

*Date and Time: August 2, 2012 and 8:00 a.m. EDT.*

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

*Record date: Stockholders as of June 11, 2012 are entitled to vote.*

**Voting Matters and Board Recommendations****1. Election of Directors**

The Board recommends a vote FOR each of the director nominees.

Name	Age	Director		Occupation	Committee Memberships
		Since			
Ian Fujiyama	39	2008		Managing Director of The Carlyle Group	EC, CC, NCGC
Mark Gaumont	61	2011		Former Senior Vice Chair for the Americas, Ernst & Young LLP	AC
Samuel R. Strickland	61	2008		Executive Vice President, Chief Financial Officer and Chief Administrative Officer of the Company	None
AC	Audit Committee			AC	Executive Committee
CC	Compensation Committee			NCGC	Nominating and Corporate Governance Committee

**2. Ratification of Auditors for Fiscal 2013**

The Board recommends a vote FOR the approval of the appointment of Ernst & Young LLP as the Company's independent accountants for fiscal 2013.

**Financial Performance Highlights**

Full year revenue increased 4.8%, to \$5.86 billion.  
Adjusted EBITDA increased 9.8%, to \$488 million.  
Adjusted Diluted EPS increased by \$0.37, to \$1.61 per share.  
Total backlog at March 31, 2012 was \$10.8 billion.  
Free Cash Flow was \$283.1 million in fiscal 2012.

*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.*



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### **Stockholder Value Creation**

On December 12, 2011, we authorized the repurchase of up to \$30 million of our outstanding shares of our Class A common stock. As of the date of this proxy statement, we have not repurchased any shares of our Class A common stock.

On February 3, 2012, we announced a regular recurring quarterly dividend of \$0.09 per share.

On May 30, 2012, we announced a regular recurring quarterly dividend of \$0.09 per share and a special dividend of \$1.50 per share. Future quarterly payments are subject to board approval, but our intention is to continue to issue quarterly payments of an equal or greater amount.

### **Notable Business Developments**

Following the expiration of our non-compete agreement with Booz & Company, we re-entered the commercial market with a focus on serving the financial services, healthcare and energy industries, and pursued growth in our international business with a focus on the Middle East.

We allocated human and capital resources into areas with high growth-potential including Cyber, Enterprise Effectiveness and Efficiency, Health, Engineering, Cloud-based Services and Intelligence-Surveillance-Reconnaissance.

We restructured and reduced infrastructure and overhead costs, and reduced the size of senior and middle management.

### **Executive Compensation Highlights**

Our 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 is structured so that each of our executives is assigned to one of six cohort levels (with a separate and distinct level assigned to our Chief Executive Officer) and all executives within the same level receive the same compensation.

At the 2011 Annual Meeting of Stockholders, we held our first advisory vote the compensation of our named executive officers, and over 99% of the votes cast were in favor of our executive compensation structure.

We have instituted director stock ownership guidelines.

### **Corporate Responsibility Highlights**

Over 7,400 employees are engaged in volunteer activities, contributing to 45 communities nationwide.

We have supported Toys for Tots for 20 years, with 40 offices in fiscal 2012 holding drives netting 4,760 toys and contributions of \$51,232.

Our combined community relations and sustainability efforts are seen in major programs for Rebuilding Together -- an Eco-Rebuild Challenge emphasizing recycled materials and energy conservation, and for the Ocean Conservancy's international coastal clean-up. We reduced our carbon footprint through the Way We Work hoteling and teleworking initiatives in which employees are assigned to offices closer to their homes with reduced commute times.

Over the past year, we were named in Fortune magazine's list of The World's Most Admired Companies, and earned recognition as a great place to work from Fortune magazine's 100 Best Companies to Work For, Consulting Magazine's Best Firms to Work For, Working Mother's 100 Best Companies for Working Mothers, and GI Jobs' Top 10 Military-Friendly Employers.

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### **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 August 2, 2012, beginning at 8:00 a.m. (EDT) at The John C. Newman Auditorium, located in our offices at 8283 Greensboro Drive, McLean, VA 22102. This proxy statement and the accompanying materials are being mailed to stockholders beginning June 21, 2012.

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.

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 words of similar import in this proxy statement refers to stockholders entitled to vote on the matters to be presented at the annual meeting.

#### **The Purpose of the Annual Meeting**

At the annual meeting, stockholders will act upon the matters set forth in the notice of meeting, which includes the election of directors and the ratification of the selection of the Company's independent registered public accounting firm. The Company's senior management will also present information about the Company's performance during fiscal 2012 and will answer questions from stockholders.

#### **Outstanding Shares**

Holders of the following classes of the Company's common stock are entitled to vote at the annual meeting: Class A common stock, Class C restricted common stock and Class E special voting common stock. On June 11, 2012, 128,494,814, 1,533,020 and 10,140,067 shares of our Class A common stock, Class C restricted common stock and Class E special voting common stock, respectively, were outstanding.

#### **Stockholders Entitled to Vote at the Annual Meeting**

The Board has established the record date for the annual meeting as June 11, 2012. Only holders of record of the Company's Class A common stock, Class C restricted common stock and Class E special voting common stock on the record date are entitled to receive notice of the meeting and to vote at the meeting.

#### **Voting Procedures**

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. 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. If you are a stockholder of record of Class A common stock, Class C restricted common stock or Class E special voting common stock, you can vote your shares at

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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.

The holders of stock representing a majority of the voting power of all shares issued and outstanding and entitled to vote at the meeting, present in person or represented by proxy, will constitute a quorum for the transaction of business. Abstentions will be treated as present for purposes of determining a quorum. Each share of Class A common stock, Class C restricted common stock and Class E special voting common stock is entitled to one vote, and stockholders do not have the right to cumulate their votes for the election of directors.

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

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.

As of the record date, an entity controlled by The Carlyle Group, or Carlyle, owned shares of our Class A common stock representing greater than 50% of the combined voting power of our Class A common stock, Class C restricted common stock and Class E special voting common stock. As a result, Carlyle owns sufficient shares of our voting common stock to assure the presence of a quorum for the conduct of the annual meeting and to assure the approval and adoption of the proposals in connection with which this proxy and the related materials are being delivered.

## **Revocation of Proxies**

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 above under Voting Procedures. 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.

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**ELECTION OF DIRECTORS**

**Board Structure**

The Company currently has ten directors divided into three classes: four in Class I, three in Class II and three in Class III. The terms of office of the three Class II directors expire at the 2012 Annual Meeting of Stockholders.

**Class II Election**

The three nominees for election as Class II directors are listed below. If elected, the nominees for election as Class II 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 II 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 Class II Nominees are as follows:

<b>Director</b>	<b>Age, Principal Occupation, Business</b>	<b>Director</b>
<b>Director</b>	<b>Experience and Other Directorships Held</b>	<b>Since</b>
<b>Ian Fujiyama</b>  (Class II)	Mr. Fujiyama is a Managing Director of The Carlyle Group, a private equity firm, which he joined in 1997. Beginning in 1999, Mr. Fujiyama spent two years in Hong Kong and Seoul working for Carlyle's Asia buyout fund, Carlyle Asia Partners. He serves on the board of directors of ARINC, since 2007. Specific qualifications, experience, skills and expertise include:  Operating 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.  Mr. Fujiyama is 39 years old.	2008

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<b>Director</b>	<b>Age, Principal Occupation, Business Experience and Other Directorships Held</b>	<b>Director Since</b>
<p><b>Mark Gaumont</b>  (Class II)</p>	<p>Mr. Gaumont has more than 35 years of experience working with senior management and audit committees of public and privately-held companies. He held senior positions with Ernst &amp; 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 Arthur Andersen LLP. Mr. Gaumont has an AB degree from Georgetown University and an MBA from New York University. He is a certified public accountant in California and New York. He currently serves as a director of Rayonier, Inc., the Fishers Island Development Corporation and the Walsh Park Benevolent Corporation, and is a trustee of The California Academy of Sciences. Specific qualifications, experience, skills and expertise include:</p> <p style="margin-left: 40px;">Expertise in finance, financial reporting, and compliance and controls;</p> <p style="margin-left: 40px;">Core business skills, including financial and strategic planning; and</p> <p style="margin-left: 40px;">Public company audit committee experience.</p> <p>Mr. Gaumont is 61 years old.</p>	<p>2011</p>
<p><b>Samuel R. Strickland</b>  (Class II)</p>	<p>Mr. Strickland is an Executive Vice President of our Company and our Chief Financial and Administrative Officer. He has served as our Chief Administrative Officer since 1999 and Chief Financial Officer since 2008. He joined our Company in 1995, and became an Executive Vice President in 2004. Specific qualifications, experience, skills and expertise include:</p> <p style="margin-left: 40px;">Expertise in finance, financial reporting, and compliance and controls;</p> <p style="margin-left: 40px;">Understanding of government contracting;</p> <p style="margin-left: 40px;">Core business skills, including financial and strategic planning; and</p> <p style="margin-left: 40px;">Deep understanding of our Company, its history and culture.</p> <p>Mr. Strickland is 61 years old.</p> <p style="text-align: center;"><i>The Board of Directors recommends a vote FOR</i></p> <p style="text-align: center;"><i>all of the Class II nominees.</i></p>	<p>2008</p>

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The six directors whose terms will continue after the annual meeting and will expire at the 2013 annual meeting (Class III) or the 2014 annual meeting (Class I) are listed below.

Director	Age, Principal Occupation, Business	Director
Experience and Other Directorships Held	Since	
<b>Allan M. Holt</b>  (Class III)	<p>Mr. Holt, a Partner and Managing Director of The Carlyle Group, is currently the Co-Head of the U.S. Buyout group focusing on opportunities in the Aerospace/Defense/Government Services, Consumer, Healthcare, Industrial &amp; Transportation, Technology and Telecom/Media sectors. Mr. Holt has been with The Carlyle Group since 1992 and is based in Washington, D.C. He serves on the boards of directors of HCR Manor Care, Inc., since 2009, NBTY, Inc., since 2010, and SS&amp;C Technologies, Inc., since 2005, as well as on the nonprofit boards of directors of The Barker Foundation Endowment Fund, The Hillside Foundation, Inc., The National Children's Museum and The Smithsonian National Air and Space Museum. Mr. Holt served on the boards of directors of Fairchild Imaging from 2001 to 2011, and HD Supply, Inc. from 2007 to 2012. Specific qualifications, experience, skills and expertise include:</p> <p>Operating experience;</p> <p>Understanding of government contracting;</p> <p>Core business skills, including financial and strategic planning; and</p> <p>Experience in finance, financial reporting, compliance and controls and global businesses.</p> <p>Mr. Holt is 60 years old.</p>	2010
<b>Arthur Johnson</b>  (Class III)	<p>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 a member of the Independent Board of Trustees for 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. Specific qualifications, experience, skills and expertise include:</p> <p>Public company directorship and audit committee experience;</p> <p>Operating and management experience;</p> <p>Understanding of government contracting; and</p>	2011



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Core business skills, including financial and strategic planning.

Mr. Johnson is 65 years old.

