UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2019

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO**

Commission File Number 001-07782

PARSONS CORPORATION

(Exact name of Registrant as Specified in Its Charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**95-3232481** **(I.R.S. Employer Identification No.)**
5875 Trinity Parkway, #300, Centreville, VA **(Address of principal executive offices)**	**21120** **(Zip Code)**

Registrant's telephone number, including area code: (703) 988-8500

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $1 par value	PSN	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant, based on the closing price of the shares of common stock on The New York Stock Exchange on June 28, 2019, was $3.7 billion.

The number of shares of Registrant's Common Stock outstanding as of February 28, 2020 was 100,669,694.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Parsons' 2020 Proxy Statement are incorporated by reference into Part III of this Annual Report on Form 10-K.

Table of Contents

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report on Form 10-K contains forward-looking statements within the meaning of the federal securities laws, which statements involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as “may”, “will”, “should”, “expects”, “plans”, “anticipates”, “could”, “intends”, “target”, “projects”, “contemplates”, “believes”, “estimates”, “predicts”, “potential” or “continue” or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. We believe that these factors include, but are not limited to, the following:

- any issue that compromises our relationships with the U.S. federal government or its agencies or other state, local or foreign governments or agencies;
- any issues that damage our professional reputation;
- changes in governmental priorities that shift expenditures away from agencies or programs that we support;
- our dependence on long-term government contracts, which are subject to the government’s budgetary approval process;
- the size of our addressable markets and the amount of government spending on private contractors;
- failure by us or our employees to obtain and maintain necessary security clearances or certifications;
- failure to comply with numerous laws and regulations;
- changes in government procurement, contract or other practices or the adoption by governments of new laws, rules, regulations and programs in a manner adverse to us;
- the termination or nonrenewal of our government contracts, particularly our contracts with the U.S. federal government;
- our ability to compete effectively in the competitive bidding process and delays, contract terminations or cancellations caused by competitors’ protests of major contract awards received by us;
- our ability to generate revenue under certain of our contracts;
- any inability to attract, train or retain employees with the requisite skills, experience and security clearances;
- the loss of members of senior management or failure to develop new leaders;
- misconduct or other improper activities from our employees or subcontractors;
- our ability to realize the full value of our backlog and the timing of our receipt of revenue under contracts included in backlog;
- changes in the mix of our contracts and our ability to accurately estimate or otherwise recover expenses, time and resources for our contracts;
- changes in estimates used in recognizing revenue;
- internal system or service failures and security breaches;
- inherent uncertainties and potential adverse developments in legal proceedings, including litigation, audits, reviews and investigations, which may result in materially adverse judgments, settlements or other unfavorable outcomes; and

- other risks and factors listed under “Risk Factors” and elsewhere in this report.

We have based the forward-looking statements contained in this report primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, results of operations, prospects, business strategy and financial needs. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties, assumptions and other factors described in the section captioned “Risk Factors” and elsewhere in this report. These risks are not exhaustive. Other sections of this report include additional factors that could adversely impact our business and financial performance. Furthermore, new risks and uncertainties emerge from time to time and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this report. We cannot assure you that the results, events and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this report, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

You should read this report and the documents that we reference in this report and have filed as exhibits to the registration statement of which this report forms a part with the understanding that our actual future results, levels of activity, performance and achievements may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

The forward-looking statements made in this report relate only to events as of the date on which such statements are made. We undertake no obligation to update any forward-looking statements after the date of this report or to conform such statements to actual results or revised expectations, except as required by law.

PART I

Item 1. Business.

Overview

We are a leading provider of technology-driven solutions in the defense, intelligence and critical infrastructure markets. We provide software and hardware products, technical services and integrated solutions to support our customers' missions. We have developed significant expertise and differentiated capabilities in key areas of cybersecurity, intelligence, missile defense, C5ISR, space, geospatial, and connected communities. By combining our talented team of professionals and advanced technology, we help solve complex technical challenges to enable a safer, smarter and more interconnected world.

Since our founding over 75 years ago, we have built our reputation and business on our ability to successfully transform and innovate our services while leveraging cutting-edge technologies in order to expand our offerings. Whether our customers need a first-of-its-kind advanced missile development and testing facility, or an artificial intelligence enabled cloud platform to defend against cybersecurity threats, we deliver for our customers. We seek to grow by offering our clients innovative solutions supported by research and development, as well as acquisitions of emerging technologies. We have developed longstanding relationships with customers such as the U.S. military and intelligence agencies and state and local governments and agencies.

We operate in two reporting segments, Federal Solutions and Critical Infrastructure, with revenue contribution of 47.7% and 52.3%, respectively, and Adjusted EBITDA contribution of 52.2% and 47.8%, respectively, for fiscal 2019. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Segment Results" for further discussion on our segments.

Federal Solutions: Our Federal Solutions segment is a high-end technology provider to the U.S. government, delivering timely, cost-effective solutions for mission-critical projects. We provide advanced technologies, including cybersecurity, missile defense systems, C5ISR, space launch and situational awareness, geospatial intelligence, RF signals intelligence, nuclear and chemical waste remediation, and engineering services. The U.S. government and its agencies represent substantially all of the revenue of our Federal Solutions segment. These U.S. government agencies include the United States intelligence community, the U.S. Department of Defense military services and Missile Defense Agency, the Department of Energy, the Department of Homeland Security and the Federal Aviation Administration.

Critical Infrastructure: Our Critical Infrastructure segment provides integrated design and engineering services for complex physical and digital infrastructure around the globe. We are a technology innovator focused on next generation infrastructure, leveraging sensors and data. Our capabilities in design and project management allow us to deliver significant value to our customers by employing cutting-edge technologies, improving timelines and reducing costs. We serve a diverse global customer base including federal, state, municipal and industry customers such as Los Angeles World Airports, Canada's Metrolinx, Dubai's Roads and Transport Authority and the Port Authority of New York and New Jersey.

Advances in technology are dramatically shifting the operating landscape across our markets. Governments and companies are grappling with pressing challenges ranging from confronting increasingly sophisticated cybersecurity threats to upgrading aging systems and infrastructure. To address these challenges, our customers are actively seeking technology-enabled solutions to enhance and transform their operations and assets. Our wide-ranging capabilities enable us to provide our services, products and solutions across the defense, intelligence and critical infrastructure markets. As a leading technology-driven solutions provider with a proven track record, we believe we are well positioned to benefit from these trends and serve our customers' evolving needs. We have capabilities in the following four areas that cut across our segments and business lines:

Product Development: We develop software and hardware across many domains and mission-specific applications. Our experienced engineers and developers design, develop, integrate, operate and sustain mission-critical software and hardware products across cyber, intelligence, defense and commercial customers.

Systems Integration: We provide engineering services and technology for large digital and physical systems with high technical complexity. We lead projects from concept development through design, implementation, testing and verification, ensuring interoperability of these complex, disparate systems.

Program Management: We provide expertise and technology to advance our customers' execution of large, complex projects within their defined time and cost parameters.

Design Engineering: We provide advanced systems and infrastructure engineering design associated with missile systems infrastructure, nuclear waste processing facilities, environmental remediation, long-span bridges, rail and transit systems and other associated infrastructure.

Our customer relationships, which are based on a long history of successfully delivering complex technical services, are key to our success. We are often involved in the early stages of our customers' planning processes, which allows us to efficiently optimize our service delivery model. These relationships, along with our technical expertise and access to talented human capital, allow us to successfully deliver solutions that meet our customers' demanding technical and execution requirements and fulfill our corporate purpose of developing a better world.

Technology and our people are our most important assets, allowing us to consistently deliver for our customers and help them solve their most pressing challenges. Investment in key technological capabilities is core to our business and helps us to stay at the forefront of the evolving trends across our end markets. To meet the challenges of tomorrow, we are focusing our technology investment on artificial intelligence and machine learning, analytics, autonomous systems, cloud computing applications and migration, and IoT sensors and networks. The work of our highly skilled and dedicated employees has enabled our long track record of continued innovation and execution on behalf of our customers. Our team of engineers, scientists, programmers and other specialists include PhDs and certified hackers and a large number of our skilled workforce hold government security clearances, which provides a significant competitive advantage for the highly technical and demanding work we perform.

In fiscal 2019, we generated revenues of $4.0 billion, net income attributable to Parsons Corporation of $120.5 million and Adjusted EBITDA of $325.0 million.

On new contracts and task orders for which we competed, we achieved an overall win rate of 34.9% in fiscal 2017, 42.9% in fiscal 2018 and 37.4% in fiscal 2019. As of December 31, 2019, our total backlog was $8.0 billion, an increase of 0.8% from December 31, 2018.

Our Services, Products and Solutions

Within each of our segments, we focus our services and solutions on the needs of customers in each of our business lines. Our services, products and solutions are differentiated by our people, processes and technology that work together to develop, rapidly prototype and deploy specialized hardware, software and infrastructure solutions to meet continually evolving customer missions and challenges. Our capabilities of systems integration, product development, program management and design engineering apply across our segments and business lines.

Federal Solutions

Our Federal Solutions business provides engineering services, software and hardware products and integrated solutions. In 2019, Federal Solutions consisted of five business lines: Cyber & Intelligence, Geospatial Solutions, Defense, Mission Solutions and Engineered Systems. Our growth strategy is to continue to expand our market position in the cybersecurity, intelligence, space and defense segments with solutions that allow our customers to conduct their missions effectively and efficiently.

- Cyber & Intelligence—Our Cyber & Intelligence business line focuses on two related, but discrete markets: cybersecurity and intelligence. Our customers include the U.S. Department of Defense, the United States intelligence community, which consists of 17 separate United States government intelligence agencies, U.S. Cyber Command, the Department of Justice and the Department of Homeland Security. We provide cybersecurity software and engineering services, rapid hardware prototyping and other technical services.

  - An example is ThunderRidge, our tool that assists cyber operational users to develop action plans, assess cyber threats and disseminate situational awareness in real-time. ThunderRidge visually depicts a network's topology comprised of diverse devices in a map-like display.

  - Other representative product offerings include Legion, which was selected as the U.S. Army's offensive cyber platform; Advanced Video Activity Analytics, or AVAA, which enables the automated analysis of actionable data produced from massive volumes of motion imagery; and Knowtify®, an open source intelligence search engine.

  - Our Cyber & Intelligence team is comprised of nearly 1,100 engineers, computer scientists and data analysts as of December 31, 2019, over 75% of whom have high levels of security clearance.

- Geospatial Solutions—Our Geospatial Solutions business line focuses on providing geospatial intelligence, threat analytics, insider threat detection, and technology services to the defense, intelligence, space and C5ISR end markets. Our customers include the National Geospatial-Intelligence Agency, or NGA, National Reconnaissance Office, or NRO, and multiple units within the U.S. Department of Defense including the Special Operations Command, or SOCOM, and military services.

  - An example is our work with NGA in providing automated capabilities to analyze, collect and expose geospatial intelligence content from the open source environment.

  - Our Geospatial team is comprised of over 600 engineers, software developers and analysts as of December 31, 2019, the majority of which have high-level security clearances.

