

APPENDIX

NON-GAAP MEASURES

We publicly disclose certain non-GAAP financial measurements in this report, including Revenue, Excluding Billable Expenses, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, and Adjusted Diluted Earnings Per Share, or Adjusted Diluted EPS, because management uses these measures for business planning purposes, including to manage our business against internal projected results of operations and measure our performance. We view Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, and Adjusted Diluted EPS as measures of our core operating business, which exclude the impact of the items detailed below, as these items are generally not operational in nature. These non-GAAP measures also provide another basis for comparing period to period results by excluding potential differences caused by non-operational and unusual or non-recurring items. In addition, we use Revenue, Excluding Billable Expenses because it provides management useful information about the Company's operating performance by excluding the impact of costs that are not indicative of the level of productivity of our consulting staff headcount and our overall direct labor, which management believes provides useful information to our investors about our core operations. We present these supplemental measures because we believe that these measures provide investors and securities analysts with important supplemental information with which to evaluate our performance, long term earnings potential, or liquidity, as applicable, and to enable them to assess our performance on the same basis as management. These supplemental performance measurements may vary from and may not be comparable to similarly titled measures by other companies in our industry. Revenue, Excluding Billable Expenses, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income and Adjusted Diluted EPS are not recognized measurements under accounting principles generally accepted in the United States, or GAAP, and when analyzing our performance or liquidity, as applicable, investors should (i) evaluate each adjustment in our reconciliation of revenue to Revenue Excluding Billable Expenses, net income to Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income and Adjusted Diluted Earnings Per Share, (ii) use Revenue, Excluding Billable Expenses, Adjusted EBITDA, and Adjusted EBITDA Margin, Adjusted Net Income, and Adjusted Diluted EPS in addition to, and not as an alternative to, revenue, net income or diluted EPS, as measures of operating results, each as defined under GAAP. We have defined the aforementioned non-GAAP measures as follows:

- "Revenue, Excluding Billable Expenses" represents revenue less billable expenses. We use Revenue, Excluding Billable Expenses because it provides management useful information about the Company's operating performance by excluding the impact of costs that are not indicative of the level of productivity of our consulting staff headcount and our overall direct labor, which management believes provides useful information to our investors about our core operations.
- "Adjusted EBITDA" represents net income before income taxes, net interest and other expense, and depreciation and amortization and before certain other items, including transaction costs, fees, losses, and expenses, including fees associated with debt prepayments. We prepare Adjusted EBITDA and Adjusted EBITDA Margin 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) adjustments related to the amortization of intangible assets resulting from the acquisition of our Company by The Carlyle Group, (ii) transaction costs, fees, losses, and expenses, including fees associated with debt prepayments, (iii) amortization or write-off of debt issuance costs and write-off of original issue discount, and (iv) release of income tax reserves, in each case net of the tax effect where appropriate calculated using an assumed effective tax rate. We prepare Adjusted Net Income to eliminate the impact of items, net of tax, we do not consider indicative of ongoing operating performance due to their inherent unusual, extraordinary, or non-recurring nature or because they result from an event of a similar nature.
- "Adjusted Diluted EPS" represents diluted EPS calculated using Adjusted Net Income as opposed to net income. Additionally, Adjusted Diluted EPS does not contemplate any adjustments to net income as required under the two-class method as disclosed in the footnotes to the financial statements.

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

BOOZ ALLEN HAMILTON HOLDING CORPORATION
NON-GAAP FINANCIAL INFORMATION

(AMOUNTS IN THOUSANDS, EXCEPT
SHARE AND PER SHARE DATA)

FISCAL YEAR ENDED
MARCH 31,

REVENUE, EXCLUDING BILLABLE EXPENSES	2017 (UNAUDITED)	2016 (UNAUDITED)
Revenue	\$5,804,284	\$5,405,738
Billable Expenses	1,751,077	1,513,083
Revenue, Excluding Billable Expenses	\$4,053,207	\$3,892,655
EBITDA, ADJUSTED EBITDA & ADJUSTED EBITDA MARGIN		
Net income	\$252,490	\$294,094
Income tax expense	159,410	85,368
Interest and other, net (c)	72,347	65,122
Depreciation and amortization	59,544	61,536
EBITDA	543,791	506,120
Transaction expenses (b)	3,354	-
Adjusted EBITDA	\$547,145	\$506,120
Revenue	5,804,284	5,405,738
Adjusted EBITDA Margin	9.4%	9.4%
ADJUSTED NET INCOME		
Net income	\$252,490	\$294,094
Amortization of intangible assets (a)	4,225	4,225
Transaction expenses (b)	3,354	-
Release of income tax reserves (d)	-	(53,301)
Amortization or write-off of debt issuance costs and write-off of original issue discount	8,866	5,201
Adjustments for tax effect (e)	(6,578)	(3,770)
Adjusted Net Income	\$262,357	\$246,449
ADJUSTED DILUTED EARNINGS PER SHARE		
Weighted-average number of diluted shares outstanding	150,274,640	149,719,137
Adjusted Net Income Per Diluted Share (f)	\$1.75	\$1.65

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

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

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

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

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

f.) Excludes an adjustment of approximately \$2.3 million and \$3.5 million of net earnings for fiscal 2017 and 2016 respectively, associated with the application of the two-class method for computing diluted earnings per share.