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Director	Age, Principal Occupation, Business	Director
Charles O. Rossotti	Experience and Other Directorships Held	Since
(Class III)	<p>Mr. Rossotti has served as a Senior Advisor to The Carlyle Group since June 2003. Prior to this position Mr. Rossotti served as the Commissioner of Internal Revenue 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 Primatics Financial, since 2011, Quorum Management Solutions, since 2010, Bank of America Corporation, since 2009, Apollo Global, since 2006, and The AES Corporation, since 2003. Mr. Rossotti formerly served as a director of Merrill Lynch &amp; Co., Inc., from 2004 to 2008, and Compusearch Software Systems, from 2005 to 2010. Specific qualifications, experience, skills and expertise include:</p> <p>Operating and risk management experience, relevant to the oversight of operational risk management;</p> <p>Core business skills, including financial and strategic planning;</p> <p>Understanding of government contracting;</p> <p>Expertise in finance, financial reporting, compliance and controls and global businesses; and</p> <p>Public company directorship and audit committee experience.</p> <p>Mr. Rossotti is 71 years old.</p>	2008
Ralph W. Shrader	<p>Dr. Shrader is our Chairman, Chief Executive Officer and President and has served in these positions since 2008. He also served as Chairman and Chief Executive Officer of Booz Allen Hamilton Inc. since 1999. 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. He serves on the board of directors of ServiceSource, the largest community rehabilitative program in Virginia. Specific qualifications, experience, skills and expertise include:</p> <p>Operating and management experience;</p> <p>Understanding of government contracting;</p> <p>Core business skills, including financial and strategic planning; and</p> <p>Deep understanding of our Company, its history and culture.</p>	2008
(Class I)		

Dr. Shrader is 67 years old.

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Director	Age, Principal Occupation, Business	Director
Joan Lordi C. Amble	Experience and Other Directorships Held	Since
(Class I)	<p>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 currently serves on the board of directors of Brown-Forman Corporation, since 2011 and Sirius XM Radio Inc., since 2008, and on the Board of Visitors at The Pennsylvania State University Smeal College of Business. Ms. Amble also served as a director at Broadcom Corp. from 2009 to 2011. Specific qualifications, experience, skills and expertise include:</p> <p>Public company directorship and audit committee experience;</p> <p>Operating and management experience;</p> <p>Core business skills, including financial and strategic planning; and</p> <p>Expertise in finance, financial reporting, compliance and controls and global businesses.</p>	2012
Peter Clare	Ms. Amble is 59 years old.	
(Class I)	<p>Mr. Clare is a Managing Director of The Carlyle Group, a private equity firm, as well as Co-Head of the U.S. Buyout Group. Mr. Clare has been with The Carlyle Group since 1992. He serves on the boards of directors of CommScope, Inc., since 2011, ARINC Incorporated, since 2007, and Sequa Corporation, since 2007. Mr. Clare served as a director of Wesco Holdings, Inc. from 2006 to 2012. Specific qualifications, experience, skills and expertise include:</p> <p>Operating experience;</p> <p>Understanding of government contracting;</p> <p>Core business skills, including financial and strategic planning;</p> <p>Public company directorship and committee experience; and</p> <p>Expertise in finance, financial reporting, compliance and controls and global businesses.</p>	2008
	Mr. Clare is 47 years old.	



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Director	Age, Principal Occupation, Business	Director
Philip A. Odeen	Experience and Other Directorships Held	Since
(Class I)	<p>Mr. Odeen has served as the Chairman of the board of directors and Lead Independent Director of AES Corporation since 2009, and as a director of AES since 2003. Mr. Odeen has served as the Chairman of the board of Convergys Corporation since 2008, and as a director of Convergys Corp. since 2000, QinetiQ North America, Inc., since 2006, and ASC Signal Corporation, since 2009. From 2006 to 2007, Mr. Odeen served as Chairman of the board of Avaya. He served on the board of Reynolds and Reynolds Company from 2000 to 2007, and as its Chairman from 2006 to 2007, and was a director of Northrop Grumman from 2003 to 2008. 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. Specific qualifications, experience, skills and expertise include:</p> <p>Operating and risk management experience, relevant to the oversight of operational risk management;</p> <p>Core business skills, including financial and strategic planning;</p> <p>Understanding of government contracting;</p> <p>Expertise in executive compensation and corporate governance; and</p> <p>Public company directorship and committee experience.</p> <p>Mr. Odeen is 76 years old.</p>	2008

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

#### **Board of Directors**

The primary focus of the Board is promoting shareholder value by fostering the long-term success of the Company. The Board is responsible for establishing the strategic direction of the Company and overseeing management, which is responsible for the Company's operations.

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 session during each regular meeting. In accordance with the Company's Corporate Governance Guidelines, if no lead director has been selected to preside over the executive sessions of the non-management directors, the presiding director position at each executive session will be rotated among the non-management or independent directors who serve as Chairmen of the following standing Board committees: Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee. The presiding director presides over executive sessions at which the Chairman is not present.

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 2012, the Board met six times. Each of our directors who served as a director during fiscal 2012, except for Mr. Clare, attended 75% or more of the aggregate total number of meetings of the Board held during the period in which he was a director. In addition, each of our directors who served as a director during fiscal 2012, except for Mr. Clare, attended 75% or more of the total number of meetings held by all Board committees on which he served during the period that he served. All directors then in office attended the Annual Meeting of Stockholders on August 8, 2011.

The Board has adopted a set of 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). This website also includes the Company's Code of Business Ethics and Conduct and 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 Business Ethics and Conduct is the Company's code-of-ethics document applicable to our directors, Chief Executive Officer, Chief Financial Officer, Contoller and all other executives and employees. The Code of Ethics for Senior Financial Officers applies to the Company's Chief Executive Officer, Chief Financial Officer, Contoller and any other persons performing similar functions.

#### **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 currently is in the best interests of the Company for Dr. Shrader to serve as both our Chairman and Chief Executive Officer. The Board believes that the combination of these roles enables the effective and efficient execution of the Company's strategy by permitting the most senior executive of the Company, who has an in-depth understanding of, and is responsible for, the Company's operations, with over 38 years of service to the Company and more

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than 40 years of industry experience, to work closely with the Board in establishing the overall strategy and direction of the Company, and to effectively communicate our strategy to our employees, stockholders, and clients.

## **Risk Oversight**

The Board oversees the risk management of the Company. Management identifies the enterprise risks that the Company must mitigate and/or manage. The risks and the effectiveness of the mitigation processes are periodically discussed with the Board. Moreover, the Board has implemented processes to monitor and assess the effectiveness of the Company's enterprise risk mitigation and management processes. In addition, management regularly reports to the Audit Committee about compliance with the Company's Code of Business Ethics and Conduct and policies and procedures. The Audit Committee is responsible for reviewing and discussing with management the Company's guidelines and policies with respect to maintaining effective internal controls over its financial reporting systems. The Nominating and Corporate Governance Committee is responsible for evaluating risks associated with governance issues and the Compensation Committee is responsible for evaluating risks related to the Company's compensation policies and succession plans and policies.

## **Board Independence**

As a controlled company, as that term is defined under the rules of the New York Stock Exchange, we are not required to have a majority of independent directors. The Board has determined that Messrs. Odeen, Gaumond and Johnson and Ms. Amble are independent under the independence criteria for directors established by the New York Stock Exchange, Rule 10A-3 under the Securities Exchange Act of 1934, or the Exchange Act, and the independence criteria adopted by the Board. The independence criteria adopted by the Board are set forth in the Company's 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 professional backgrounds who combine a broad spectrum of experience and expertise with a reputation for integrity. The Board does not have a formal policy with respect to diversity; however, it affirms the value placed on diversity and inclusion within the Company. Diversity is one of many factors the Nominating and Corporate Governance Committee considers when recommending director nominees to the Board. The 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 members that 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.

## **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.



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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, services 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 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 Executive Vice Presidents and certain Senior Vice Presidents or the termination of such employees. The members of our Executive Committee are Dr. Shrader (Chairman) and Messrs. Clare and Fujiyama. The Executive Committee did not meet during fiscal 2012.

#### ***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), Odeen and Johnson and Ms. Amble, each of whom is an independent director as required by Rule 10A-3 of the Exchange Act. The Board has determined that each member of our Audit Committee is financially literate and has determined that Mr. Odeen is an audit committee financial expert as such term is defined under Item 407(d)(5) of Regulation S-K promulgated under the Securities Act. Messrs. Gaumont and Johnson currently serve on the audit committee of two public companies (including us), and Ms. Amble currently serves on the audit committee of three public companies (including us). In accordance with our Audit Committee Charter, Messrs. Gaumont's and Johnson's and Ms. Amble's obligations as members of other audit committees have been disclosed to the Board.

The Audit Committee met eight times during fiscal 2012.

#### ***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 agreements with, the executives and directors of our company and its subsidiaries (including the Chief Executive Officer),

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establishing the general compensation policies of our company and its subsidiaries and reviewing, approving and overseeing the administration of the employee benefits plans of our company and its subsidiaries. Our Compensation Committee also periodically reviews management development and succession plans.

The members of our Compensation Committee are Messrs. Odeen (Chairman), Clare and Fujiyama. Mr. Odeen is an independent director. Messrs. Clare and Fujiyama are not independent directors. As a controlled company, as that term is defined under the rules of the New York Stock Exchange, we are not required to have an independent Compensation Committee. 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. All of the members of our Compensation Committee 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 not engaged a compensation consultant; however, the Compensation Committee is briefed by management who consults with Mercer HR Consulting, which provides executive compensation design, best practice data and assists us in determining market competitive positioning. During fiscal 2012, Mercer provided data analyses, market assessments regarding director compensation and named executive officer compensation, analysis of benefit/perquisite prevalence, counsel regarding new proxy disclosure and say-on-pay regulations and preparation of related reports.

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 Executive Compensation. The Board, rather than the Compensation Committee, approves equity grants for purposes of Rule 16b-3 of the Exchange Act.

The Compensation Committee met five times during fiscal 2012.

## ***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 Dr. Shrader (Chairman) and Messrs. Clare and Fujiyama. Dr. Shrader and Messrs. Clare and Fujiyama are not independent directors. As a controlled company, as that term is defined under the rules of the New York Stock Exchange, we are not required to have an independent Nominating and Corporate Governance Committee.

Under the terms of an amended and restated stockholders agreement, as amended, to which Booz Allen Holding, Explorer Coinvest LLC (an entity controlled by Carlyle), certain members of the management of Booz Allen Holding and certain other stockholders of Booz Allen Holding are party, subject to certain conditions and restrictions, a maximum of three nominees for election to our Board, who may be full-time employees of Carlyle, are to be designated by Carlyle and a maximum of two members of the Board, who must be full-time employees of Booz Allen Hamilton, are to be designated by Booz Allen Holding's Chief Executive Officer. Under the terms of the amended and restated

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stockholders agreement, as amended, Carlyle and our executive officers will be required to vote the voting shares over which they have voting control in favor of Carlyle's and the Chief Executive Officer's designees. See "Certain Relationships and Related Party Transactions" Related Person Transactions Stockholders Agreement. Mr. Fujiyama has been designated for election by Carlyle. Mr. Strickland has been designated for election by our Chief Executive Officer.

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.

During fiscal 2012, management engaged Korn/Ferry International, an executive search firm, to assist it in identifying and evaluating nominees for director. Mr. Johnson and Ms. Amble became directors of the Company as a result of this identification and evaluation process.

The Nominating and Corporate Governance Committee met two times during fiscal 2012.

**Director Compensation**

Directors who are employed by us or by Carlyle do not receive any additional compensation for their services as directors. For fiscal 2012, non-employee directors received an annual retainer of \$100,000 and an annual equity award with a fair market value equal to \$50,000. In addition, the chair of our Compensation Committee received an additional annual payment of \$10,000, and the chair of our Audit Committee is entitled to receive an additional annual payment of \$20,000. However, in fiscal 2012, Mr. Rossotti, received a full-year additional annual payment of \$20,000 for his service as chair of the Audit Committee from April 1, 2011 through November 9, 2011, in recognition of his past service to the Audit Committee. Mr. Gaumond received a pro-rated annual payment of \$7,890 for his service as chair to the Audit Committee from November 9, 2011 through March 31, 2012. Directors may elect to receive all or a portion of their annual retainer and any additional payments for service as a chair in the form of restricted stock, which will be granted under our 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.