- Defense—Our Defense business line focuses on the missile defense, space and C5ISR end markets. Our customers include the Defense Intelligence Agency, the National Reconnaissance Officer and U.S. Department of Defense, including the military services, the Missile Defense Agency, and research laboratories. We provide mission planning for space situational awareness, small satellite systems integration and payloads, missile defense systems engineering, electronic warfare, directed energy, all domain operations and command and control systems and support.

  - An example is our role as the prime SETA contractor for the MDA, facilitating key aspects of their mission, from battle management to next-generation multi-domain command and control. We have over 1,000 professionals working with MDA at multiple locations as of December 31, 2019. We provide weapons and missile defense, systems engineering, battle management command, control and communications (C2BMC), warfighter support and facilities and life cycle support.

  - Representative products include our Parsons Universal Modeling and Analysis (PUMA) modeling and simulation environment and our Command and Control Core (C2Core®) mission planning and tasking suite that links requests, effects and operational guidance in a unified database.

    - Our Defense team is comprised of over 2,100 professional engineers and computer scientists as of December 31, 2019, the majority of which have high levels of security clearance.

- Missions Solutions – Our Mission Solutions business line focuses on services and solutions to support military training and readiness and associated infrastructure. These services and solutions include converged cyber-physical solutions for critical infrastructure, physical security and global military mission readiness and training. Customers include the Federal Aviation Administration, the U.S. Army, the United States Intelligence Community, the North Atlantic Treaty Organization, or NATO, NASA Goddard and the Federal Emergency Management Agency, or FEMA. Representative offerings include live, virtual and constructive gaming training, border protection technologies, converged physical and cyber security for industrial control systems and infrastructure upgrades, including control systems, power systems, connected devices, and smart meters.

    - Differentiated technologies include our information assurance and compliance qualifications, our RoMaN voice, video and data communications solution and our operational/information technology tools for industrial control systems protection.

    - Representative contracts include the FAA Technical Services Support and Army Corps Utility Monitoring and Control System.

- Engineered Systems—Our Engineered Systems business line focuses on advanced technology services for complex energy production systems, healthcare systems, environmental systems and associated infrastructure. Customers include the Department of Energy, the U.S. Army Corps of Engineers, the U.S. Air Force, the United States Postal Service, the Department of Labor and the Jet Propulsion Laboratory. Representative offerings include nuclear waste processing and treatment, weapons of mass destruction elimination, program and project management, infectious disease control analytics and data protection.

    - Our expertise includes fluorinated organic chemicals, advanced digital classification and complex program and engineering management.

    - Representative programs include the Antarctica Infrastructure Modernization for Science and the Salt Waste Processing Facility.

    - Our Engineered Systems team is comprised of over 2,200 personnel as of December 31, 2019, including experienced professional engineering and technical personnel, and many of these professionals hold security clearances.

Effective January 1, 2020, as a result of the recent acquisitions of Polaris Alpha, OGSystems and QRC, we have realigned the five business lines within our Federal Solutions segment into four business lines. We consolidated all space and geospatial programs from the former Geospatial Solutions, Defense and Cyber & Intelligence markets into a new Space & Geospatial Solutions business line to increase focus on the critical, evolving space market. This new business line better aligns capabilities and customers to drive growth and performance execution through improved agile, end-to-end solutions and dedicated customer focus.

Further, we re-named our Defense business line to Missile Defense and C5ISR. We dissolved our Missions Solutions business line into our Missile Defense and C5ISR, Engineered Systems and Cyber & Intelligence business lines, for better customer and capability alignment. These changes were the next logical step in our acquisition integration process, to optimize performance delivery and growth.

Critical Infrastructure

Our Critical Infrastructure business provides engineering, program management, systems engineering and software solutions. It is focused on two business lines: Connected Communities and Mobility Solutions. Our growth strategy includes leveraging our portfolio of sophisticated engineering solutions and technologies for complex physical infrastructure projects. We are expanding our portfolio in key emerging growth areas including integrated transportation systems and smart cities, critical infrastructure protection, aviation and water/wastewater treatment.

- Connected Communities—Our Connected Communities business line includes intelligent transportation system management, aviation, rail and transit systems including communications-based train controls, smart cities software and critical infrastructure protection. Our customers include the transportation authorities for the cities of Los Angeles, New York and Paris, the states or provinces of Georgia, Ontario and Texas and rail and transit entities including AMTRAK, CSX and the WMATA. Technology capabilities include positive and communications-based train controls systems integration, intelligent transportation network software, vehicle inspection data analytics software, automated people mover and baggage handling systems and autonomous vehicle integration.
  - An example is our role as provider of Advanced Traffic Management Systems, or ATMS, for transportation systems in seven U.S. states through our iNET™ platform. Our deployment for the Georgia Department of Transportation of our iNET™ platform connects over 8,500 sensors and improves transportation efficiency by reducing commutes through solutions such as the new reversible toll lanes in Atlanta's Northwest Corridor.
  - For aviation, we play a critical role as program manager for global airports. We are the program manager of the Diamond Head Extension Program at Honolulu International Airport and the Landside Access Modernization Program for Los Angeles International Airport
  - Our Connected Communities team is comprised of over 1,800 personnel as of December 31, 2019, and includes systems engineers, solution architects, data scientists and software developers throughout the United States and Europe.
- Mobility Solutions— Our Mobility Solutions business line provides engineering services for complex infrastructure including bridges and tunnels, roads and highways, and rail and transit and aviation. Within our diverse customer base, our customer relationships include the Port Authority of New York and New Jersey; the cities of Los Angeles, New York, Dubai and Toronto; the states or provinces of Texas, Florida and Ontario; and rail and transit entities including CSX, Metrolinx (Ontario, Canada) and Riyadh Metro. Our capabilities include technologies in long-span bridges, tunnels, water/wastewater and mine remediation.
  - An example of our design capabilities is our role as the leading designer of the Tacoma Narrows Bridge, the largest twin tower suspension bridge in the world. We are also the lead designer for the Federal Way link extension for Sound Transit in Seattle.
  - For program management, we are part of the Riyadh Metro Transit Consultants responsible for program management of the Riyadh metro system. In addition, we are the program manager for the California Delta Water Conveyance Modernization Project, a multi-billion water transfer project to improve water supply sustainability and reliability for human and environmental uses.
  - Our Mobility Solutions team is comprised of over 7,800 personnel as of December 31, 2019.

- Industrial – Our Industrial business line delivers engineering, program management and environmental solutions to private sector industrial clients and public utilities. Customers are diverse and include chemical, energy, utility, communications and manufacturing customers and some provincial agencies. Our capabilities include environmental remediation, process engineering, and program management of capital projects. We have a unique offering in this space, in that Parsons understands our customers domains and can deliver advanced technology solutions including cyber-physical security, environmental remediation, geospatial intelligence and 3D image processing, and application of virtual and augmented reality.

Effective January 1, 2020, we re-aligned our Critical Infrastructure segment from three markets to two markets. Industrial is now a part of Mobility Solutions and we moved all Middle East business into Mobility as well. This will drive improved synergies among like-markets and increased collaboration in areas such as program and engineering management, civil and structural and water/wastewater treatment. In addition, we consolidated aviation and rail and transit into Connected Communities to focus on growth in these critical market segments. In each, we are pursuing systems, software and hardware product, advanced technology opportunities.

Our Market Opportunities

Technological progress is driving a swift pace of change, resulting in ongoing societal transformation, complicated geopolitical dynamics, a shifting threat landscape and the globalization of commerce. To address this evolving landscape, our customers are actively seeking technology-enabled solutions to upgrade and transform assets and operations. The below trends are key drivers of activity and growth in both our Federal Solutions and Critical Infrastructure segments.

Defense Spending Remains a Key Focus of the national agenda due to the reemergence of long-term strategic peer competition, which has been cited in the National Defense Strategy as the primary concern for U.S. national prosperity and security. This reemergence has resulted in increased global disorder and a security environment, defined by rapid technological change, which may be more complex than ever before. We believe the U.S. Department of Defense will continue to invest in space and cyberspace as warfighting domains, C5ISR, missile defense, artificial intelligence and resilient and agile logistics.

Cybersecurity is Mission Critical to U.S. National Security and cybersecurity threats are increasing in volume and sophistication as global connectivity and the rise of social media have led to an explosion in the amount of available and exploitable data. The Center for Strategic and International Studies estimates that threats from hacks, cyber criminals, foreign governments, malicious insiders and corporate espionage have a $600 billion annual global cost impact. The proliferation of mobile devices, smart devices and cloud computing has vastly increased the need for enterprise-wide risk-based cybersecurity programs and governments have become increasingly aware of the need for a proactive approach to the risk of cyber-attacks. We believe that this market will continue to grow in response to the shifting threat landscape.

Consistent Need for Actionable Intelligence to Support U.S. Priorities is driving a shifting threat landscape that necessitates a greater need for collaboration and cooperation between intelligence agencies. There is a new demand for joint all-domain command and control systems that are not designed for one particular warfighting domain but are instead optimized to function cohesively across a spectrum of domains. This in turn drives a need for sophisticated data analytics to parse data into useful formats in real-time. To respond, we believe the United States intelligence community will need continued focus on information sharing and collaboration for improved intelligence accuracy and timeliness encompassing multiple forms of intelligence collection.

Global Infrastructure Needs Significant Replacements and Technology-Driven Upgrades. Aging physical infrastructure is strained by the swift pace of technological change. This strain has driven a mobility solutions market that was $712.4 billion in 2018 and is estimated to grow at a CAGR of more than 7% between 2018 and 2021, according to Fitch Solutions, Inc., based on the estimated growth of the total global airports, roads and bridges and rail infrastructure markets. Critical infrastructure, specifically transportation infrastructure that is essential to national economic and security concerns including airports, bridges, and rail and transit systems, is particularly vulnerable. We believe aging infrastructure will continue to be replaced and supplanted by newer, smarter infrastructure with an increased focus on connectivity.

Urbanization Creates Demand for Smart Cities with Connected Populations. Cities around the globe increasingly demand new capabilities, such as sensor networks and communication strategies to connect streetlights, security cameras and emergency systems, to provide important real-time information and better serve their citizens. Better integrated corridor management solutions, intelligent transportation systems, advanced rail systems and updated telecommunication networks will keep cities around the world functioning as smart cities and serve as engines for economic growth.

Disruption of Legacy Service Delivery Models from Technology. Historical capital project management is changing with the introduction of cloud-connected computer-aided design, automation, big data, machine learning and other technologies. The introduction of these new technologies allows industry participants to reimagine existing value chains, address integrated lifecycle objectives, boost productivity and streamline project management. Industry participants that have the capability to embrace these new technologies to enhance their capability and service offering to higher value solutions will be well positioned to assist governments and communities in their transformation.

Amidst this disruption, we believe we are well-positioned to serve a large array of governments and companies. Across a diverse set of industries, we provide smart and agile solutions that address our customers' concerns as they adapt to the rapid changes of a more interconnected and technology-driven world.

Our Competitive Strengths

Proven Track Record

Our proven track record is a result of our strong performance, the dedication of our employees and our longstanding customer relationships. We focus on being a company that delivers on its promises, holds integrity at the highest level and successfully assists our clients as they execute their most complex missions. Driven by our integrated people, process and technology approach, we have a reputation for innovation and are trusted with our customers' most important endeavors.

Our differentiated business model has driven high win rates and strong financial performance, characterized by solid top and bottom-line growth, high and growing backlog levels and low capital requirements. We achieved incentive fees of $10.1 million and average incentive fees of 86% in fiscal 2017, incentive fees of $8.5 million and average incentive fees of 89% in fiscal 2018 and incentive fees of $30.4 million and average incentive fees of 89% in fiscal 2019. Incentive fees are fees earned for achievement of certain performance criteria included in our contracts, such as achievement of target completion dates or target costs, and our incentive fees average is calculated as the actual incentive fees achieved as a percentage of incentive fees expected to be earned in the applicable period. In addition, we achieved a win rate of 34.9% in fiscal 2017, 42.9% in fiscal 2018 and 37.9% in fiscal 2019 for new awards that we bid on (including a win rate on re-compete contracts and task orders in the Federal Solutions segment of 92.0% in fiscal 2017, 96.0% in fiscal 2018 and 88.0% in fiscal 2019). In fiscal 2019, our Federal Solutions revenues grew 27.6% and our Critical Infrastructure revenues grew 0.7% year-over-year. As of December 31, 2019, our backlog was $8.0 billion, up 0.8% from year end fiscal 2018.

Long-Term Customer Relationships

We maintain long-term relationships with key government and commercial customers, many of which span over 40 years. For example, in the Federal Solutions segment, we have been providing support to the MDA for over 30 years with approximately 1,000 personnel embedded with the customer as of January 31, 2020 and have provided services to the Department of Energy for over 50 years on a variety of projects and programs. In the Critical Infrastructure segment, we have supported the WMATA for over 50 years and have served as Program Manager for Yanbu Industrial City for over 42 years.

These longstanding relationships give us the insight and customer intimacy to align our research and development investments based on customer needs and enable high win rates for prime contract positions on the most technically demanding assignments. We believe that our position as a recognized leader in integrity, innovation, operational efficiency, safety and security performance, and our ability to deliver exceptional quality has resulted in a high level of repeat wins and has driven substantial customer loyalty. Market segments including cybersecurity, missile defense, C5ISR and smart and connected cities require leading-edge technologies and extensive technical know-how, and necessitate consistently exceptional performance, thus further entrenching us with our key customers and driving our long-term relationships.

Technology Innovation

We are on the forefront of developing sophisticated engineering and technical services and products for our customers, such as our iNET™, Legion and AVAA technology offerings. Our technical and management teams have a deep understanding of the products, their ecosystems and deployments, the customer and the processes necessary to create tailored solutions. We offer 100 different offerings in our product portfolio, have deployed our software solutions in 30 countries and more than 1,800 customers utilize our technology.

Our competencies include delivering advanced technologies in cybersecurity, data and video analytics, cloud applications and migration and artificial intelligence. Our approach of agile development, rapid prototyping, quick reaction capability and low rate initial production delivers customers solutions from concept to full life cycle support. Our development environment includes customers and third-party provider engagement and embeds application and infrastructure security throughout. By leveraging people, processes and technologies, we focus on continually delivering innovative solutions to address our customers' immediate and long-term challenges.

Scalable and Agile Business Offerings

Our scalable and agile offerings enable us to satisfy robust and evolving customer needs. The demanding environments where we operate are characterized by a need for high-confidence solutions, widespread application needs and mission critical outcomes. We pride ourselves on providing agile technologies through inventive and refined processes that provide quality outcomes to our customers on time sensitive projects. Our domain knowledge of our customers' current and emerging requirements enables us to deliver responsive, high quality solutions on time. By having the ability to respond to customers' requirements with global deployment capability, we are well positioned to be a single-source contractor for many of our customers' needs.

Our technologies and platforms are designed to be applicable across end user markets and sub-markets. This approach allows for scalable solutions that can be quickly and seamlessly integrated into multiple customer applications, regardless of geography or industry, allowing us to deploy a given service or platform across multiple markets.

World Class Talent

Our most important asset is our team of talented employees, 15,879 as of January 31, 2020, whose technical expertise is sought by our clients for their most sophisticated applications and challenges. Our base of diverse, committed and passionate experts is critical to delivering our leading capabilities. Engineers, scientists, programmers and other employees choose us and stay with us for the opportunity to collaborate with our customers, deploy our expansive technical resources, rapidly bring bold ideas to market and work on leading solutions that enable a better world.

Our professionals are highly educated, with a wide range of technical acumen and in-depth domain knowledge and expertise. Our employees hold more than 19,500 degrees and professional credentials , including those with registrations and certifications in technical areas like Agile methodology, Project Management, Engineering, Architecture, Technology and Security as of December 31, 2019. Our diverse teams understand our clients and are comprised of technology subject matter experts and professionals with deep customer knowledge and experience.

Our management team has significant experience executing strategies for delivering profitable growth and is recognized for operational excellence and leadership integrity. Our executive management team has an average tenure of approximately 20 years with the company and averages over 37 years of industry or functional experience. They possess diverse leadership capabilities in the markets we serve and the solutions and technology we deliver.

Demonstrated Ability to Identify and Execute Acquisitions to Transform our Business

Strategic acquisitions that augment our technology offerings and capabilities are a key tenet of our growth strategy. We have completed six strategic acquisitions (five in Federal Solutions and one in Critical Infrastructure) since 2011, which collectively provided us with a wide variety of complementary technology capabilities, with an aggregate purchase price of $1.4 billion. This highlights our ability to successfully identify and execute on attractive opportunities to augment our leading technical offerings. These acquisitions include:

- QRC: Acquired in 2019 at a purchase price of $214.1 million, QRC is a disruptive product company that provides design and development of open-architecture radio-frequency products.
- *OGSystems*: Acquired in 2019 at a purchase price of $292.4 million, OGSystems is a disruptive geo-intelligence solutions and immersive engineering provider that creates technology solutions for the United States intelligence community and the Department of Defense. OGSystems' VIPER Labs and Immersive Engineering techniques serve as the catalysts for deployment of geospatial systems and software, embedded system threat analytics and cloud engineering solutions. OGSystems' advanced hardware solutions include the PeARL family of sensors, combining industry-leading camera and optic lens technologies with our software solutions, yielding very high resolution 2D and 3D aerial imagery.
- *Polaris Alpha:* Acquired in 2018 at a purchase price of $489.1 million, Polaris Alpha is an advanced, technology-focused provider of innovative mission solutions for national security, intelligence, defense and other U.S. federal customers. With leading technologies in artificial intelligence and a focus on machine learning and data analytics, Polaris Alpha has long-term customer relationships and is known as a technology disruptor.
- *Secure Mission Solutions:* Acquired in 2014 at a purchase price of $127.3 million, Secure Mission Solutions is a leading provider of physical security services to the national security community.
- *Delcan Technologies:* Acquired in 2014 at a purchase price of $108.4 million, Delcan Technologies is a multidisciplinary provider of engineering, planning, management and technology services offering a broad range of integrated systems and infrastructure solutions focused on mobility and urban autonomy.
- *Sparta:* Acquired in 2011 at a purchase price of $349.3 million, Sparta is a leading provider of advanced systems engineering, cybersecurity and mission support services primarily to the national security and intelligence communities.

We maintain a robust acquisition pipeline and are continually evaluating potential opportunities for disciplined growth by acquisition to further transform our business.

Our Strategy for Growth

Our growth strategy is focused on three pillars: Enhance, Extend and Transform. These include continually enhancing and optimizing our core business processes, extending our core business into high-growth and opportunity-rich adjacent markets and acquiring and integrating companies that possess transformative and disruptive technologies.

Enhance and Optimize our Core Operations

We are committed to enhancing and optimizing our core business and improving financial performance, including revenue growth, margin expansion and positive cash flow, using the following strategies:

- Maintaining high re-compete rates.
- Focusing on cross selling a wide range of applicable services and solutions to our customers, including those added to our portfolio through acquisition.
- Continuing research and development investments in cybersecurity, intelligence and C5ISR software and hardware products, iNET™, our intelligent transportation system connected city platform, modeling and simulation, data analytics and our software and security-as-a-service platforms.
- Developing intellectual property and product offering from our investments.
- Streamlining operations and processes to optimize overhead expenditures.
- Increasing our presence and prime contractor positions on large omnibus Indefinite Delivery/Indefinite Quantity ("IDIQ") and Master Service Agreement contracts.
- Expanding our talent pool in key strategic areas outside of high-employment zones.
- Continuously evaluating and shaping our portfolio to divest, exit and de-emphasize lower-performing businesses and markets.
- Rigorously managing our working capital to maximize cash flow.

Extend into Opportunity-Rich Adjacent Markets

We are extending our core markets through organically penetrating and expanding in market adjacencies requiring our core services and solutions. The characteristics of these markets encompass development, design and delivery of software and services leveraging artificial intelligence, machine learning, autonomous systems, computing and Internet of Things applications with growth rates and margins that are on par or higher than our core. Our key market focuses include:

- Cybersecurity – Continue our growth momentum in cybersecurity by offering end-to-end solutions, tools, operations and quick reaction capabilities for our Department of Defense and Intelligence Community customers.
- Space—Extend our space situational awareness, small satellite integration and payload and command and control solutions to our current space customers (MDA, Air Force, Space & Missile Command, NASA and NRO) and to new space customers in the government and commercial space markets.
- All-domain operations-Leverage our command and control and sensor solutions developed for the military services into a joint command network to enable joint warfighting capability.
- Energy—Extend our cyber-physical security, energy efficiency, owner's engineer, and critical infrastructure solutions to regulated utilities, oil and gas energy companies and federal energy customers.
- Aviation – Expand our program management capabilities to include systems and technology offerings for airport modernization.
- Smart Cities—Extend our iNET™ platform to include enhanced cybersecurity, data analytics, machine learning, and cloud computing to expand coverage to additional global cities and regions.

This strategy extends the reach of our people, customer relationships and intellectual property to capture growing demand in the five market adjacencies. These markets demand information systems that are safe and secure, scalable, reliable, interoperable and mobile. In assessing potential areas of expansion or entry into adjacent markets, we maintain a strictly disciplined approach, always placing paramount importance on responsible growth in areas aligned with our strategy and core competencies.

Continued Acquisition and Integration of Transformative, Disruptive Technologies

We are transforming our business capabilities and business models through the acquisition of companies with additional software and hardware intellectual property in:

- Cybersecurity software leveraging artificial intelligence algorithms across large data sets to further expand our coverage with large infrastructure and mobility systems.
- Intelligence software focused on data capture, processing and configuration to produce actionable intelligence from large data sets.
- IoT sensor hardware and systems integration, data capture and processing focused on intelligence applications and mobility solutions for connected and smart cities.
- Space and geospatial software and hardware to expand our small satellite command and control coverage, large data capture and analysis with embedded artificial intelligence to improve space operations.

Our objective is to continue to transform our business into a highly scalable defense and infrastructure platform and increase revenue growth rates, margins and cash flows. Our acquisition strategy is focused on gaining additional intellectual property, resources and expertise to:

- Increase the portion of our portfolio dedicated to software development and sales.
- Sell more of our solutions through transactional and subscription business models, leveraging our expertise developed over the past 20 years in vehicle inspection.
- Leverage our strong balance sheet and free cash flow to fund this strategy.