For fiscal 2013, we are changing the timing of our annual retainer and annual equity award to coincide with each non-employee director's term of service on the Board, or August 1 through July 31. As part of this transition, each non-employee director received a pro-rated retainer and equity award for the period from April 1, 2012 through July 31, 2012.

The amount paid to Messrs. Gaumond, Johnson, Odeen and Rossotti for their service on our Board in fiscal 2012 is reflected in the table below. Ms. Amble was not a member of our Board in fiscal 2012.

***Director Compensation Table***

<b>Name and Principal Position</b>	<b>Fees Earned or Paid in Cash (\$)</b>	<b>Option Awards \$(6)</b>	<b>Stock Awards \$(1)</b>	<b>Other (\$)</b>	<b>Total (\$)</b>
Mark E. Gaumond	\$ 107,890(2)		10(2)		107,900
Arthur Johnson	\$59,178(3)		9(3)		59,187
Philip A. Odeen	\$ 160,000(4)		10(4)		160,010
Charles O. Rossotti	\$ 170,000(5)		5(5)		170,005

- (1) This column represents the grant date fair value of the stock awards granted to our directors in fiscal 2011. Because all stock awards were the result of voluntary elections to receive their 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

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718 using the valuation methodology and assumptions set forth in Note 17 to our financial statements for the fiscal year ended March 31, 2012, 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.

- (2) Mr. Gaumont elected to receive half of his annual retainer in the form of restricted stock, and was granted a total of 5,468 shares of restricted stock in lieu of \$50,000 of the annual retainer and for his \$50,000 annual equity grant. The shares of restricted stock awarded for services performed in fiscal 2012 vested in equal installments on September 30, 2011 and March 31, 2012. The grant date fair market value of the shares was \$100,010, based on the \$18.29 closing price of our stock on the April 1, 2011 grant date.
- (3) Mr. Johnson elected to receive his pro-rated annual retainer in the form of cash. He was granted a total of 1,242 shares of restricted stock for his pro-rated annual equity grant. The share of restricted stock awarded for services performed in fiscal 2012 vested on March 31, 2012. The grant date fair market value of the shares was \$19,735, based on the \$15.89 closing price of our stock on the November 9, 2011 grant date.
- (4) Mr. Odeen elected to receive half of his annual retainer in the form of restricted stock, and was granted a total of 5,468 shares of restricted stock in lieu of \$50,000 of the annual retainer and for his \$50,000 annual equity grant. The shares of restricted stock awarded for services performed in fiscal 2012 vested in equal installments on September 30, 2011 and March 31, 2012. The grant date fair market value of the shares was \$100,010, based on the \$18.29 closing price of our stock on the April 1, 2011 grant date.
- (5) Mr. Rossotti elected to receive his annual retainer and his additional payment for service as the chair of the Audit Committee in the form of restricted stock, and was granted a total of 9,295 shares of restricted stock in lieu of \$120,000 for the annual and chair retainer and for his \$50,000 annual equity grant. The shares of restricted stock awarded for services performed in fiscal 2012 vested in equal installments on September 30, 2011 and March 31, 2012. The grant date fair market value of the shares was \$170,005, based on the \$18.29 closing price of our stock on the April 1, 2011 grant date.
- (6) The following table sets forth, by grant date, the aggregate number of option awards outstanding at the end of fiscal 2012.

*Option Awards for Service as a Director*

Name	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Awards Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options	Option Exercise Price (\$)	Option Expiration Date
Mark E. Gaumont					
Arthur Johnson					
Philip A. Odeen	3,980	2,010(a)	2,620(b) 1,390(c)	6.08	05/07/2019
Charles O. Rossotti	3,980	2,010(a)	2,620(b) 1,390(c)	6.08	05/07/2019

- (a) The options vest and become exercisable, subject to the continued service of the director, ratably on June 30, 2012, 2013 and 2014. All service-vesting options fully vest and become exercisable immediately prior to the effective date of certain change in control events.



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- (b) The options vest and become exercisable, subject to the continued service of the director, ratably on June 30, 2012, 2013 and 2014 based on achievement of EBITDA performance goals, with the ability to catch up on missed goals if (x) the missed performance goal was at least 90% of target level and (y) cumulative EBITDA performance reaches the target cumulative levels during the five-year vesting period. In addition, any unvested performance options at the time of a change in control event vest immediately prior to the effective date of the event if Carlyle achieves a specified internal rate of return as a result of the event or the investment proceeds to Carlyle are at least a specified multiple of their invested capital.
- (c) The options vest and become exercisable, subject to the continued service of the director, ratably on June 30, 2012, 2013 and 2014 based on achievement of cumulative cash flow performance goals, with the ability to catch up on missed goals if cumulative achievement reaches the target cumulative levels during the five-year vesting period. In addition, any unvested performance options at the time of a change in control event vest immediately prior to the effective date of event if Carlyle achieves a specified internal rate of return as a result of the event or the investment proceeds to Carlyle are at least a specified multiple of their invested capital.

### **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 later of commencement of service on the Board or adoption of the guidelines on February 23, 2012, to achieve equity ownership with a value equivalent to three times their annual retainer. In calculating a director's ownership, Class A common stock, and vested options and vested and unvested restricted stock issued under the Equity Incentive Plan will be considered owned by the non-employee director.

## **COMPENSATION COMMITTEE INTERLOCKS**

### **AND INSIDER PARTICIPATION**

The current members of our Compensation Committee are Messrs. Odeen (Chairman), Clare and Fujiyama. Messrs. Clare and Fujiyama are employed by The Carlyle Group, an affiliate of Explorer Coinvest LLC, or Coinvest. Coinvest is a party to a stockholders agreement with Booz Allen Holding and other stockholders. Coinvest and The Carlyle Group are affiliates of TC Group V US, L.L.C., which is party to a management agreement with Booz Allen Holding and Booz Allen Hamilton pursuant to which TC Group V US, L.L.C. 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.

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**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table indicates information as of June 11, 2012 regarding the beneficial ownership of our common stock by:

each person, or group of persons, who is known to beneficially own more than 5% of any class of our common stock;

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 128,494,814, 2,470,825, 1,533,020 and 10,140,067 shares of Class A, Class B, Class C and Class E common stock outstanding as of June 11, 2012. The rights of the holders of Class A common stock, Class C restricted common stock and Class E special voting common stock are identical, except with respect to dividend and other distributions, vesting and conversion. Class A common stock, Class C restricted common stock and Class E special voting common stock are entitled to one vote per share on all matters voted on by our stockholders. The Class B common stock is non-voting common stock. Upon a transfer of Class B non-voting common stock and Class C restricted common stock, we will issue shares of Class A common stock to the transferee on a one-for-one basis. Class E common stock underlies certain outstanding options. When each option is exercised and a share of Class A common stock is issued to the option holder in respect thereof, we will repurchase the underlying share of Class E common stock.

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.

Information with respect to beneficial ownership has been furnished by each director, executive officer, or beneficial owner of more than 5% of the shares of a class of our voting common stock. Except as otherwise noted below, the address for each person listed on the table is c/o Booz Allen Hamilton Inc., 8283 Greensboro Drive, McLean, Virginia 22102.

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Name and Address	Class of Stock	Shares Beneficially Owned		Combined Voting Power of Shares of All Classes of Common Stock Beneficially Owned
		Number of Shares	Percentage of Class	
<b>Principal and Over 5% Class C Stockholders</b>				
Explorer Coinvest LLC(1)	Class A	95,660,000	74.44%	68.25%
Shares Subject to Voting Proxy(2)	Class A	9,490,736	7.39%	
	Class B	2,487,125	100.00%	
	Class C	1,533,020	100.00%	
	Class E	10,140,067	100.00%	
	Total	21,163,823		15.10%
David Aldrich	Class A	137,421	*	
	Class B			
	Class C	92,160	6.01%	
	Class E	151,166	1.50%	
	Total	380,747		**
Joseph Garner	Class A	379,065	*	
	Class B			
	Class C	134,900	8.80%	
	Class E	214,150	2.13%	
	Total	728,115		**
Gary Mather	Class A	378,682	*	
	Class B			
	Class C	156,680	10.22%	
	Class E	218,359	2.17%	
	Total	753,721		**
Ghassan Salameh	Class A	379,348	*	
	Class B			
	Class C	99,170	6.47%	
	Class E	167,964	1.67%	
	Total	646,482		**
<b>Executive Officers and Directors</b>				
Ralph W. Shrader	Class A(3)(4)	1,642,363	1.28%	
	Class B(5)	702,930	28.45%	
	Class C	156,680	10.22%	
	Class E	921,289	9.16%	
	Total	3,423,262		1.94%
Samuel R. Strickland	Class A(4)(6)	526,967	*	
	Class B			
	Class C	106,230	6.93%	
	Class E	191,869	1.90%	
	Total	825,066		**
Joan Lordi C. Amble	Class A			
	Class B			
	Class C			
	Class E			
	Total			
Peter Clare(10)	Class A			
	Class B			
	Class C			
	Class E			
	Total			



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Francis J. Henry, Jr.	Class A(4)(7)	379,193	*	
	Class B			
	Class C	39,290	2.56%	
	Class E	90,985	*	
	Total	509,468		**

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Joseph W. Mahaffee	Class A(4)(8)	324,893	*	
	Class B			
	Class C	39,340	2.57%	
	Class E	96,591	*	
	Total	460,824		**
John M. McConnell	Class A(4)(9)	292,842	*	
	Class B			
	Class C			
	Class E			
	Total	292,842		**
Ian Fujiyama(10)	Class A			
	Class B			
	Class C			
	Class E			
	Total			
Mark Gaumont	Class A	8,796	*	
	Class B			
	Class C			
	Class E			
	Total	8,796		**
Allan M. Holt(10)	Class A			
	Class B			
	Class C			
	Class E			
	Total			
Arthur Johnson	Class A	2,221	*	
	Class B			
	Class C			
	Class E			
	Total	2,221		**
Philip A. Odeen	Class A(11)	16,240	*	
	Class B			
	Class C			
	Class E			
	Total	16,240		**
Charles O. Rossotti	Class A(12)	65,550	*	
	Class B			
	Class C			
	Class E			
	Total	65,550		**
Executive Officers and Directors as a Group (24 Persons)(3)(4)(13)	Class A	5,351,317	4.16%	
	Class B	702,930	28.45%	
	Class C	551,940	36.00%	
	Class E	2,779,462	27.41%	
	Total	9,385,649		6.70%

\* Represents beneficial ownership of less than 1%.

\*\* Represents voting power of less than 1%.

- (1) Carlyle Partners V US Manager, L.L.C. is the manager of Explorer Coinvest LLC. TC Group, L.L.C. is the managing member of Carlyle Partners V US Manager, L.L.C. The managing member of TC Group, L.L.C. is Carlyle Holdings I, L.P. The general partner of Carlyle Holdings I, L.P. is Carlyle Holdings I GP Sub L.L.C. The managing member of Carlyle Holdings I GP Sub L.L.C. is Carlyle Holdings I GP Inc. The sole shareholder of Carlyle Holdings I GP Inc. is The Carlyle Group L.P. The general partner of The Carlyle Group L.P. is Carlyle Group Management L.L.C., which is managed by a ten person board of directors, with all board action relating to the voting or disposition of these shares requiring an approval of a majority of the board. All members of the board of directors expressly disclaim beneficial ownership of the shares reported herein.