We seek to expand opportunities for long-term revenue growth, both by developing and acquiring capabilities that will allow us to reach new customers and by expanding our offerings for existing customers. We build on the foundation of our Enhance and Extend strategies and reinforce these strategies with acquisitions of companies with software, hardware and expertise in our target markets, services and solutions.

Backlog

We view growth in total backlog as a key measure of our business growth. We define backlog to include the following two components:

- Funded—Funded backlog represents the revenue value of orders for services under existing contracts for which funding is appropriated or otherwise authorized less revenue previously recognized on these contracts.
- Unfunded—Unfunded backlog represents the revenue value of orders for services under existing contracts for which funding has not been appropriated or otherwise authorized less revenue previously recognized on these contracts.

Backlog includes (i) unissued task orders and unexercised option years, to the extent their issuance or exercise is probable, as well as (ii) contract awards, to the extent we believe contract execution and funding is probable.

Our backlog includes orders under contracts that can extend for several years, and in some cases, contracts that extend for more than 10 to 15 years. For example, the U.S. Congress generally appropriates funds for our U.S. federal government customers on a yearly basis, even though their contracts with us may call for performance that is expected to take a number of years to complete. As a result, our federal contracts typically are only partially funded at any point during their term. All or some of the work to be performed under the contracts may remain unfunded unless and until the U.S. Congress makes subsequent appropriations and the procuring agency allocates funding to the contract.

As of December 31, 2019, our total backlog was $8.0 billion, consisting of $4.1 billion of funded backlog and $3.9 billion of unfunded backlog. We expect to recognize $2.8 billion of our funded backlog at December 31, 2019 as revenues in the following twelve months. However, our government customers may cancel their contracts with us at any time through a termination for convenience or may elect to not exercise option periods under such contracts. In the case of a termination for convenience, we would not receive anticipated future revenues, but would generally be permitted to recover all or a portion of our incurred costs and fees for work performed.

Competition

The industries we operate in consist of a large number of enterprises ranging from small, niche-oriented companies to multi-billion-dollar corporations that serve many government and commercial customers. We compete on the basis of our technical expertise, technological innovation, our ability to deliver cost-effective multi-faceted services in a timely manner, our reputation and relationships with our customers, qualified and/or security-clearance personnel, and pricing. Our main competitors in Federal Solutions are U.S. federal systems integrators and service providers such as CACI International Inc, Leidos Holdings, Inc., Science Applications International Corporation, Booz Allen Hamilton, Lockheed Martin Corporation, The Raytheon Company, Northrop Grumman Corporation, Perspecta Inc. and ManTech International Corporation. Our main competitors in Critical Infrastructure include Jacobs Engineering Group Inc. and Tetra Tech, Inc., as well as Siemens AG and Cisco Systems, Inc. in the Connected Communities market. Large defense firms or technology companies may develop products or services in the future that could compete with us.

Seasonality

Our results may be affected by variances as a result of seasonality we experience across our businesses. This pattern is typically driven by the U.S. federal government fiscal year-end, September 30. While not certain, it is not uncommon for U.S. government agencies to award task orders or complete other contract actions in the weeks before the end of the U.S. federal government fiscal year in order to avoid the loss of unexpended U.S. federal government fiscal year funds. In addition, we have also historically experienced higher bid and proposal costs in the months leading up to the U.S. federal government fiscal year-end as we pursue new contract opportunities expected to be awarded early in the following U.S. federal government fiscal year as a result of funding appropriated for that U.S. federal government fiscal year. Furthermore, many U.S. state governments with fiscal years ending on June 30 tend to accelerate spending during their first quarter, when new funding becomes available. We may continue to experience this seasonality in future periods, and our results of operations may be affected by it.

Employees

As of January 31, 2020, we had 15,879 employees. Our employees hold more than 19,500 degrees and professional credentials, including those with registrations and certifications in technical areas like Agile methodology, Project Management, Engineering, Architecture, Technology and Security as of December 31, 2019. As of December 31, 2019, approximately 22% of our employees held security clearances. Approximately 56% of the employees in our Federal Solutions business segment hold security clearances, and, of those holding such clearances in Federal Solutions, approximately 58% of those clearances are Top Secret/Sensitive Compartmented Information-Level clearances, which often requires the completion of a polygraph. In addition, our executive management has an average tenure of approximately 20 years with the company and over 37 years of industry or functional experience. As of December 31, 2019, approximately 314 of our employees were covered by collective bargaining agreements. We continue to focus on our firm-wide hiring program to recruit and attract additional high quality and experienced talent and maintain close relationships with key academic institutions globally, which allows us to identify and target leading minds in key fields of study relevant to our business. We believe that our employee relations are good.

Intellectual Property

Our intellectual property portfolio consists of issued and pending patents as well as trademarks for many of our technologies. In addition, we maintain a number of trade secrets that we endeavor to protect to ensure their continuing availability to us. Our technical expertise is vital to our growth strategy, and we believe they are a core competitive advantage.

We rely upon a combination of nondisclosure agreements and other contractual arrangements, as well as copyright, trademark, patent and trade secret laws to protect our proprietary information. We also enter into proprietary information and intellectual property agreements with employees, which require them to disclose any inventions created during employment, to convey such rights to inventions to us and to restrict any disclosure of proprietary information. While protecting trade secrets and proprietary information is important, we are not materially dependent on maintenance of any specific trade secret or group of trade secrets.

During the normal course of business, we perform research and development and technology consulting services and related products in support of our customers. Typically, these services do not depend on patent protection. In accordance with applicable law, our government contracts often provide government agencies certain license rights to our inventions, copyrights and other intellectual property. Government agencies may in turn sublicense to other contractors (including our competitors) the right to utilize our intellectual property. In addition, in the case of our work as a subcontractor, our prime contractor may also have certain rights to data, information and products we develop under the subcontract. At the same time, our government contracts often license to us patents, copyrights and other intellectual property owned by third parties.

Regulation

Our business is impacted by government procurement, anti-bribery, international trade, environmental, health and safety and other regulations and requirements. Below is a summary of some of the significant regulations that impact our business.

Government Procurement. The services we provide to the U.S. Government are subject to Federal Acquisition Regulation, or FAR, the Truth in Negotiations Act, Cost Accounting Standards, or CAS, the Services Contract Act, the False Claims Act, export controls rules and U.S. Department of Defense security regulations, as well as many other laws and regulations. These laws and regulations affect how we transact business with our clients and, in some instances, impose additional costs on our business operations. A violation of specific laws and regulations could lead to fines, contract termination or suspension of future contracts. Generally, our government clients can also terminate, renegotiate, or modify any of their contracts with us at their convenience, and many of our government contracts are subject to renewal or extension annually.

In 2019, the U.S. Department of Defense announced the development of Cybersecurity Maturity Model Certification (“CMMC”) as a framework to assess and enhance the cybersecurity posture of the Defense Industrial Base (“DIB”), particularly as it relates to controlled unclassified information within the supply chain. CMMC is designed to ensure that contractors providing services to the U.S. Department of Defense have implemented cybersecurity controls and processes to adequately protect information that resides on DIB systems and networks. It is expected that the DoD will incorporate CMMC requirements into Requests for Proposals beginning in June 2020.

Anti-Bribery and other regulations. We are subject to the U.S. Foreign Corrupt Practices Act and similar anti-bribery laws, which generally prohibit companies and their intermediaries from making improper payments to foreign government officials for the purpose of obtaining or retaining business. The

U.K. Bribery Act of 2010 prohibits both domestic and international bribery, as well as bribery across both private and public sectors. In addition, an organization that “fails to prevent bribery” committed by anyone associated with the organization can be charged under the U.K. Bribery Act unless the organization can establish the defense of having implemented “adequate procedures” to prevent bribery.

International Trade. We are subject to U.S. export control laws and regulations, including the International Traffic in Arms Regulations, or ITAR, and the Export Administration Regulations, or EAR, as well as U.S. economic and trade sanctions, including those administered and enforced by the U.S. Department of Treasury’s Office of Foreign Assets Control, or OFAC. To the extent we export items and provide services outside of the United States (or to certain parties in the United States), we must do so in compliance with these laws and regulations. These laws and regulations impose export licensing requirements, and we may not be successful in obtaining necessary licenses and other authorizations. Further, these laws and regulations restrict our ability to export items or provide services to certain countries and certain persons, including those that are the target of OFAC sanctions. Noncompliance with these or similar laws could lead to government investigations, penalties, reputational harm, and other negative consequences, and thereby could adversely affect our business and financial condition. Further, any change in these laws and regulations, or any shift in the approach to their enforcement or scope, or change to the countries, persons, or items targeted by such regulations, could potentially result in our decreased ability to export or sell items or services to existing or potential customers.

Environmental, Health and Safety. We are subject to federal, state and local laws and regulations relating to environmental, health and safety matters, including, among other things, the handling, transport and disposal of regulated substances and wastes, including hazardous and radioactive materials; contamination by regulated substances and wastes; the types, quantities and concentration of materials that can be released into the environment; the acquisition of a permit or other approval before conducting regulated activities; the maintenance of information about hazardous materials used or produced in operations and provision of such information to employees, state and local government authorities and the public; and employee health and safety. Our previous ownership and current and previous operation of real property may subject us to liability pursuant to these laws or regulations. Under the Comprehensive Environmental Response, Compensation and Liability Act, or CERCLA, and related state laws, certain persons may be liable at sites where or from a release or threatened release of hazardous substances has occurred or is threatened. These persons can include the current owner or operator of property where a release or threatened release occurred, any persons who owned or operated the property when the release occurred, and any persons who disposed of, or arranged for the transportation or disposal of, hazardous substances at a contaminated property. Liability under CERCLA is strict, retroactive and, under certain circumstances, joint and several, so that any responsible party may be held liable for the entire cost of investigating and remediating the release of hazardous substances. The Resource Conservation and Recovery Act, or RCRA, regulates the generation, treatment, storage, handling, transportation and disposal of solid waste and requires states to develop programs to ensure the safe disposal of solid waste. Under RCRA, persons may be liable at sites where the past or present storage, handling, treatment, transportation, or disposal of any solid or hazardous waste may present an imminent and substantial endangerment to health or the environment. These persons can include the current owner or operator of property where disposal occurred, any persons who owned or operated the property when the disposal occurred, and any persons who disposed of, or arranged for the transportation or disposal of, hazardous substances at a contaminated property. Liability under RCRA is strict and, under certain circumstances, joint and several, so that any responsible party may be held liable for the entire cost of investigating and remediating the release of hazardous substances. Violations and liabilities with respect to environmental, health and safety laws and regulations could result in significant administrative, civil, or criminal penalties, remedial clean-ups, natural resource damages, permit modifications or revocations, operational interruptions or shutdowns and other liabilities. Additionally, Congress, state legislatures, local governing bodies and federal and state agencies frequently revise environmental laws and regulations, and any changes could result in more stringent or costly requirements for our operations. Our costs related to complying with environmental, health and safety laws and regulations have not been material in the past and are not currently material to our total operating costs or cash flows. However, if we have any violations of, or incur liabilities pursuant to these laws or regulations in the future, our financial condition and operating results could be adversely affected.