- (2) Reflects shares of common stock over which Coinvest holds a voting proxy with respect to certain matters pursuant to irrevocable proxy and tag-along agreements between Carlyle and a number of other stockholders, including all of the executive officers.

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- (3) Includes 119,960 shares that Dr. Shrader has the right to acquire through the exercise of options. Dr. Shrader shares investment power and voting power with his wife, Mrs. Janice W. Shrader, for 1,356,900 shares in the Ralph W. Shrader Revocable Trust.
- (4) Excludes shares of common stock owned by other parties to the amended and restated stockholders agreement, as amended, of which the executive officer may be deemed to share beneficial ownership. The executive officer disclaims beneficial ownership of such excluded shares. All shares owned by the executive officer are subject to an irrevocable proxy and tag-along agreement with Carlyle.
- (5) Includes 702,930 shares of Class B common stock held by the Shrader Trust FBO Bryan Shrader, Shrader Trust FBO Jeffrey Shrader and Shrader Trust FBO Mark Shrader (collectively, the Shrader Trusts ). Dr. Shrader may be deemed to share power to direct the disposition of the 702,930 shares held by the Shrader Trusts because he has the right to substitute assets with the trusts (and thereby may be deemed to have the right to acquire shares held by the trusts), subject to the trustees' reasonable satisfaction that the substitute assets received by the trusts are of equal value to the trust property exchanged therefor. Dr. Shrader disclaims beneficial ownership of the shares held by the Shrader Trusts.
- (6) Includes 232,127 shares that Mr. Strickland has the right to acquire through the exercise of options and 215,040 shares held by the Samuel Strickland Revocable Trust. Mr. Strickland has sole investment power and voting power for the shares in the Samuel Strickland Revocable Trust.
- (7) Includes 174,960 shares that Mr. Henry has the right to acquire through the exercise of options.
- (8) Includes 183,960 shares that Mr. Mahaffee has the right to acquire through the exercise of options.
- (9) Includes 275,000 shares that Mr. McConnell has the right to acquire through the exercise of options.
- (10) Does not include shares of common stock held by Explorer Coinvest LLC, an affiliate of Carlyle. Messrs. Clare, Fujiyama and Holt are directors of Booz Allen Holding and Managing Directors of Carlyle. Such persons disclaim beneficial ownership of the shares held by Explorer Coinvest LLC.
- (11) Includes 4,000 shares that Mr. Odeen has the right to acquire through the exercise of options.
- (12) Includes 4,000 shares that Mr. Rossotti has the right to acquire through the exercise of options.
- (13) Includes 2,469,636 shares that the directors and executive officers, in aggregate, have the right to acquire through the exercise of options.

**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 2012 were filed on time with the exception of the following: (1) the Company did not timely file on behalf of Joseph Logue a Form 4 with respect to reporting option exercises that occurred on August 9, 2011 and (2) the Company did not timely file on behalf of each of our executive officers, other than Karen Dahut, John McConnell, Robert Osborne and Elizabeth Thompson, a Form 4 with respect to reporting repurchases of their Class E special voting common stock on September 30, 2011.



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**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 executives, 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 by 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. While our second amended and restated bylaws do not limit the Board from increasing the number of directors, under the amended and restated stockholders agreement, as amended, the number of directors on the Board of Booz Allen Holding was set at a minimum of six directors and may be increased, by action of the Board, to not more than twelve directors. The number of directors on the Board is currently set at ten. 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 Carlyle, through Coinvest, and a maximum of two members of the Board, who must be full-time employees of Booz Allen Hamilton, are to be designated by Booz Allen Holding's Chief Executive Officer. Under the terms of the amended and restated stockholders agreement, as amended, Carlyle and our executive officers will be required to vote the voting shares over which they have voting control in favor of Carlyle's and the Chief Executive Officers' designees. At such time as Carlyle, through Coinvest, ceases to own at least 40% of the economic interests in Booz Allen Holding represented by its issued and outstanding common stock, Carlyle and our executive officers will use commercially reasonable efforts to amend the Board representation provisions of the amended and restated stockholders agreement, as amended, consistent with the reduced ownership position of Carlyle at that time.

Under the terms of the amended and restated stockholders agreement, as amended, Carlyle may compel each executive officer who is a party to the amended and restated stockholders agreement, as amended, to sell a certain number of securities issued by Booz Allen Holding in the event that Carlyle proposes to transfer securities issued by Booz Allen Holding to a third party purchaser.

Under the amended and restated stockholders agreement, as amended, in the event of any sale of shares of Class B non-voting common stock or Class C restricted common stock pursuant to the

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exercise of bring-along rights by Carlyle, certain transfers following an initial public offering or pursuant to the exercise of registration rights (discussed below), such shares will be converted into shares of Class A common stock.

Carlyle has registration rights under the amended and restated stockholders agreement, as amended, with respect to 95,660,000 shares of Class A common stock that it owned as of March 31, 2012 and, in certain circumstances, other stockholders of Booz Allen Holding who are a party to the amended and restated stockholders agreement, as amended, may have the right, subject to certain exceptions, to request that certain securities (including shares of Class A common stock held by such stockholders and shares of Class A common stock issuable upon exercise of options or upon conversion from Class B or Class C common stock) be registered. To the extent that Carlyle acquires shares of Class B or Class C common stock or options exercisable for shares of Class A common stock, it would have registration rights with respect to the shares of Class A common stock issuable upon conversion or exercise thereof. Booz Allen Holding has agreed to indemnify the stockholders that are a party to the amended and restated stockholders agreement, as amended, and their affiliates from liabilities resulting from the registration of securities of Booz Allen Holding pursuant to the amended and restated stockholders agreement, as amended.

Booz Allen Holding has certain repurchase rights under the amended and restated stockholders agreement, as amended, with respect to Class A, Class B, Class C and Class E common stock and options issued to a management stockholder under the Equity Incentive Plan for up to nine months after the occurrence of certain events specified in the amended and restated stockholders agreement, as amended. Similar repurchase rights exist for Class A, Class B, Class C and Class E common stock and options held by other stockholders of Booz Allen Holding that become an employee, consultant or independent contractor for certain competitors of Booz Allen Hamilton.

The amended and restated stockholders agreement, as amended, includes a waiver by management stockholders of certain rights to receive payments or other benefits that would constitute a parachute payment made in connection with a change in ownership or control of a corporation, within the meaning of Section 280G of the Internal Revenue Code of 1986, or the Code, as amended, which could reasonably be expected to result in the imposition of an excise tax on the management stockholder under Section 4999 of the Code or in the loss of any income tax deductions by Booz Allen Holding or the person making such payment under Section 280G of the Code. This waiver does not apply in certain circumstances, including at such time as Booz Allen Holding has publicly traded securities and where Booz Allen Holding obtains the requisite stockholder approval of such payments or the unaffiliated directors determine the waiver should not apply.

The amended and restated stockholders agreement, as amended, will terminate upon a sale or change of control of Booz Allen Holding or such time as more than 60% of its equity securities have been sold to the public.

### ***Irrevocable Proxy and Tag-Along Agreements***

In connection with the amendment and restatement of the stockholders agreement, Carlyle made a unilateral offer to each individual stockholder who was a party to the original stockholders agreement to grant such stockholder a new pro rata tag-along right on certain transfers by Carlyle to third-party purchasers. In exchange for this tag-along right, Carlyle has received an irrevocable proxy from each stockholder who entered into such agreement to vote such stockholders' securities with respect to the election and removal of directors and to approve any company sale that has already been approved by the Board of Booz Allen Holding and the holders of a majority of our voting shares. This new tag-along right and proxy have been granted pursuant to separate irrevocable proxy and tag-along agreements entered into between Carlyle and each such individual stockholder and became effective on

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November 16, 2010. These arrangements will terminate at such time as Carlyle ceases to own at least 25% of the economic interests in Booz Allen Holding represented by its issued and outstanding common stock or such time as more than 60% of its equity securities have been sold to the public.

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

The management agreement also provides that Booz Allen Hamilton will indemnify the TC Group 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 \$1.5 million and \$1.4 million, respectively, for fiscal 2012.

### *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, 2012, there was approximately \$80.7 million of the deferred payment obligation outstanding, which includes accrued interest of \$0.7 million, with approximately \$37.1 million of indemnified pre-acquisition claims outstanding against the deferred payment obligation that may offset the future amount paid back to selling stockholders should such claims settle unfavorably. 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 claims are resolved.



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*Other Relationships*

Jeffrey M. Shrader and Bryan E. Shrader are sons of Dr. Ralph Shrader, our Chairman of the Board, President and Chief Executive Officer. Jeffrey Shrader, a senior associate at the Company, earned a base salary and bonus of \$201,531 and retirement contributions of \$24,768 in fiscal 2012. Bryan Shrader, a principal at the Company, earned a base salary and bonus of \$230,807 and retirement contributions of \$31,878 in fiscal 2012. They also participate in the Company's other benefit programs on the same basis as other employees at the same level. They continue to be employed by us during fiscal 2013 under similar terms.

Cameron A. Mayer, a senior associate at the Company, is the son of Mr. John Mayer, an Executive Vice President of the Company. He earned a base salary and bonus of \$201,483 and retirement contributions of \$29,078 in fiscal 2012. 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 2013 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 \$118,065 and retirement contributions of \$12,403 in fiscal 2012. Mr. Iannitto also participates in the Company's other benefit programs on the same basis as other employees at the same level. Mr. Iannitto continues to be employed by us during fiscal 2013 under similar terms.

Gail S. Harman, an executive assistant at the Company, is the sister of Mr. Samuel Strickland, our Chief Financial Officer, Chief Administrative Officer and an Executive Vice President of the Company. She earned a base salary of \$113,092 and retirement contributions of \$12,270 in fiscal 2012. Ms. Harman also participates in the Company's other benefit programs on the same basis as other employees at the same level. Ms. Harman continues to be employed by us during fiscal 2013 under similar terms.

During fiscal 2012, we recorded expenses of \$647,644 for the hiring and use of an aircraft solely for business purposes by a company of which our Chairman of the Board, President and Chief Executive Officer, Dr. Shrader, is the sole owner. The payments we made to the affiliate of Dr. Shrader for such use were based on the market rate charged to third parties for use of the aircraft. In addition, we recorded expenses of \$9,713 in fiscal 2012 for technical consulting services incurred by such affiliate in connection with the operation of the aircraft and paid by the Company.

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**EXECUTIVE COMPENSATION SUMMARY**

Our executive compensation programs are based on the core belief that:

Transparency and collaboration increase overall performance

Executive performance must be measured over both a short- and long-term horizon in order to maximize stockholder value creation

Although we are a corporation, we use a partnership-style culture and compensation model which fosters internal collaboration through a single profit center and a firm-wide compensation pool

The compensation of our named executive officers is performance-based and centered around a single profit center and firm-wide compensation pool. As further described below, each of our executives (including the named executive officers), which we define to include our Executive Vice Presidents and Senior Vice Presidents, is assigned to one of six cohort levels (plus a separate and distinct level for our Chief Executive Officer), and all executives within each level are assigned the same number of points and receive the same compensation. The separate level for our Chief Executive Officer is assigned 10% more points than the executives in the next highest level, recognizing the Chief Executive Officer's unique role. Executives progress upward through the levels based on their competencies and performance over time. This distinctive system allows us to motivate our executives to act in the best interests of the firm through an emphasis on client service and by encouraging the rapid and efficient allocation of our people across markets, clients and opportunities.