In addition, in the unlikely event that we are required to fund remediation of a contaminated site, the statutory framework might allow us to pursue rights of contribution from other potentially responsible parties.

We maintain a compliance program designed to ensure compliance with the various regulations and requirements applicable to us. The compliance program, managed by our Chief Ethics and Compliance Counsel and overseen by our Chief Compliance Officer, includes an annual audit of performance with respect to our codes of ethics and business conduct and the adequacy of our compliance program, among other initiatives.

Executive Officers

Charles L. Harrington was appointed our Chief Executive Officer in May 2008, Chairman of our board of directors in November 2008. Before his appointment in 2006 as Executive Vice President, Chief Financial Officer and Treasurer of Parsons, Mr. Harrington was the founding President of one of our business units. Mr. Harrington also serves on the board of directors of AES Corporation and J.G. Boswell Company. Further, he serves on several non-profit boards of directors, including the California Science Center Foundation Board of Trustees and the California Polytechnic State University San Luis Obispo Foundation board of directors. Mr. Harrington received a Bachelor of Science in engineering from California Polytechnic State University and a masters of business administration from the University of California, Los Angeles (UCLA) Anderson School of Management. Mr. Harrington was selected to serve on our board of directors because of the perspective and experience he brings as our Chief Executive Officer and President, as well as his operations and finance industry experience.

George L. Ball was appointed our Chief Financial Officer in May 2008. Mr. Ball has held a succession of senior financial and management positions with us over the past 13 years. Previously, he was Senior Vice President, Financial Systems and Control, of Parsons Corporation from March 2007 to May 2008 and Vice President, Finance, of Parsons Development Company from October 2004 to February 2008. Since joining us in 1995, he has served in various capacities including Corporate Controller and International Division Manager of the Infrastructure & Technology Group. Mr. Ball has more than 36 years of experience in finance and accounting roles for both public and private companies. In addition to his responsibilities with us, he serves on the board of directors of Cornerstone Building Brands, Inc., and the Los Angeles Arboretum Foundation Board of Trustees. Mr. Ball is a certified public accountant and holds a Bachelor of Science degree in accounting from Drexel University in Philadelphia, Pennsylvania.

Carey A. Smith was appointed Chief Operating Officer in November 2018 and President in November 2019. Prior to that, Ms. Smith led Parsons' Federal Solutions business from November 2016. Before joining Parsons, Ms. Smith served in progressive leadership roles at Honeywell International Inc. ("Honeywell") from 2011 to 2016, including President of the Defense and Space business unit, Vice President of Honeywell Aerospace Customer and Product Support and President of Honeywell Technology Solutions, Inc. Prior to joining Honeywell, Ms. Smith held various positions with Lockheed Martin Corporation (and legacy companies through acquisition) from 1985 to 2011. In total, Ms. Smith has 34 years of aerospace and defense experience. Ms. Smith serves on the Edison International board of directors, including on the Compensation & Executive Personnel and Safety and Operations Committees, and in several capacities for the Professional Services Council, including as Vice Chairman on the board of directors and a member of the Executive Committee. In addition, Ms. Smith is a National Association of Corporate Directors (NACD) Governance Fellow. Ms. Smith received a Master of Science degree in electrical engineering from Syracuse University and a bachelor of science in electrical engineering from Ohio Northern University.

Michael R. Kolloway was appointed General Counsel and Corporate Secretary of Parsons Corporation in October 2017 and later became our Chief Legal Officer in January 2019. Before assuming the role of General Counsel and Corporate Secretary, Mr. Kolloway served as Deputy General Counsel – Americas from March 2016 through October 2017. Before joining Parsons, Mr. Kolloway served as Senior Vice President and Assistant General Counsel for Operations and Risk Management at AECOM

Technology Corporation, a publicly traded company. Prior to his tenure at AECOM, Mr. Kolloway was a partner in the Chicago law firm of Rock, Fusco & Garvey, Ltd and a member of the Federal Trial Bar for the Northern District of Illinois. Mr. Kolloway received his Bachelor of Arts degree from St. Norbert College and his Juris Doctor from the University of Illinois College of Law. Mr. Kolloway served on the Board of Directors for MUSE/IQUE based in Pasadena, California.

Available Information

We file annual, quarterly, and current reports and other information with the Securities and Exchange Commission (SEC). The SEC maintains a website (www.sec.gov) that contains reports, proxy and information statements, and other information regarding registrants that file electronically with the SEC, including us. You may also access, free of charge, our reports filed with the SEC (for example, our Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q, and our Current Reports on Form 8-K and any amendments to those forms) through the “Investors” portion of our website (www.parsons.com). Reports filed with or furnished to the SEC will be available as soon as reasonably practicable after they are filed with or furnished to the SEC. Our website is included in this Annual Report as an inactive textual reference only. The information found on our website is not part of this or any other report filed with or furnished to the SEC.

Item 1A. Risk Factors.

You should carefully consider the risks described below and the other information contained in this Annual Report, including our consolidated financial statements and the related notes, before making an investment decision. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks or uncertainties. In that case, the trading price of our common stock could decline, and you may lose all or part of your investment.

Risk Relating to Our Business

Government spending and priorities could change in a manner that adversely affects our future revenue and limits our growth prospects.

We derive, and expect to continue to derive, a significant portion of our revenue from contracts with government entities. As a result, our business depends upon continued government expenditures on defense, intelligence, civil and engineering programs for which we provide support, both among foreign governments and at federal, state and local levels domestically. These expenditures have not remained constant over time and have been reduced in some periods. In particular, these expenditures have recently been affected by efforts to improve efficiency and reduce costs affecting government programs generally. Our business, prospects, financial condition or operating results could be materially harmed, among other causes, by the following:

- budgetary constraints, including mandated automatic spending cuts, affecting across-the-board government spending, or specific agencies in particular, and changes in available funding;
- a shift in expenditures away from agencies or programs that we support;
- reduced government outsourcing of functions that we are currently contracted to provide, including as a result of increased insourcing by various U.S. government agencies due to changes in the definition of “inherently governmental” work, including proposals to limit contractor access to sensitive or classified information and work assignments;
- further efforts to improve efficiency and reduce costs affecting government programs;
- changes or delays in government programs that we support or the programs’ requirements;

- a continuation of recent efforts by the U.S. government in particular to decrease spending for management support service contracts;
- U.S. government shutdowns due to, among other reasons, a failure by elected officials to fund the government, such as the shutdowns which occurred during government fiscal years 2019 and 2014 and, to a lesser extent, government fiscal year 2018, and other potential delays in the appropriations process;
- U.S. government agencies awarding contracts on a technically acceptable/lowest cost basis in order to reduce expenditures;
- delays in the payment of our invoices by government payment offices;
- results of elections, including politicians who may have priorities that would reduce spending in areas in which we operate;
- an inability by the U.S. government to fund its operations as a result of a failure to increase the federal government's debt ceiling, a credit downgrade of U.S. government obligations or for any other reason; and
- changes in the political climate and general economic conditions, including a slowdown of the economy or unstable economic conditions and responses to conditions, such as emergency spending, that reduce funds available for other government priorities.

Any disruption in the functioning of government agencies, including as a result of government closures and shutdowns, terrorism, war, natural disasters, destruction of government facilities, and other potential calamities could have a negative impact on our operations and cause us to lose revenue or incur additional costs due to, among other things, our inability to deploy our staff to client locations or facilities as a result of such disruptions.

In particular, with regard to our largest single customer, the U.S. federal government, budget deficits, the national debt and the prevailing economic condition, and actions taken to address them, could continue to negatively affect the U.S. government expenditures on defense, intelligence and civil programs for which we provide support. The Department of Defense is one of our significant clients and cost cutting, including through consolidation and elimination of duplicative organizations and insourcing, has become a major initiative for the Department of Defense. There remains uncertainty as to how exactly budget cuts, including sequestration, will impact us, and we are therefore unable to predict the extent of the impact of such cuts on our business and results of operations. However, a reduction in the amount of or delays or cancellations of funding for, services that we are contracted to provide to the Department of Defense as a result of any of these initiatives, legislation or otherwise could have a material adverse effect on our business, financial condition and results of operations. In addition, in response to an Office of Management and Budget mandate, government agencies have reduced management support services spending in recent years. If federal awards for management support services continue to decline, our revenue and operating profits may materially decline and further efforts by the Office of Management and Budget to decrease federal awards for management support services could have a material and adverse effect on our business, financial condition and results of operations.

In addition, most government contracts are subject to the government's budgetary approval process. Legislatures typically appropriate funds for a given program on a year-by-year basis, even though contract performance may take more than one year. In addition, public-supported financing such as state and local municipal bonds may be only partially raised to support existing infrastructure projects. As a result, at the beginning of a program, the related contract is only partially funded, and additional funding is normally committed only as appropriations are made in each fiscal year. These appropriations, and the timing of payment of appropriated amounts, may be influenced by, among other things, the state of the economy, competing priorities for appropriation, changes in administration or control of legislatures and the timing and amount of tax receipts and the overall level of government expenditures. Similarly, the impact of an economic downturn on state and local governments may make it more difficult for them to fund infrastructure projects. If appropriations are not made in subsequent years on our government contracts, then we will not realize all of our potential revenue and profit from that contract, and we may incur substantial labor costs without reimbursement.

Government funding with respect to our Critical Infrastructure services fluctuates over time and new or changing government policies may affect our Critical Infrastructure business and operations. In March 2018, for example, President Trump signed proclamations to impose tariffs on steel and aluminum imports per the U.S. Trade Expansion Act of 1962 increasing the price for steel and aluminum in the United States which could impact client spending. Government spending for our Critical Infrastructure services may also depend on factors related to government demand, such as the condition of the existing infrastructure and buildings and the need for new or expanded infrastructure and buildings. Our government clients may face budget cuts or deficits that prohibit them from funding proposed and existing Critical Infrastructure projects.

These or other factors could cause our defense, intelligence, infrastructure or civil clients to decrease the number of new government contracts awarded generally and fail to award us new government contracts, reduce their purchases under our existing government contracts, exercise their right to terminate our government contracts or not exercise options to renew our government contracts, any of which could materially and adversely affect our business, financial condition and results of operations.

The U.S. federal government and its agencies collectively are our largest single customer and, if our reputation or relationships with the U.S. federal government were harmed, our future revenues and cash flows would be adversely affected.

The U.S. federal government and its agencies, including the military and intelligence community, collectively are our largest customer. In particular, it represents substantially all of the revenue of our Federal Solutions segment. Approximately 36%, 42% and 48% of consolidated revenues for the years ended December 29, 2017, December 31, 2018 and December 31, 2019, respectively, and approximately 29% and 17% of accounts receivable as of December 31, 2018 and December 31, 2019, respectively, were derived from contracts with the U.S. federal government and its agencies. Our reputation and relationships with various U.S. government entities and agencies, and in particular with the U.S. Department of Defense, including the Missile Defense Agency and the United States Army, the Federal Aviation Administration, the United States intelligence community and the U.S. Department of Energy are key factors in maintaining and growing these revenues and winning new bids for new business. Negative press reports or publicity, regardless of accuracy, could harm our reputation. If our reputation or relationships with government agencies were to be negatively affected, or if we are suspended or debarred from contracting with government agencies for any reason, the amount of business with government and other customers would decrease and our financial condition and results of operations could be adversely affected.