Utilizing this philosophy, our executive compensation program has been designed to:

attract, motivate and retain executives of outstanding ability to meet and exceed the demands of our clients;

focus on optimizing stockholder value and fostering an ownership culture; and

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

***Elements of Compensation***

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

Element	Objective
Base Salary	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 shareholders
Benefits	Provides for health and welfare of our executives
Retirement Benefits	Promotes long term commitment of our executives to the Company and builds financial security

A substantial amount of each executive's total annual compensation opportunity, including base salary and annual incentives, is at-risk and is directly tied to our annual financial performance. Our Chief Executive Officer and each of the other named executive officers' target annual

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compensation mix is approximately 51% base salary and approximately 49% tied to our performance. The 49% is at risk based on annual performance targets, is delivered in a mix of cash and restricted stock as described below.

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**COMPENSATION DISCUSSION AND ANALYSIS**

This Compensation Discussion and Analysis provides you with 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 2012 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 2012, the structure of our compensation programs is consistent for all Executive and Senior Vice Presidents.

Our named executive officers for fiscal 2012 were:

Name	Title
Dr. Ralph W. Shrader	Chairman, Chief Executive Officer, and President
Samuel R. Strickland	Executive Vice President, Chief Financial Officer and Chief Administrative Officer
Francis J. Henry, Jr.	Executive Vice President
Joseph W. Mahaffee	Executive Vice President
John M. McConnell	Executive Vice President and Vice Chairman

**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 underperformance. The Chief Executive Officer, Chief Personnel Officer, Chief Financial Officer and Chief Operating 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 Leadership Team. The result is the dollar value per point multiplied by the number of points assigned to each executive 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. Sustained individual performance is rewarded through accelerated progression through the levels as evidenced in each executive's performance assessment.

**Benchmarking Compensation**

We use relevant quantitative and qualitative measures to evaluate compensation for the fiscal year based on overall performance objectives and broad market parameters to include:

Peer Market Analysis (from proxy statements of peer companies); and

Technical Industry Market Survey Analysis (cross industry surveys for companies of similar size).

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Our management consults with Mercer HR Consulting which provides peer group analysis of market position and executive compensation design. For fiscal 2012, peer comparisons were performed against nine publicly traded companies which were selected based on similarities to the Company in size and/or industry as well as operational similarities. The selected companies were General Dynamics, BAE Systems, Accenture, Computer Sciences Corporation, SAIC, Unisys, CACI International, Towers Watson and ManTech. In addition, management obtains market analysis and executive compensation survey data from nationally recognized survey providers, including Towers Perrin Executive Survey, Towers Perrin Professional Services Executive Survey, and Watson Wyatt Top Management Survey. We segment these surveys based on company revenue and government contracting and professional services industries. 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.

**Compensation Elements**

*Base Salary*

For fiscal 2012, base salary was set at \$2,500 per point and paid monthly. The base salary per point has remained constant for the past 5 years, and is expected to remain the same for fiscal 2013. For fiscal 2012, each of our named executive officers earned the base salary set forth in the Salary column of the Summary Compensation Table.

*Annual Incentive*

The annual incentive portion of our executives' compensation is provided through our annual bonus program, which is delivered in cash and equity, based on achievement of the Company's performance target metric with upward or downward adjustments for exceeding or falling below the targets. The performance target metric is Bonus EBITDA (as defined below) and is set at the beginning of each fiscal year. The annual incentive is based on actual Bonus EBITDA as compared to the target Bonus EBITDA. Payment of the annual incentive payments at target levels would generally occur when actual Bonus EBITDA is equal to the target Bonus EBITDA. A portion of any variance between target and actual Bonus 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 Bonus 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.

Bonus EBITDA is defined as our consolidated earnings before subtracting interest, taxes, depreciation, amortization, stock-option based and other equity-based compensation expenses, management, transaction and similar fees paid to the principal stockholders or their affiliates, as reflected on our audited consolidated financial statements for such fiscal year, and adjusting for certain extraordinary and non-recurring items as determined by the Compensation Committee. We base the annual incentive portion of our executives' compensation on Bonus 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.

Our Compensation Committee reviews the Bonus EBITDA result and approves 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.

FY12 Target Bonus EBITDA	\$ 504.1 million
FY12 Actual Bonus EBITDA	\$ 475.6 million

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The target bonus pool for the achievement of fiscal year 2012 target Bonus EBITDA was \$51.9 million. Based upon the actual results, the Compensation Committee approved a bonus pool of \$37.1 million.

**Cash Incentive Component**

The annual incentive payment is delivered in a combination of cash and equity (as more fully described below). The cash component of the annual incentive is the same for each executive within the same level. For the NEOs, 55% of the annual incentive is provided in cash with the remainder paid in restricted stock as described below. Executives who retire or otherwise terminate employment 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.

**Equity Incentive Component**

The equity component of the annual incentive award is granted in restricted stock and vests ratably over three years, subject to certain exceptions. The equity portion is intended to more closely align our compensation program with market practices and enable executives to own meaningful amounts of our company stock.

For the named executive officers, 45% of the annual incentive is provided in the form of restricted stock. The Company determines the number of shares of restricted stock to be granted to each executive by multiplying the total annual bonus amount by 45% and then applying a 20% premium to reflect the decreased liquidity and increased risk associated with the restricted stock. The resulting amount is divided by the fair market value of our stock on the date of grant to determine the number of shares granted.

The cash payments received by each of our named executive officers for fiscal 2012 is reflected in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table. The equity grants for fiscal 2011 performance granted in fiscal 2012 are reflected in this year's Stock Awards column of the Summary Compensation Table. The equity grants for fiscal 2012 performance granted in fiscal 2013 will be reflected in next year's Stock Awards column of the Summary Compensation Table. Total payments for fiscal 2012 for each of our named executive officers under the annual performance program are reflected below:

Name	Total Annual Incentive (\$)	Amount Paid in Cash (\$)	Amount to be Paid in Restricted Stock \$(1)
Ralph W. Shrader	798,870	439,379	431,390
Samuel R. Strickland	721,560	396,858	389,642
Francis J. Henry, Jr.	566,940	311,817	306,148
Joseph W. Mahaffee	566,940	311,817	306,148
John M. McConnell	721,560	396,858	389,642

(1) Includes 20% premium.

**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

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continuing stake in our long-term success and by rewarding them based on the future growth in our equity value. We award stock options only upon hire of an executive and/or upon promotion, so that each executive within the same level would receive the same number of options and total compensation. We do not grant stock options on an annual basis.

The terms of the options granted to our named executive officers under the Equity Incentive Plan were negotiated between members of management and Carlyle at the time Carlyle acquired a majority equity interest in our company. A portion of the options vest based on continued service and the remainder vest based on achievement of EBITDA and cumulative cash flow performance goals.

The EBITDA target for option vesting for fiscal 2012 was \$369.5 million, with the annual target level increasing by 12% each year thereafter. The annual cash-flow target for fiscal 2012 before adjustment was \$241.1 million, with future annual targets increasing by approximately 12% per year, and subject to upward or downward adjustments for changes in net revenue growth.

For purposes of the options, EBITDA is calculated in the same manner as Bonus EBITDA under the annual performance bonus program; and cash flow means (i) EBITDA for a fiscal year less (ii) the increase in adjusted working capital (accounts receivable (net) less accounts payable, less other accrued expenses) in the fiscal year (which may be a positive or a negative number) less (iii) any overruns in the annual budget for capital expenditures in the financial plan approved by the Board for that fiscal year. For options granted on or after February 23, 2012, vesting will be time-based over 5 years.

### ***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. We believe that our executive benefits and perquisite programs are reasonable and commensurate with benefits and perquisites provided to executives of similarly situated companies within our industry, and are 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.

### ***Other Payments***

In connection with the payment of special dividends in fiscal 2010, holders of certain options 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 rollover option exercise price in connection with the dividend and the amount of the special dividend, subject to vesting of the related option. The amount of the dividend equivalent payment right that vested in fiscal 2012 is included in the Other Compensation column of the Summary Compensation Table.

### ***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. All employees, including our executives, are automatically eligible to participate in the tax-qualified Employees' Capital Accumulation Plan, or ECAP, our 401(k) plan. We fund

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contributions to ECAP annually for each of our named executive officers. In addition to contributions made to the tax-qualified ECAP, executives receive a cash payment equal to a percentage of eligible compensation in excess of the eligible compensation limit of the Internal Revenue Code, plus an additional 23% investment incentive, which is intended to supplement the retirement plan contribution. Each executive also receives a cash payment that is equivalent to the annual tax-deferred contribution he or she is permitted to make to ECAP under the Internal Revenue Code.

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 (x) age 60 with five years of service as an executive or (y) 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.

### **Results of 2011 Advisory Vote to Approve Executive Compensation**

At the 2011 Annual Meeting of Stockholders, we held our first advisory vote on the compensation of our named executive officers. Over 99% of the votes cast were in favor of our executive compensation structure. The Compensation Committee considered this favorable outcome and believed it conveyed our stockholders' support of the Compensation Committee's decisions and our existing executive compensation programs. As a result, the Compensation Committee made no material changes in the structure of our compensation programs or pay for performance philosophy.

### **Executive Ownership Guidelines**

Equity ownership guidelines for all of our executives are in place to further align their interests to those of our stockholders. Each of our executives has five years from the date he or she becomes an executive (or October 1, 2010, if earlier) to achieve equity ownership with a value equivalent to a multiple of his or her base salary. The applicable multiples for our named executive officers are set forth in the following table:

<b>Named Executive Officers:</b>	<b>Ownership Guideline:</b>
Chief Executive Officer	5x base salary
Other Named Executive Officers	3x base salary

In calculating an executive's ownership, Class A Common Stock, Class B Non-Voting Common Stock, and Class C Restricted Stock, vested stock options and vested and unvested restricted stock issued under the Equity Incentive Plan, and all stock options issued under the Officers' Rollover Stock Plan will be considered owned by the executive.

### **Risk Assessment**

Management and the Compensation Committee conducted a risk assessment of our company's executive compensation program. 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, we concluded that our executive compensation program does not encourage undue risk-taking.



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### **Government Limitations on Reimbursement of Compensation Costs**

As a government contractor, we are subject to the Federal Acquisition Regulation, or the FAR, which governs the reimbursement of costs by our government clients. FAR 31.205-6(p) limits the allowability of senior executive compensation 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. 435). 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 and deferred compensation, if any, for the year, as recorded in our books and records, must be included. The current benchmark compensation cap, effective after January 1, 2011 and as published in the Federal Register, is \$763,029. Any amounts over the cap are considered unallowable and are therefore not recoverable under our government contracts. The FAR also limits the allowability of reimbursement for non-senior executive compensation.

### **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.

### **Certain Change in Control Provisions**

Options and restricted stock awarded under our Officers' Rollover Stock Plan and options granted under our Equity Incentive Plan prior to our initial public offering contain provisions that accelerate vesting in connection with certain change in control events. Under the Officers' Rollover Stock Plan and 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 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 and restricted stock granted under the Officers' Rollover Stock Plan vest upon a change in control. Vesting of options granted under our Equity Incentive Plan is accelerated only as a result of events that result in liquidity to Carlyle. These provisions were negotiated at the time of Carlyle's investment in our company and are designed to motivate management to assist our principal stockholders in achieving a favorable return on their investment in our company.

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.

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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 in June. 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). Pursuant to applicable Treasury regulations, Section 162(m) does not apply to compensation paid or stock options or restricted stock granted under the compensation agreements and plans described in our initial public offering prospectus during the reliance transition period ending on the earlier of the date the agreement or plan is materially modified or the first stockholders meeting at which directors are elected during 2014. While we will continue to monitor our compensation programs in light of Section 162(m), 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, particularly as we continue our transition from a private to a public company. 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

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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 and restricted stock awarded under our Officers' Rollover Stock Plan and 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.