Our failure to comply with a variety of complex procurement rules and regulations could result in our being liable for penalties, including termination of our government contracts, disqualification from bidding on future government contracts and suspension or debarment from government contracting.

We must comply with various laws and regulations relating to the formation, administration and performance of government contracts, which affect how we do business with our customers and may impose added costs on our business.

Many of our U.S. government contracts contain organizational conflict of interest, or OCI, clauses that may limit our ability to compete for or perform contracts or other types of services for particular customers. OCI arises when we engage in activities that may make us unable to render impartial assistance or advice to the U.S. government, impair our objectivity in performing contract work or provide us with an unfair competitive advantage. Existing OCI, and any OCI that may develop, could preclude our competition for or performance on a significant project or contract, which could limit our opportunities.

Some U.S. federal and state statutes and regulations provide for automatic debarment based on our actions, such as violations of the U.S. False Claims Act or the U.S. Foreign Corrupt Practices Act, or FCPA. The suspension or debarment in any particular case may be limited to the facility, contract or subsidiary involved in the violation or could be applied to our entire enterprise in severe circumstances. Even a narrow scope suspension or debarment could result in negative publicity that could adversely affect our ability to renew contracts and to secure new contracts, both with governments and private customers, which could materially and adversely affect our business, financial condition and results of operations.

Governments may adopt new contract rules and regulations or revise their procurement practices in a manner adverse to us at any time.

The government-related industries within which we do business continue to experience significant changes to business practices as a result of an increased focus on affordability, efficiencies and recovery of costs, among other items. Our existing and potential clients are similarly focused on increasing the productivity of their contractual arrangements. Moreover, government agencies may face restrictions or pressure regarding the type and amount of services that they may obtain from private contractors. Legislation, regulations and initiatives dealing with procurement reform, mitigation of potential OCIs, deterrence of fraud, and environmental responsibility or sustainability could have an adverse effect on us. Moreover, shifts in the buying practices of government agencies, such as increased usage of fixed price contracts, multiple award contracts and small business set-aside contracts, could have adverse effects on government contractors, including us. Any of these changes could impair our ability to obtain new contracts or contract renewals. Any new contracting requirements or procurement methods could be costly or administratively difficult for us to implement and could adversely affect our business, financial condition and results of operations.

A substantial portion of our business is subject to reviews, audits and cost adjustments by government agencies, which, if resolved unfavorably to us, could adversely affect our profitability, cash flows or growth prospects.

Government agencies routinely audit and review a contractor’s performance on government contracts, indirect cost rates and pricing practices, and compliance with applicable contracting and procurement laws, regulations and standards. They also review the adequacy of the contractor’s compliance with government standards for its business systems, which are defined as the contractor’s accounting, earned value management, estimating, materials management, property management and purchasing systems. A finding of significant control deficiencies in a contractor’s business systems or a finding of noncompliance with U.S. government Cost Accounting Standards, or CAS, can result in decremented billing rates to U.S. government customers until the control deficiencies are corrected and their remediation is accepted by the Defense Contract Management Agency. The agencies conducting these audits and reviews have come under increased scrutiny. As a result, audits and reviews have become more rigorous and the standards to which we are held are being more strictly interpreted which has increased the likelihood of an audit or review resulting in an adverse outcome.

If a review or investigation by a government agency identifies improper or illegal activities, we may be subject to civil or criminal penalties or administrative sanctions which could include the termination of contracts, forfeiture of profits, the triggering of price reduction clauses, suspension of payments, fines, and suspension or debarment from doing business with governmental agencies. We may suffer harm to our reputation if allegations of impropriety are made against us, which would impair our ability to win new contract awards or receive contract renewals. Penalties and sanctions are not uncommon in our industries. If we incur a material penalty or administrative sanction or otherwise suffer harm to our reputation, our profitability, cash position and future prospects could be adversely affected.

Government audits and reviews may conclude that our practices are not consistent with applicable laws and regulations and result in adjustments to contract costs and mandatory customer refunds. Such adjustments can be applied retroactively, which could result in significant customer refunds, and those refunds would negatively impact our revenue. Receipt of adverse audit findings or the failure to obtain an "approved" determination on our various business systems could significantly and adversely affect our business by, among other things, restricting our ability to bid on new contracts and, for those proposals under evaluation, diminishing our competitive position. A determination of noncompliance could also result in penalties and sanctions against us, including withholding of payments, suspension of payments and increased government scrutiny. Increased scrutiny could adversely impact our ability to perform on contracts, affect our ability to invoice for work performed, delay the receipt of timely payment on contracts, and weaken our ability to compete for new contracts with the government.

Our government contracts may be terminated by the government counterparty at any time and may contain other provisions permitting the government to discontinue contract performance, and if lost contracts are not replaced, our operating results may differ materially and adversely from those anticipated.

Government contracts often contain provisions and are subject to laws and regulations that provide government clients with rights and remedies not typically found in commercial contracts. These rights and remedies allow government clients, among other things, to:

- terminate existing contracts, with short notice, for convenience as well as for default;
- reduce orders under or otherwise modify contracts;
- for contracts subject to the Truth in Negotiations Act, reduce the contract price or cost where it was increased because a contractor or subcontractor furnished cost or pricing data during negotiations that was not complete, accurate and current;
- for some contracts, (1) demand a refund, make a forward price adjustment or terminate a contract for default if a contractor provided inaccurate or incomplete data during the contract negotiation process and (2) reduce the contract price under triggering circumstances, including the revision of price lists or other documents upon which the contract award was predicated;
- terminate our facility security clearances and thereby prevent us from receiving classified contracts and complete work on existing contracts;
- cancel multi-year contracts and related task orders if funds for contract performance for any subsequent year become unavailable;
- decline to exercise an option to renew a multi-year contract or issue task orders in connection with indefinite delivery/indefinite quantity contracts, or IDIQ contracts;
- claim rights in solutions, systems and technology produced by us, appropriate such work-product for their continued use without continuing to contract for our services and disclose such work-product to third parties, including other government agencies and our competitors, which could harm our competitive position;
- prohibit future procurement awards with a particular agency due to a finding of organizational conflicts of interest based upon prior related work performed for the agency that would give a contractor an unfair advantage over competing contractors, or the existence of conflicting roles that might bias a contractor's judgment;

- subject the award of contracts to protest by competitors, which may require the contracting federal agency or department to suspend our performance pending the outcome of the protest and may also result in a requirement to resubmit offers for the contract or in the termination, reduction or modification of the awarded contract;

- suspend or debar us from doing business with the applicable government; and

- control or prohibit the export of our services.

Recent and potential future budget cuts, the impact of sequestration and recent efforts by the Office of Management and Budget to decrease federal awards for management support services, may cause agencies with which we currently have contracts to terminate, reduce the number of task orders under or fail to renew such contracts. If a government client were to unexpectedly terminate, cancel, or decline to exercise an option to renew with respect to one or more of our significant contracts, or suspend or debar us from doing business with such government, our revenue and operating results would be materially harmed.

We face aggressive competition that can impact our ability to obtain contracts and may affect our future revenues, profitability and growth prospects.

We expect that a majority of the business that we seek in the foreseeable future will be awarded through a competitive bidding process. For example, the U.S. government increasingly relies on IDIQ, GSA Schedule and other multi-award contracts, which has resulted in greater competition and increased pricing pressure. The competitive bidding process involves substantial costs and a number of risks, including significant cost and managerial time to prepare bids and proposals for contracts that may not be awarded to us, or that may be awarded but for which we do not receive meaningful task orders. For contracts awarded to us, we also face the risk of inaccurately estimating the resources and costs that will be required to fulfill any contract we win. Following contract award, we may encounter significant expense, delay, contract modifications or even contract loss as a result of our competitors protesting the award of contracts to us in competitive bidding. Any resulting loss or delay of startup and funding of work under protested contract awards may adversely affect our revenues and/or profitability. In addition, multi-award contracts require that we make sustained post-award efforts to obtain task orders under the contract. As a result, we may not be able to obtain these task orders or recognize revenues under these multi award contracts. Our failure to compete effectively in this procurement environment would adversely affect our business, financial condition and results of operations.

Projects may be awarded based solely upon price, but often take into account other factors, such as technical qualifications, proposed project team, schedule and past performance on similar projects. We compete with larger companies that have greater name recognition, financial resources and larger technical staffs and with smaller, more specialized companies that are able to concentrate their resources on particular areas. Additionally, we may compete with a government's own capabilities. Technology-focused companies may also develop products and services that could disrupt our business or compete with our services. To remain competitive, we must consistently provide superior service, technology and performance on a cost-effective basis to our customers and there is no assurance that we will do so.

Our revenue and growth prospects may be harmed if we or our employees are unable to obtain government granted eligibility or other qualifications, we and they need to perform services for our customers.

A number of government programs require contractors to have certain kinds of government granted eligibility, such as security clearance credentials. Depending on the project, eligibility can be difficult and time-consuming to obtain. If we or our employees are unable to obtain or retain the necessary eligibility, including local ownership requirements, we may not be able to win new business, and our existing customers could terminate their contracts with us or decide not to renew them. To the extent we cannot obtain or maintain the required security clearances for our employees working on a particular contract, we may not derive the revenue or profit anticipated from such contract.

A failure to attract, train and retain skilled employees and our senior management team would adversely affect our ability to execute our strategy and may disrupt our operations.

Our business relies heavily upon the expertise and services of our employees. Our continued success depends on our ability to recruit and retain highly trained and skilled engineering, technical and professional personnel. Competition for skilled personnel is intense and competitors aggressively recruit key employees. In addition, many U.S. government programs require contractors to have security clearances. Depending on the level of required clearance, security clearances can be difficult and time-consuming to obtain and personnel with security clearances are in great demand. Particularly in highly specialized areas, it has become more difficult to retain employees and meet all of our needs for employees in a timely manner, which may affect our growth in the current and future fiscal years. Although we intend to continue to devote significant resources to recruiting, training and retaining qualified employees, we may not be able to attract, effectively train and retain these employees. Any failure to do so could impair our ability to efficiently perform our contractual obligations, timely meet our customers' needs and ultimately win new business, all of which could adversely affect our business, financial condition and results of operations.

We believe that our success also depends on the continued employment of a highly qualified and experienced senior management team and that team's ability to retain existing business and generate new business. The loss of key personnel in critical functions could lead to lack of business continuity or disruptions in our business until we are able to hire and train replacement personnel.

Our profitability could suffer if we are not able to timely and effectively utilize our employees or manage our cost structure.

The cost of providing our services, including the degree to which our employees are utilized, affects our profitability. The degree to which we are able to utilize our employees in a timely manner or at all is affected by a number of factors, including:

- our ability to transition employees from completed projects to new assignments and to hire, assimilate and deploy new employees;
- our ability to forecast demand for our services and to maintain and deploy headcount that is aligned with demand, including employees with the right mix of skills and experience to support our projects;
- our employees' inability to obtain or retain necessary security clearances or required certifications;
- changes to or delays or cancellations of projects, as a result of governmental budgetary processes or otherwise;
- our ability to manage attrition; and
- our need to devote time and resources to training, business development, and other non-chargeable activities.

If our employees are under-utilized, our profit margin and profitability could suffer. Additionally, if our employees are over-utilized, it could have a material adverse effect on employee morale and attrition, which would in turn have a material adverse impact on our business, financial condition or results of operations.

Our profitability is also affected by the extent to which we are able to effectively manage our overall cost structure for operating expenses, such as wages and benefits, real estate expenses, overhead and capital and other investment-related expenditures. If we are unable to effectively manage our costs and expenses and achieve efficiencies, our competitiveness and profitability may be adversely affected.

Our focus on new growth areas for our business entails risks, including those associated with new relationships, clients, talent needs, capabilities, service offerings and maintaining our collaborative culture and core values.

We are focused on growing our presence in our addressable markets by enhancing and optimizing our core operations, extending into opportunity-rich adjacent markets and acquiring and integrating transformative, disruptive technologies. These efforts entail inherent risks associated with innovation and competition from other participants in those areas, potential failure to help our clients respond to the challenges they face, our ability to comply with uncertain evolving legal standards applicable to some of our service offerings, including those in the cybersecurity area, and, with respect to potential international growth, risks associated with operating in foreign jurisdictions, such as compliance with applicable foreign and U.S. laws and regulations that may impose different and, occasionally, conflicting or contradictory requirements, and the economic, legal, and political conditions in the foreign jurisdictions in which we operate, as described in additional detail below. As we attempt to develop new relationships, clients, capabilities, and service offerings, these efforts could harm our results of operations due to, among other things, a diversion of our focus and resources and actual costs, opportunity costs of pursuing these opportunities in lieu of others and a failure to reach a profitable return on our investments in new technologies, capabilities, and businesses, including expenses on research and development investments, and these efforts could ultimately be unsuccessful. Additionally, the possibility exists that our competitors might develop new capabilities or service offerings that might cause our existing capabilities and service offerings to become obsolete. If we fail in our new capabilities development efforts or our capabilities or services fail to achieve market acceptance more rapidly than our competitors, our ability to procure new contracts could be negatively impacted, which would negatively impact our results of operations and our financial condition.

In addition, our ability to grow our business by leveraging our operating model to efficiently and effectively deploy our people across our client base is largely dependent on our ability to maintain our collaborative culture. To the extent that we are unable to maintain our culture for any reason, including our effort to focus on new growth areas or acquire new businesses with different corporate cultures, we may be unable to grow our business. Any such failure could have a material adverse effect on our business, financial condition and results of operations.

With the growth of our U.S. and international operations, we are now providing client services and undertaking business development efforts in numerous and disparate geographic locations both domestically and internationally. Our ability to effectively serve our clients is dependent upon our ability to successfully leverage our operating model across all of these and any future locations, maintain effective management controls over all of our locations to ensure, among other things, compliance with applicable laws, rules and regulations, and instill our core values in all of our personnel at each of these and any future locations. Any inability to ensure any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

We may make acquisitions, investments, joint ventures and divestitures in the future that involve numerous risks, which if realized, may adversely affect our business and our future results.

We may make strategic acquisitions, engage in joint ventures or divest existing businesses, which could cause us to incur unforeseen expenses and have disruptive effects on our business and may not yield the benefits we expect. Our Credit Agreement imposes limitations on our ability to make other acquisitions. Subject to those limitations, we may selectively pursue additional strategic acquisitions, investments and joint ventures in the future. Any future acquisitions, investments and joint ventures may pose many risks that could adversely affect our reputation, operations or financial results, including:

- we may not retain key employees (including those with needed security clearances), customers and business partners of an acquired business in the future;

- we may fail to successfully integrate acquired businesses, such as failing to successfully integrate information technology and other control systems relating to the operations of any acquired business;

- acquisitions normally require a significant investment of time and resources, which may disrupt our business and distract our management from other important responsibilities;

- we may not be able to accurately estimate the financial effect of any acquisitions and investments on our business and we may not realize anticipated revenue opportunities, cost savings, or other synergies or benefits, or acquisitions may not result in improved operating performance; and

- we may assume known as well as unknown material liabilities, legal or regulatory risks that were not identified as part of our due diligence or for which we are unable to receive a purchase price adjustment or reimbursement through indemnification.

If any acquisitions, investments or joint ventures fail, perform poorly or their value is otherwise impaired for any reason, including contractions in credit markets and global economic conditions, our business, financial condition and results of operations could be adversely affected.

In addition, we may periodically divest or plan to divest businesses, including businesses that are no longer a part of our ongoing strategic plan. These divestitures similarly require significant investment of time and resources and may disrupt our business, distract management from other responsibilities and may result in losses on disposal or continued financial involvement in the divested business, including through indemnification, guarantee or other financial arrangements, for a period of time following the transaction, which could adversely affect our business, financial condition or results of operations. When we determine that we would like to divest a business, we may not be able to divest that business on attractive terms or at all.

We conduct a portion of our work through joint venture entities, some of which we do not have management control over, and with which we typically have joint and several liability with our joint venture partners.

14.8% of our revenue during fiscal 2017, 15.2% of our revenue during fiscal 2018 and 12.0% of our revenue during fiscal 2019 was derived from our operations through consolidated joint ventures. In addition, 3.7% of our revenues in fiscal 2017, 4.1% of our revenues in fiscal 2018, and 4.0% of our revenue during fiscal 2019 related to services we provided to our unconsolidated joint ventures, where control resides with unaffiliated third parties, and 26.6% of our operating income during fiscal 2017, 18.0% of our operating income during fiscal 2018 and 45.3% of our operating income during fiscal 2019 was derived from equity in our unconsolidated joint ventures. As with most joint venture arrangements, differences in views among the joint venture participants may result in delayed decisions or disputes. We also cannot control the actions of our joint venture partners and we typically have joint and several liability with our joint venture partners under the applicable contracts for joint venture projects. These factors could potentially adversely impact the business and operations of a joint venture and, in turn, our business and operations.

Operating through joint ventures in which we are a minority holder results in us having limited control over many decisions made with respect to projects and internal controls relating to projects. We generally do not have control of these unconsolidated joint ventures. These joint ventures may not be subject to the same requirements regarding internal controls and internal control over financial reporting that we follow. As a result, internal control problems may arise with respect to these joint ventures, which could have a material adverse effect on our business, financial condition and results of operations and could also affect our reputation in the industries we serve.

We participate in joint ventures where we provide guarantees and may be adversely impacted by the failure of such joint venture or its participants to fulfill their obligations.

We have investments in and commitments to joint ventures with unrelated parties. These joint ventures from time to time may borrow money to help finance their activities and, in some circumstances, we may be required to provide guarantees of the obligations of our affiliated entities. At December 31, 2019, we had $55.0 million of letters of credit and guarantees that relate to joint ventures. If these entities are not able to honor their obligations under the guarantees, we may be required to expend additional resources or suffer losses, which could be significant.

Our acquisitions may not achieve their full intended benefits or may disrupt our plans and operations.

We cannot assure you that we will be able to successfully integrate acquired companies with our business or otherwise realize the expected benefits of our acquisitions. For example, in the last several years we have made three large acquisitions. The combination of multiple independent businesses will be a complex, costly, and time-consuming process. Our business may be negatively impacted following acquisitions if we are unable to effectively manage our expanded operations. The integration process will require significant time and focus from our management team and may divert attention from the day-to-day operations of the combined business. Additionally, consummation of acquisitions could disrupt our current plans and operations, which could delay the achievement of our strategic objectives.

The expected synergies and operating efficiencies of the acquisitions may not be fully realized, which could result in increased costs and have a material adverse effect on our business, financial condition and results of operations. In addition, the overall integration of the businesses may result in material unanticipated problems, expenses, liabilities, competitive responses, loss of customer relationships and diversion of management's attention, among other potential adverse consequences. The risks of combining our operations of the businesses include, among others:

- we may have underestimated the costs to integrate the information systems of acquired companies with ours;
- we may face difficulties in integrating employees, integrating different corporate cultures and in attracting and retaining key personnel; and
- we may face challenges in keeping existing contracts and customers.

Many of these risks will be outside of our control and any one of them could result in increased costs, decreases in the amount of expected revenue, and diversion of our management's time and energy, which could have a material adverse effect on our business, financial condition and results of operations. In addition, even if our operations are integrated successfully, we may not realize the full benefits of the acquisitions, including the synergies, operating efficiencies, or sales or growth opportunities that are expected. These benefits may not be achieved within the anticipated time frame or at all.

Our earnings and profitability may vary based on the mix of our contracts and may be adversely affected by our failure to accurately estimate and manage costs, time and resources.

We generate revenue under various types of contracts, which include time-and-materials, cost-plus and fixed-price contracts. Our earnings and profitability may vary materially depending on changes in the proportionate amount of revenues derived from each type of contract, the nature of services or solutions provided, as well as the achievement of performance objectives and the stage of performance at which the right to receive fees, particularly under incentive fee contracts, is finally determined. Cost-plus and time-and-materials contracts generally have lower profitability than fixed-price contracts. To varying degrees, each of our contract types involves some risk that we could underestimate the costs and resources necessary to fulfill the contract. Our profitability is adversely affected when we incur costs on cost-plus and time-and-materials contracts that we cannot bill to our customers. While fixed-price contracts allow us to benefit from cost savings, these contracts also increase our exposure to the risk of cost overruns.

Revenue derived from fixed-price contracts represented 35% of our total revenue during fiscal 2017, 32% of our total revenue during fiscal 2018 and 30% of our total revenue during fiscal 2019. When making proposals on fixed-price contracts, we rely heavily on our estimates of costs, scope and timing for completing the associated projects, as well as assumptions regarding technical issues. In particular, contracts in our Critical Infrastructure segment are often won in a hard-bid process, in which clients primarily select the lowest qualified bidder with the understanding that they will not pay above the bid amount, even if we perform work beyond the initial scope of our contract. In each case, our failure to accurately estimate costs, scope or the resources and technology needed to perform our contracts or to effectively manage and control our costs during the performance of work could result, and in some instances has resulted, in reduced profits or in losses. More generally, any increased or unexpected costs or unanticipated delays in connection with the performance of our contracts, including costs and delays caused by contractual disputes or other factors outside of our control, such as performance failures of our subcontractors, natural disasters or other force majeure events, could make our contracts less profitable than expected or unprofitable.

We use estimates in recognizing revenues and, if we make changes to estimates used in recognizing revenues, our profitability may be adversely affected.

A significant portion of our contract revenues are recognized using the cost-to-cost measure of progress method. This method requires estimates of total costs at completion or measurement of progress towards completion. Particularly due to the technical nature of the services being performed and the length of the contracts, this estimation process is complex and involves significant judgment. Adjustments to original estimates are often required as work progresses, experience is gained and additional information becomes known, even though the scope of the work required under the contract may not change. Any adjustment as a result of a change in estimate is recognized immediately. Changes in the underlying assumptions, circumstances or estimates could result in adjustments that may adversely affect our financial results of operations.

We have submitted claims to clients for work we performed beyond the initial scope of some of our contracts. If these clients do not approve these claims, our results of operations could be adversely impacted.