**Table of Contents****Compensation Tables and Disclosures**

<b>SUMMARY COMPENSATION TABLE</b>									
Name and Principal Position	Year <sup>1</sup>	Salary	Bonus	Stock Awards <sup>2</sup>	Option Awards	Non-Equity Incentive Plan Compensation <sup>3</sup>	Change in Pension	All Other Compensation <sup>6</sup>	Total
							Value and Nonqualified Deferred Compensation Earnings <sup>4</sup>		
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
<b>Dr. Ralph W. Shrader</b> Chairman, Chief Executive Officer and President	2012	1,162,500	-	376,887	-	439,379	10,000	1,117,710	3,106,476
	2011	1,162,500	-	-	-	1,081,846	10,000	1,281,914	3,536,260
	2010	1,162,500	-	-	-	1,559,145	10,000	1,474,503	4,206,148
<b>Samuel R. Strickland</b> EVP, Chief Financial Officer and Chief Administrative Officer	2012	1,050,000	-	340,425	-	396,858	10,100	863,146	2,660,529
	2011	1,050,000	-	-	271,125	977,151	10,000	983,125	3,291,401
	2010	825,000	-	-	-	1,106,490	10,000	1,062,115	3,003,605
<b>Francis J. Henry, Jr.</b> <sup>5</sup> Executive Vice President	2012	825,000	-	267,463	-	311,817	10,000	641,608	2,055,888
		-	-	-	-	-	-	-	-
<b>Joseph W. Mahaffee</b> <sup>5</sup> Executive Vice President	2012	825,000	-	267,463	-	311,817	10,000	644,024	2,058,304
		-	-	-	-	-	-	-	-
<b>John M. McConnell</b> <sup>5</sup> Executive Vice President and Vice Chairman	2012	1,050,000	-	340,425	-	396,858	10,458	539,982	2,337,723
	2011	1,050,000	-	-	-	977,151	10,000	319,696	2,356,847
	2010	1,050,000	-	-	1,536,757	1,408,260	10,000	122,353	4,127,370

(1) 2012 reflects fiscal 2012 April 1, 2011 to March 31, 2012. 2011 reflects fiscal 2011 April 1, 2010 to March 31, 2011. 2010 reflects fiscal 2010 April 1, 2009 to March 31, 2010.

(2) This column represents the grant date value of restricted stock granted on July 1, 2011 as part of the FY11 annual incentive. See Compensation Discussion and Analysis Compensation Elements Annual Incentive. 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

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financial statements for the fiscal year ended March 31, 2012, 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 cash portion of bonuses for fiscal 2012 under our annual performance bonus plan, which provides awards based on the achievement of corporate performance objectives. Awards under the annual performance bonus plan with respect to performance periods starting on or after October 1, 2010 are paid partially in cash and partially in restricted stock. 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 portion of the award paid in restricted stock is reported in the Summary Compensation Table with respect to the year in which the restricted stock is granted (which occurs in the following fiscal year). The annual performance bonus plan is described more fully at Compensation Discussion and Analysis Annual Incentive.

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- (4) This column reflects the change in value during fiscal 2012 of the cash retirement benefit accrued under the Officers Retirement Plan for each of our named executive officers.
- (5) Messrs. Henry and Mahaffee were not designated as named executive officers prior to 2012. Mr. McConnell was a named executive officer in 2010 but not in 2011.
- (6) The table below describes the elements included in All Other Compensation.

<b>OTHER COMPENSATION TABLE</b>										
Name	Dividend Equivalents on Vested Stock Options <sup>a</sup>	Club Memberships	Financial Counseling	Company Non-			Tax Gross- Up <sup>c</sup>	Life Insurance	Other <sup>d</sup>	Total
				Qualified Company Contributions to 401(k)	Qualified Retirement Contributions to Employees <sup>b</sup>	Executive Medical Plan Contributions				
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
<b>Dr. Ralph W. Shrader</b>	493,603	31,401	15,000	32,377	473,205	30,065	10,498	20,340	11,222	1,117,710
<b>Samuel R. Strickland</b>	404,224	11,584	3,215	32,377	353,205	30,065	5,874	11,380	11,222	863,146
<b>Francis J. Henry, Jr.</b>	202,112	16,050	12,500	32,377	320,618	30,065	6,443	10,221	11,222	641,608
<b>Joseph W. Mahaffee</b>	215,451	9,639	6,335	32,377	320,618	30,065	4,086	5,731	19,722	644,024
<b>John M. McConnell</b>	-	-	7,500	32,377	422,343	30,065	14,102	22,373	11,222	539,982

- (a) In connection with special dividends paid to holders of our common stock in fiscal 2012, the exercise price of outstanding options was adjusted in accordance with the terms of our Officers Rollover Stock Plan. Our named executive officers who held options with exercise prices less than the amount of the adjustment were granted a right to receive a cash payment, in the same calendar year as the year the related option is required to be exercised, equal to the difference between the amount of the special dividend and the amount by which the related option's exercise price was reduced. Rights earned as a result of vesting of the related options in fiscal 2012 are included in this column. Amounts earned and paid with respect to vested options are set forth in the Nonqualified Deferred Compensation Table below.
- (b) Represents retirement plan contributions of \$22,000 paid by the Company and supplementary retirement amounts paid by the Company to the named executive officer as described above under Compensation Discussion and Analysis -- Compensation Elements -- Defined Contribution Retirement Plan and Other Retirement Benefits.
- (c) Includes tax gross-up relating to life insurance coverage.
- (d) Includes: dental, supplemental medical, accident insurance, personal excess liability coverage, estate planning, and milestone anniversary awards.

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<b>GRANTS OF PLAN BASED AWARDS</b>											
Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>1</sup>			Estimated Future Payouts Under Equity Incentive Plan Awards <sup>2</sup>			All Other Stock Awards; Number of Shares or Stock Units <sup>3</sup>	All Other Option Awards; Number of Securities Underlying Options	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$)
		Threshold	Target	Max	Threshold	Target	Max				
Dr. Ralph W. Shrader	7/1/2011		613,800		602,640		19,753				376,887
Samuel R. Strickland	7/1/2011		554,400		544,320		17,842				340,425
Francis J. Henry, Jr.	7/1/2011		435,600		427,680		14,018				267,463
Joseph W. Mahaffee	7/1/2011		435,600		427,680		14,018				267,463
John M. McConnell	7/1/2011		554,400		544,320		17,842				340,425

- (1) Reflects the portion of the target bonus levels for fiscal 2012 under our annual performance bonus plan, which provides awards based on the achievement of corporate performance objectives, payable in cash. Awards under the annual performance bonus plan are paid partially in cash and partially in restricted stock. The annual performance bonus plan is described more fully at Compensation Discussion and Analysis Compensation Elements Annual Incentive. Non-equity incentive plan awards have no minimum threshold or maximum cap payouts. The actual cash bonuses paid under the plan for fiscal 2012 are reflected in the Summary Compensation Table.
- (2) Reflects the dollar value of the portion of the target bonus levels for fiscal 2012 under our annual performance bonus plan that is payable in restricted stock, including a 20% premium. Equity incentive plan awards have no minimum threshold or maximum cap payouts. The actual number of shares of restricted stock awarded under the plan with respect to fiscal 2012 performance will be granted in the 2013 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 2013 Summary Compensation Table. The annual performance bonus plan is described more fully under Compensation Discussion and Analysis Compensation Elements Annual Incentive.
- (3) Reflects the portion of the fiscal 2011 bonus under our annual performance bonus plan paid in the form of restricted stock in July 2011.

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Name	Option Awards <sup>2</sup>					Stock Awards	
	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Number of Securities Underlying Unexercised Unearned Options	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested <sup>5</sup>	Market Value of Shares or Units of Stock That Have Not Vested (\$) <sup>6</sup>
<b>Dr. Ralph W. Shrader</b>	83,970	18,680 <sup>1</sup>	24,270 <sup>2</sup> 13,080 <sup>3</sup>	4.28 4.28	11/19/2018 11/19/2018	19,753	336,394
		79,401 <sup>4</sup>		0.01	9/15/2012		
		79,401 <sup>4</sup>		0.01	9/15/2013		
		59,551 <sup>4</sup>		0.01	9/15/2014		
<b>Samuel R. Strickland</b>	110,970	24,680 <sup>1</sup>	32,070 <sup>2</sup> 17,280 <sup>3</sup>	4.28 4.28	11/19/2018 11/19/2018	17,842	303,849
	9,000	12,000 <sup>7</sup>	15,600 <sup>8</sup> 8,400 <sup>9</sup>	12.81 12.81	4/29/2020 4/29/2020		
		66,167 <sup>4</sup>		0.01	9/15/2012		
		66,167 <sup>4</sup>		0.01	9/15/2013		
		49,626 <sup>4</sup>		0.01	9/15/2014		
<b>Francis J. Henry, Jr.</b>	110,970	24,680 <sup>1</sup>	32,070 <sup>2</sup> 17,280 <sup>3</sup>	4.28 4.28	11/19/2018 11/19/2018	14,018	238,727
	18,000	9,000 <sup>10</sup>	11,700 <sup>11</sup> 6,300 <sup>12</sup>	6.08 6.08	5/7/2019 5/7/2019		
		33,084 <sup>4</sup>		0.01	9/15/2012		
		33,084 <sup>4</sup>		0.01	9/15/2013		
		24,813 <sup>4</sup>		0.01	9/15/2014		
<b>Joseph W. Mahaffee</b>	137,970	30,680 <sup>1</sup>	39,870 <sup>2</sup> 21,480 <sup>3</sup>	4.28 4.28	11/19/2018 11/19/2018	14,018	238,727
		35,120 <sup>4</sup>		0.01	9/15/2012		
		35,120 <sup>4</sup>		0.01	9/15/2013		
		26,340 <sup>4</sup>		0.01	9/15/2014		
<b>John M. McConnell</b>	183,320	30,570 <sup>13</sup>	39,720 <sup>14</sup> 21,390 <sup>15</sup>	6.08 6.08	5/7/2019 5/7/2019	17,842	303,849

(1) The options were granted pursuant to the Equity Incentive Plan and will vest and become exercisable, subject to the continued employment of the named executive officer, ratably on June 30, 2012 and 2013. These options fully vest and become exercisable immediately prior to the effective date of certain change in control events.

(2) The options were granted pursuant to the Equity Incentive Plan and will vest and become exercisable, subject to the continued employment of the named executive officer, ratably on June 30, 2012 and 2013 based on achievement of EBITDA performance goals, with the ability



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to catch up on missed goals if (x) the missed performance goal was at least 90% of target level and (y) cumulative EBITDA performance reaches the target cumulative levels during the five-year vesting period. In addition, any unvested options vest immediately prior to the effective date of certain change in control events if Carlyle achieves a specified internal rate of return as a result of the event or the investment proceeds to Carlyle are at least a specified multiple of its invested capital.

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- (3) The options were granted pursuant to the Equity Incentive Plan and will vest and become exercisable, subject to the continued employment of the named executive officer, ratably on June 30 2012 and 2013 based on achievement of cumulative cash flow performance goals, with the ability to catch up on missed goals if cumulative achievement reaches the target cumulative levels during the five-year vesting period. In addition, any unvested options vest immediately prior to the effective date of certain change in control events if Carlyle achieves a specified internal rate of return as a result of the event or the investment proceeds to Carlyle are at least a specified multiple of its invested capital.
- (4) Options must be exercised between June 30 and September 15 in the year in which the option expires unless a named executive officer receives written consent from the administrator, in which case such options may be exercised through the end of the year in which they expire.

The options were granted pursuant to the Officers Rollover Stock Plan to replace compensatory stock options initially granted by our predecessor. In connection with special dividends paid to holders of our common stock in fiscal 2010, in accordance with the terms of the Officers Rollover Stock Plan, the exercise price per share of each outstanding option was reduced in an amount equal to the reduction in the value of the common stock as a result of the dividend. Because the reduction in share value exceeded the exercise price for certain of the options granted under the Officers Rollover Stock Plan, the exercise price for those options was reduced to the par value (\$0.01) of the shares issuable on exercise, and the holders became entitled to receive on the option's fixed exercise date a cash payment equal to the excess of the reduction in share value as a result of the dividend over the reduction in exercise price, subject to vesting and forfeiture on the same terms as the related option. To the extent they become vested, payments of such amounts to our named executive officers will be made as follows:

	June 30, 2012	June 30, 2013	June 30, 2014
Name	(\$)	(\$)	(\$)
<b>Dr. Ralph W. Shrader</b>	329,069	329,069	246,802
<b>Samuel R. Strickland</b>	269,483	269,483	202,112
<b>Francis J. Henry, Jr.</b>	134,741	134,741	101,056
<b>Joseph W. Mahaffee</b>	143,634	143,634	107,726
<b>John M. McConnell <sup>a</sup></b>	-	-	-

(a) Mr. McConnell does not own any options issued under our Officers Rollover Stock Plan.

Upon exercise of an option, the named executive officer must sell to us, and we must repurchase, at par value, one share of Class E special voting stock for each option exercised. If the named executive officer fails to complete the purchase of shares on exercise of the options within the time period set forth in the Officers Rollover Stock Plan or fails to file an election under Section 83(b) of the Code with the Internal Revenue Service within thirty (30) days after exercise, the related shares of common stock will be deemed to have been forfeited by that named executive officer, and the named executive officer must sell to us, and we must repurchase, at par value, the related number of shares of Class E special voting stock held by the named executive officer.

- (5) The named executive officers' restricted stock vests ratably on June 30, 2012, 2013, and 2014. The restricted stock becomes fully vested upon certain change in control events, unless otherwise determined by our Compensation Committee.
- (6) Market value has been determined based on the fair market value of our stock on March 31, 2012 of \$17.03.



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- (7) The options were granted pursuant to the Equity Incentive Plan and will vest and become exercisable, subject to the continued employment of the named executive officer, ratably on June 30, 2012, 2013, 2014 and 2015. These options fully vest and become exercisable immediately prior to the effective date of certain change in control events.
  
- (8) The options were granted pursuant to the Equity Incentive Plan and will vest and become exercisable ratably on June 30, 2012, 2013, 2014 and 2015 subject to the achievement of EBITDA performance goals and to the continued employment of the named executive officer, with the opportunity to catch up on missed goals if (x) the missed performance goal was at least 90% of target level and (y) cumulative EBITDA performance reaches the target cumulative levels during the three-year vesting period. In addition, any unvested options vest immediately prior to the effective date of certain change in control events if Carlyle achieves a specified internal rate of return as a result of the event or the investment proceeds to Carlyle are at least a specified multiple of its invested capital.
  
- (9) The options were granted pursuant to the Equity Incentive Plan and will vest and become exercisable ratably on June 30, 2012, 2013, 2014 and 2015 subject to the achievement of cumulative cash flow performance goals and to the reporting person's continued employment, with the opportunity to catch up on missed goals if cumulative achievement reaches the target cumulative levels during the three-year vesting period. In addition, any unvested options vest immediately prior to the effective date of certain change in control events if Carlyle achieves a specified internal rate of return as a result of the event or the investment proceeds to Carlyle are at least a specified multiple of its invested capital.
  
- (10) The options were granted pursuant to the Equity Incentive Plan and will vest and become exercisable, subject to the continued employment of the named executive officer, ratably on June 30, 2012, 2013, and 2014. These options fully vest and become exercisable immediately prior to the effective date of certain change in control events.
  
- (11) The options were granted pursuant to the Equity Incentive Plan and will vest and become exercisable ratably on June 30, 2012, 2013, and 2014 subject to the achievement of EBITDA performance goals and to the continued employment of the named executive officer, with the opportunity to catch up on missed goals if (x) the missed performance goal was at least 90% of target level and (y) cumulative EBITDA performance reaches the target cumulative levels during the three-year vesting period. In addition, any unvested options vest immediately prior to the effective date of certain change in control events if Carlyle achieves a specified internal rate of return as a result of the event or the investment proceeds to Carlyle are at least a specified multiple of its invested capital.
  
- (12) The options were granted pursuant to the Equity Incentive Plan and will vest and become exercisable ratably on June 30, 2012, 2013, and 2014 subject to the achievement of cumulative cash flow performance goals and to the reporting person's continued employment, with the opportunity to catch up on missed goals if cumulative achievement reaches the target cumulative levels during the three-year vesting period. In addition, any unvested options vest immediately prior to the effective date of certain change in control events if Carlyle achieves a specified internal rate of return as a result of the event or the investment proceeds to Carlyle are at least a specified multiple of its invested capital.
  
- (13) The options were granted pursuant to the Equity Incentive Plan and will vest and become exercisable, subject to the continued employment of the named executive officer, on June 30, 2012. These options fully vest and become exercisable immediately prior to the effective date of certain change in control events.

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- (14) The options were granted pursuant to the Equity Incentive Plan and will vest and become exercisable on June 30, 2012 subject to the achievement of EBITDA performance goals and to the continued employment of the named executive officer, with the opportunity to catch up on missed goals if (x) the missed performance goal was at least 90% of target level and (y) cumulative EBITDA performance reaches the target cumulative levels during the three-year vesting period. In addition, any unvested options vest immediately prior to the effective date of certain change in control events if Carlyle achieves a specified internal rate of return as a result of the event or the investment proceeds to Carlyle are at least a specified multiple of its invested capital.
- (15) The options were granted pursuant to the Equity Incentive Plan and will vest and become exercisable on June 30, 2012 subject to the achievement of cumulative cash flow performance goals and to the reporting person's continued employment, with the opportunity to catch up on missed goals if cumulative achievement reaches the target cumulative levels during the three-year vesting period. In addition, any unvested options vest immediately prior to the effective date of certain change in control events if Carlyle achieves a specified internal rate of return as a result of the event or the investment proceeds to Carlyle are at least a specified multiple of its invested capital.

**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 2012.

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 <sup>1</sup>	Value Realized on Vesting <sup>3</sup> (\$)
Dr. Ralph W. Shrader	119,101.32	1,917,531	52,226.67	998,052
Samuel R. Strickland	99,251.10	1,597,943	35,410.00	676,685
Francis J. Henry, Jr.	49,625.55	725,029	13,096.67	250,277
Joseph W. Mahaffee	52,679.43	817,058	13,113.33	250,596
John M. McConnell <sup>4</sup>	-	-	-	-

(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.

(3) Stock Award (\$) value realized is based on fair market value on June 30, 2011.

- (4) Mr. McConnell did not exercise any options in fiscal 2012.

**Table of Contents***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 (x) age 60 with five years of service as an executive or (y) 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. Currently all of our named executive officers are eligible to receive benefits under the Officers' Retirement Plan upon retirement.

<b>PENSION BENEFITS TABLE</b>					
		Number of Years Credited Service	Present Value of Accumulated Benefits <sup>1</sup>	Payments During Last Fiscal Year	
Name	Plan Name	(#)	(\$)	(\$)	
Dr. Ralph W. Shrader	Officers Retirement Plan	33.5	335,000	-	
Samuel R. Strickland	Officers Retirement Plan	16.4	164,000	-	
Francis J. Henry, Jr.	Officers Retirement Plan	13.5	135,000	-	
Joseph W. Mahaffee	Officers Retirement Plan	13.5	135,000	-	
John M. McConnell	Officers Retirement Plan	3.2	28,887	-	

- (1) 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 Benefit Obligation with the exception of the retirement rate assumptions. The amounts shown above reflect an assumption that each participant collects his benefit at the earliest age at which an unreduced benefit is available.

*Non-Qualified Deferred Compensation*

In connection with the payment of special dividends in fiscal 2010, holders of certain options (including some of our named executive officers) 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 is 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. For a description of these dividend adjustment payments, see footnote 4 to the Outstanding Equity Awards at Fiscal Year-End Table above. Vested rights to these cash payments are reflected in the table below.

<b>NONQUALIFIED DEFERRED COMPENSATION TABLE</b>						
Name	Plan Name	Executive Contributions	Registrant Contributions in	Aggregate Earnings in	Aggregate Withdrawals/	Aggregate Balance

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			in Last FY	Last FY <sup>1</sup>	Last FY	Distributions	at Last FYE <sup>2</sup>
			(\$)	(\$)	(\$)	(\$)	(\$)
<b>Dr. Ralph W. Shrader</b>	Officers	Rollover Stock Plan	-	658,230	-	493,603	904,939
<b>Samuel R. Strickland</b>	Officers	Rollover Stock Plan	-	539,011	-	404,224	741,077
<b>Francis J. Henry, Jr.</b>	Officers	Rollover Stock Plan	-	269,506	-	202,112	370,539
<b>Joseph W. Mahaffee</b>	Officers	Rollover Stock Plan	-	287,292	-	215,451	394,994
<b>John M. McConnell</b> <sup>3</sup>			-	-	-	-	-



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- (1) Registrant contributions represent, for each vested stock option issued under the Officers' Rollover Stock Plan held by the named executive officer on the record date with respect to each dividend declared since the grant of the option, the difference between the value of the dividend paid and the amount by which the exercise price of the stock option was reduced. Amounts in this column are included in the "All Other Compensation" column of the Summary Compensation Table.
- (2) Except with respect to Messrs. Henry and Mahaffee, all of the amounts in this column in excess of registrant contributions in the last fiscal year were reported in our Summary Compensation Table in prior years.
- (3) Mr. McConnell does not own any options issued under our Officers' Rollover Stock Plan.

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

We do not have employment or severance agreements with any of our executives. However, consistent with our Transition Policy, which deals with departures other than retirement, death, disability and terminations for cause, each named executive officer is eligible for transition pay equal to one month's base pay per 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 an agreement and general release.

***Termination Payments***

**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. In addition, each of our named executive officers and their spouses will be entitled to receive employer-paid retiree medical and dental coverage for life.

**Officers' Rollover Stock Plan.**

If a named executive officer's employment is terminated due to the executive's death, any unvested stock options and restricted stock issued under the Officers' Rollover Stock Plan will vest and become exercisable. If a named executive officer's employment is terminated by us without cause, by reason of disability or in a company approved termination, awards under the Officers' Rollover Stock Plan will continue to vest and be exercisable in accordance with the terms of the plan, subject to forfeiture if the named executive officer engages in competitive activity following the termination.

**Stockholders Agreement.**

If a named executive officer's employment is terminated for any reason, then we may repurchase the common stock that the executive holds and that was issued pursuant to the Equity Incentive Plan at the price set forth in the Stockholders Agreement. See "Certain Relationships and Related Party Transactions" "Related Person Transactions" "Stockholders Agreement."

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*Change in Control Protections*

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

If a change in control occurs, the stock options issued under the Officers' Rollover Stock Plan will vest. 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 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 2012. If applicable, amounts in the table were calculated using \$17.03, the fair market value of our common stock on March 31, 2012. 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.

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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>Dr. Ralph W. Shrader</b>						
Death	-	1,955,715	-	2,096,875 <sup>3</sup>	-	4,052,590
Disability	-	-	-	414,689 <sup>4</sup>	300,476 <sup>5</sup>	728,802
Involuntary Termination	1,162,500	-	-	-	330,476 <sup>6</sup>	1,492,976
Retirement	-	-	335,000	-	358,185 <sup>7</sup>	679,540
Voluntary Resignation	-	-	-	-	-	-
Termination for Cause	-	-	-	-	-	-
Change-In-Control	-	1,717,418	-	-	300,476 <sup>9</sup>	2,017,894
<b>Samuel R. Strickland</b>						
Death	-	2,140,729	-	2,087,500 <sup>3</sup>	-	4,228,229
Disability	-	-	-	1,197,171 <sup>4</sup>	491,619 <sup>5</sup>	1,800,990
Involuntary Termination	1,050,000	-	-	-	521,619 <sup>6</sup>	1,571,619
Retirement	-	-	164,000	-	557,436 <sup>7</sup>	707,624
Voluntary Resignation	-	-	-	-	-	-
Termination for Cause	-	-	-	-	-	-
Change-In-Control	-	1,749,971	-	-	491,619 <sup>9</sup>	2,241,590
<b>Francis J. Henry, Jr.</b>						
Death	-	1,848,798	-	2,068,750 <sup>3</sup>	-	3,917,548
Disability	-	-	-	1,378,766 <sup>4</sup>	535,625 <sup>5</sup>	2,067,840
Involuntary Termination	825,000	-	-	-	565,625 <sup>6</sup>	1,390,625
Retirement	-	-	135,000	-	603,522 <sup>7</sup>	723,773
Voluntary Resignation	-	-	-	-	-	-
Termination for Cause	-	-	-	-	-	-
Change-In-Control	-	1,402,600	-	-	535,625 <sup>9</sup>	1,938,225
<b>Joseph W. Mahaffee</b>						
Death	-	1,641,449	-	2,068,750 <sup>3</sup>	-	3,710,199
Disability	-	-	-	2,223,272 <sup>4</sup>	819,999 <sup>5</sup>	3,487,940
Involuntary Termination	825,000	-	-	-	849,999 <sup>6</sup>	1,674,999
Retirement	-	-	135,000	-	895,195 <sup>7</sup>	1,014,775
Voluntary Resignation	-	-	-	-	-	-
Termination for Cause	-	-	-	-	-	-
Change-In-Control	-	1,305,394	-	-	819,999 <sup>9</sup>	2,125,393
<b>John M. McConnell</b>						
Death	-	1,307,745	-	2,087,500 <sup>3</sup>	-	3,395,245
Disability	-	-	-	349,724 <sup>4</sup>	163,912 <sup>5</sup>	523,444
Involuntary Termination	1,050,000	-	-	-	193,912 <sup>5</sup>	1,243,912
Retirement	-	-	28,887	-	221,094 <sup>6</sup>	235,232
Voluntary Resignation	-	-	-	-	-	-
Termination for Cause	-	-	-	-	-	-
Change-In-Control	-	1,307,745	-	-	163,912 <sup>9</sup>	1,471,657

- (1) Each named executive officer is eligible for transition pay under our Transition Policy 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. An additional amount equal to a pro rata portion of the named executive officer's annual incentive compensation for the year in which the termination occurs may be paid upon termination at the discretion of the Board.

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- (2) This column includes the value of the equity with accelerated vesting calculated using \$17.03, the fair market value of our common stock on March 31, 2012, and the value of the deferred cash payment due to the named executive officers as a result of the special dividends paid on July 29, 2009 and December 11, 2009, as described in footnote 4 to the Outstanding Equity at Fiscal Year-End Table above. 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/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 and retiree medical benefits.
- (7) Amount includes actuarial present value of up to \$4,000 per year for financial counseling assistance and retiree medical benefits. The amounts in this column that represent the present value of the financial counseling allowance 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. The amounts in the column that represent the actuarial present value of retiree medical benefits were calculated as described in footnote 5 above. Includes a retirement gift of \$10,000, which is grossed up for taxes.
- (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.

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**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)

Peter Clare

Ian Fujiyama

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**AUDIT COMMITTEE REPORT**

The Audit Committee has reviewed and discussed with management of the Company and Ernst & Young LLP, the independent registered public accounting firm for the Company, the audited financial statements of the Company for the fiscal year ended March 31, 2012 (the Audited Financial Statements ).

The Audit Committee has discussed with Ernst & Young LLP the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended, as in effect on the date of this proxy statement.

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 Public Company Accounting Oversight Board regarding Ernst & Young LLP's communications with the Audit Committee concerning independence; and (iii) discussed with Ernst & Young LLP its independence.

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, 2012 for filing with the SEC.

**THE AUDIT COMMITTEE**

Mark Gaumont (Chairman)

Arthur Johnson

Philip A. Odeen

**PRE-APPROVAL OF INDEPENDENT AUDITOR SERVICES**

The Audit Committee pre-approves all audit, audit-related, tax, and other services performed by the 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 2012 and 2011.

	<b>2012</b>	<b>2011</b>
Audit fees <sup>(1)</sup>	\$ 2,935,000	\$ 2,925,500
Audit-related fees <sup>(2) (3)</sup>	77,500	170,000
Tax fees <sup>(4)</sup>	485,737	334,138
All other fees		
<b>Total</b>	<b>\$ 3,498,237</b>	<b>\$ 3,429,638</b>

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- (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) For 2011, audit-related fees principally include fees for consultation and planning related to the Company's internal controls and audits of employee benefit plans.
- (3) For 2012, audit-related fees principally include fees for consultation and audits of employee benefit plans.
- (4) Tax fees principally include domestic and foreign tax compliance and advisory services.

**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, 2013. Ernst & Young LLP served as our independent auditors for the fiscal year ending March 31, 2012. 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 2013.*

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**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.

**PROPOSALS FOR 2013**

Under applicable SEC rules and regulations, the Company will review for inclusion in next year's proxy statement stockholder proposals received by February 19, 2013. 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 2013 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 April 4, 2013 and no later than May 4, 2013, except that if the date of the 2013 Annual Meeting of Stockholders is changed, and the meeting is held before July 3, 2013 or after October 11, 2013, 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.

**ANNUAL REPORT FOR 2012**

The annual report of the Company on Form 10-K for the fiscal year ended March 31, 2012 is being furnished concurrently with this proxy statement to persons who were stockholders of record as of June 11, 2012, the record date for the annual meeting. These materials do not form part of the material for the solicitation of proxies.

**HOUSEHOLDING OF ANNUAL DISCLOSURE DOCUMENTS**

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 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.

By order of the Board of Directors,

Douglas S. Many

Secretary

McLean, Virginia

June 21, 2012



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We publically disclose certain non-GAAP financial measurements, including Adjusted Operating Income, Adjusted EBITDA, Adjusted Net Income, and Adjusted Diluted Earnings Per Share, or 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 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 cash flows 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 a measure of operating results, and (iii) use Free Cash Flows in addition to, and not as an alternative to, net cash generated from operating activities as a measure of liquidity, each as defined under GAAP. We have defined the aforementioned non-GAAP measures as follows:

Adjusted Operating Income represents operating income before (i) certain stock option-based and other equity-based compensation expenses, (ii) adjustments related to the amortization of intangible assets, and (iii) any extraordinary, unusual, or non-recurring items. 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, (ii) transaction costs, fees, losses, and expenses, including fees associated with debt prepayments, and (iii) any extraordinary, unusual, or non-recurring items. 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

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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.

Free Cash Flow represents the net cash generated from operating activities less the impact of purchases of property and equipment. Below is a reconciliation of 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)	2012	Fiscal Year Ended March 31, 2011 (Unaudited)	2010
<b>Adjusted Operating Income</b>			
Operating Income	\$ 387,432	\$ 319,444	\$ 199,554
Certain stock-based compensation expense (a)	14,241	39,947	68,517
Purchase accounting adjustments (b)			1,074
Amortization of intangible assets (c)	16,364	28,641	40,597
Net restructuring charge (i)	11,182		
Transaction expenses (d)		4,448	3,415
Adjusted Operating Income	\$ 429,219	\$ 392,480	\$ 313,157
<b>EBITDA &amp; Adjusted EBITDA</b>			
Net income	\$ 239,955	\$ 84,694	\$ 25,419
Income tax expense	103,919	43,370	23,575
Interest and other, net	43,558	191,380	150,560
Depreciation and amortization	75,205	80,603	95,763
EBITDA	462,637	400,047	295,317
Certain stock-based compensation expense (a)	14,241	39,947	68,517
Net restructuring charge (i)	11,182		
Transaction expenses (d)		4,448	3,415
Purchase accounting adjustments (b)			1,074
Adjusted EBITDA	\$ 488,060	\$ 444,442	\$ 368,323
<b>Adjusted Net Income</b>			
Net income	\$ 239,955	\$ 84,694	\$ 25,419
Certain stock-based compensation expense (a)	14,241	39,947	68,517
Net restructuring charge (i)	11,182		
Transaction expenses (e)		20,948	3,415
Purchase accounting adjustments (b)			1,074
Amortization of intangible assets (c)	16,364	28,641	40,597
Amortization or write-off of debt issuance costs and write-off of original issue discount	4,783	50,102	5,700
Net gain on sale of state and local transportation business (f)	(5,681)		
Release of income tax reserves (g)	(35,022)	(10,966)	
Adjustments for tax effect (h)	(18,628)	(55,855)	(47,721)
Adjusted Net Income	\$ 227,194	\$ 157,511	\$ 97,001

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### *Adjusted Diluted Earnings Per Share*

Weighted-average number of diluted shares outstanding	140,812,012	127,448,700	116,228,380
Adjusted Net Income Per Diluted Share	\$ 1.61	\$ 1.24	\$ 0.83

### *Free Cash Flow*

Net cash provided by operating activities	\$ 360,046	\$ 296,339	\$ 270,484
Less: Purchases of property and equipment	(76,925)	(88,784)	(49,271)
Free Cash Flow	\$ 283,121	\$ 207,555	\$ 221,213

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- (a) Reflects stock-based compensation expense for options for Class A Common Stock and restricted shares, in each case, issued in connection with the acquisition of our Company by The Carlyle Group under 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 adjustments resulting from the application of purchase accounting in connection with the acquisition not otherwise included in depreciation and amortization.
- (c) Reflects amortization of intangible assets resulting from the acquisition.
- (d) Fiscal 2011 reflects debt refinancing costs incurred in connection with the Refinancing Transaction and certain external administrative and other expenses incurred in connection with the initial public offering. Fiscal 2010 reflects costs related to the modification of our credit facilities, the establishment of the Tranche C term loan facility under our senior secured credit facilities and the related payment of special dividends.
- (e) Fiscal 2011 reflects debt refinancing costs and prepayment fees incurred in connection with the Refinancing Transaction as well as certain external administrative and other expenses incurred in connection with the initial public offering. Fiscal 2010 reflects costs related to the modification of our credit facilities, the establishment of the Tranche C term loan facility under our senior secured credit facilities and the related payment of special dividends.
- (f) Fiscal 2012 reflects the gain on sale of our state and local transportation business, net of the associated tax benefit of \$1.6 million.
- (g) Reflects the release of income tax reserves.
- (h) Reflects tax effect of adjustments at an assumed marginal tax rate of 40%.
- (i) Reflects restructuring charges of approximately \$15.7 million incurred during the three months ended March 31, 2012, net of approximately \$4.5 million of revenue recognized on recoverable expenses, associated with the cost of a restructuring plan to reduce certain personnel and infrastructure costs.

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