We typically have pending claims submitted under some of our contracts for payment of work performed beyond the initial contractual requirements for which we have already recorded revenue. Some of these relate to change orders from the original scope of the contract. Our client may dispute these change orders and claims, and we cannot guarantee that such claims will be approved in whole, in part, or at all. Often, these claims and disputes can be the subject of lengthy arbitration or litigation proceedings, and it is difficult to accurately predict when these claims and disputes will be fully resolved. We may also renegotiate contracts to address these additional costs. When these types of events occur, we have used working capital in projects to cover cost overruns. If our claims are not approved or resolved, our revenue may be reduced in future periods.

Systems that we develop, integrate, maintain, or otherwise support could experience security breaches which may damage our reputation with our clients and hinder future contract win rates.

We develop, integrate, maintain, or otherwise support systems and provide services that include managing and protecting information involved in intelligence, national security and other sensitive or classified government functions. Our systems also store and process sensitive information for commercial clients. The cyber and security threats that our clients face have grown more frequent and sophisticated.

A security breach in one of these systems could cause serious harm to our business, damage our reputation, and prevent us from being eligible for further work on sensitive systems for government or commercial clients. Work for non-government and commercial clients involving the protection of information systems or that store clients' information could also be harmed due to associated security breaches. Damage to our reputation or limitations on our eligibility for additional work or any liability resulting from a security breach in one of the systems we develop, install, maintain, or otherwise support could have a material adverse effect on our business, financial condition and results of operations.

Services we provide and technologies we develop are designed to detect and monitor threats to our clients, the failure of which may lead to reputational harm or liability against us by our clients or third parties and may subject our staff to potential threats, risk of loss or harm.

We help our clients detect, monitor and mitigate threats to their people, information and facilities. These threats may originate from nation states, terrorist or criminal actors, activist hackers or others who seek to harm our clients. There are many factors, some of which are beyond our control, which could result in the failure of our products to detect, monitor or mitigate these threats. Successful attacks on our clients may cause physical or reputational harm to us and our clients, as well as lead to liability claims against us by our clients or third parties, particularly if such attacks are a result of a failure or perceived failure of our services or technologies. In addition, as a result of our involvement with some clients or projects, our staff, information and facilities may be targeted by these or other threat actors and may be at risk for loss, or physical or reputational harm.

Internal system or service failures affecting us or our vendors, including as a result of cyber or other security threats, could disrupt our business and impair our ability to effectively provide our services to our clients, which could damage our reputation and have a material adverse effect on our business, financial condition and results of operations.

We create, implement, and maintain information technology and engineering systems and also use vendors to provide services that are often critical to our clients' operations, some of which involve sensitive information and may be conducted in war zones or other hazardous environments, or include information whose confidentiality is protected by law. As a result, we may be subject to systems or service failures, not only resulting from our own failures or the failures of third-party service providers, natural disasters, power shortages, or terrorist attacks, but also from continuous exposure to cyber and other security threats, including computer viruses and malware, attacks by computer hackers or physical break-ins. There has been an increase in the frequency and sophistication of the cyber and security threats we face, with attacks ranging from those common to businesses generally to those that are more advanced and persistent, which may target us because, as a cybersecurity services contractor, we hold classified, controlled unclassified and other sensitive information. As a result, we and our vendors face a heightened risk of a security breach or disruption resulting from an attack by computer hackers, foreign governments, and cyber terrorists. While we put in place policies, controls and technologies to help detect and protect against such attacks, we cannot guarantee that future incidents will not occur, and if an incident does occur, we may not be able to successfully mitigate the impact. We have been the target of these types of attacks in the past and future attacks are likely to occur. If successful, these types of attacks on our network or other systems or service failures could have a material adverse effect on our business, financial condition and results of operations, due to, among other things, the loss of client or proprietary data, interruptions or delays in our clients' businesses and damage to our reputation. In addition, the failure or disruption of our systems, communications, vendors, or utilities could cause us to interrupt or suspend our operations, which could have a material adverse effect on our business, financial condition and results of operations. In addition, if our employees inadvertently do not adhere to appropriate information security protocols, our protocols are inadequate, or our employees intentionally avoid these protocols, our or our clients' sensitive information may be released thereby causing significant negative impacts to our reputation and exposing us or our clients to liability.

If our or our vendors' systems, services or other applications have significant defects or errors, are successfully attacked by cyber and other security threats, suffer delivery delays or otherwise fail to meet our clients' expectations, we may:

- lose revenue due to adverse client reaction;
- be required to provide additional services to a client at no charge;
- incur additional costs related to remediation, monitoring and increasing our cybersecurity;
- lose revenue due to the deployment of internal staff for remediation efforts instead of client assignments;
- receive negative publicity, which could damage our reputation and adversely affect our ability to attract or retain clients;
- be unable to successfully market services that are reliant on the creation and maintaining of secure information technology systems to government and commercial clients;
- suffer claims by clients or impacted third parties for substantial damages, particularly as a result of any successful network or systems breach and exfiltration of client and/or third-party information; or
- incur significant costs, including fines from government regulators related to complying with applicable federal or state law, including laws pertaining to the security and protection of personal information.

In addition to any costs resulting from contract performance or required corrective action, these failures may result in increased costs or loss of revenue if they result in clients postponing subsequently scheduled work or canceling or failing to renew contracts.

The costs related to cyber or other security threats or disruptions may not be fully insured or indemnified by other means. Additionally, some cyber technologies and techniques that we utilize or develop may raise potential liabilities related to legal compliance, intellectual property and civil liberties, including privacy concerns, which may not be fully insured or indemnified. We may not be able to obtain and maintain insurance coverage on reasonable terms or in sufficient amounts to cover one or more large claims, or the insurer may disclaim coverage as to some types of future claims. The successful assertion of any large claim against us could seriously harm our business. Even if not successful, these claims could result in significant legal and other costs, may be a distraction to our management, and may harm our client relationships. In some new business areas, we may not be able to obtain sufficient insurance and may decide not to accept or solicit business in these areas.

As a contractor supporting defense and national security clients, we are also subject to regulatory compliance requirements under the Defense Federal Acquisition Regulation Supplement and other federal regulations requiring that our networks and information technology systems comply with the security and privacy controls in National Institute of Standards and Technology Special Publications. To the extent that we do not comply with the applicable security and control requirements, whether imposed by regulation or contract, unauthorized access or disclosure of sensitive information could potentially result in a contract termination that has a material adverse effect on our business, financial condition and results of operations and reputational harm.

Unavailability or cancellation of third-party insurance coverage would increase our overall risk exposure as well as disrupt the management of our business operations.

We maintain insurance coverage from third-party insurers as part of our overall risk management strategy and because some of our contracts require us to maintain specific insurance coverage limits. If any of our third-party insurers fail, suddenly cancel our coverage or otherwise are unable to provide us with adequate insurance coverage, then our overall risk exposure and our operational expenses would increase, and the management of our business operations would be disrupted. In addition, there can be no assurance that any of our existing insurance coverage will be renewable upon the expiration of the coverage period or that future coverage will be affordable at the required limits.

Adverse judgments or settlements in legal disputes could result in materially adverse monetary damages or injunctive relief and damage our reputation.

We are subject to, and may become a party to, a variety of litigation or other claims and suits that arise from time to time in the ordinary course of our business. For example, our performance under U.S. government contracts and compliance with the terms of those contracts and applicable laws and regulations are subject to continuous audit, review, and investigation by the U.S. government which may include such investigative techniques as subpoenas or civil investigative demands.

The results of litigation and other legal proceedings, including the claims described under “Business—Legal Proceedings”, are inherently uncertain and adverse judgments or settlements in some or all of these legal disputes may result in materially adverse monetary damages or injunctive relief against us. Additionally, our insurance policies may not protect us against potential liability due to various exclusions in the policies and self-insured retention amounts. Partially or completely uninsured claims, if successful and of significant magnitude, could have a material adverse effect on our business, financial condition and results of operations. Furthermore, any claims or litigation, even if fully indemnified or insured, could damage our reputation and make it more difficult to compete effectively or obtain adequate insurance in the future.

Our business is subject to numerous legal and regulatory requirements and any violation of these requirements or any misconduct by our employees, subcontractors, agents or business partners could harm our business and reputation.

In addition to government contract procurement laws and regulations, we are subject to numerous other federal, state and foreign legal requirements on matters as diverse as data privacy and protection, employment and labor relations, immigration, taxation, anti-corruption, import/export controls, trade restrictions, internal and disclosure control obligations, securities regulation and anti-competition. Compliance with diverse and changing legal requirements is costly, time-consuming and requires significant resources. Violations of one or more of these requirements in the conduct of our business could result in significant fines and other damages, criminal sanctions against us or our officers, prohibitions on doing business and damage to our reputation. Violations of these regulations or contractual obligations related to regulatory compliance in connection with the performance of customer contracts could also result in liability for significant monetary damages, fines and/or criminal prosecution, unfavorable publicity and other reputational damage, restrictions on our ability to compete for work and allegations by our customers that we have not performed our contractual obligations.

Misconduct by our employees, subcontractors, agents or business partners could subject us to fines and penalties, restitution or other damages, loss of security clearance, loss of current and future customer contracts and suspension or debarment from contracting with federal, state or local government agencies, any of which could adversely affect our business, financial condition and results of operations. Such misconduct could include fraud or other improper activities such as falsifying time or other records, failure to comply with our policies and procedures or violations of applicable laws and regulations.

Goodwill and intangible assets represent a significant amount of our total assets and any impairment of these assets would negatively impact our results of operations.

As of December 31, 2019, we had goodwill and intangible assets of $1.3 billion. In fiscal 2016, we recorded an impairment charge of $84.7 million associated with goodwill and intangible assets in connection with our restructuring activities in 2015 and 2016.

Goodwill is tested for impairment annually, or more often if indicators of potential impairment exist, and intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Examples of events or changes in circumstances indicating that the carrying value of goodwill may not be recoverable could include a significant adverse change in legal factors or in the business climate, an adverse action or assessment by a regulator, unanticipated competition, loss of key contracts, customer relationships, or personnel that affect current and future operating cash flows of the reporting unit. Any future impairment of goodwill or other intangible assets would have a negative impact on our profitability and financial results.

We depend on our teaming arrangements and relationships with other contractors and subcontractors. If we are not able to maintain these relationships, or if these parties fail to satisfy their obligations to us or the customer, our revenues, profitability and growth prospects could be adversely affected.

We rely on teaming relationships with other prime contractors and subcontractors in order to submit bids for large procurements or other opportunities where we believe the combination of services, products and solutions provided by us and our teammates will help us to win and perform the contract. Our future revenues and growth prospects could be adversely affected if other contractors eliminate or reduce their contract relationships with us, or if our government clients terminate or reduce these other contractors' programs, do not award them new contracts or refuse to pay under a contract. Companies that do not have access to government contracts or experience with our customers may perform services as our subcontractor that we cannot otherwise provide ourselves, and that exposure could enhance such companies' prospect of securing a future position as a prime government contractor which could increase competition for future contracts and impair our ability to win these contracts.

Whenever our subcontractors fail to timely meet their contractual obligations, have regulatory compliance or other problems, our ability to fulfill our obligations as a prime contractor or higher tier subcontractor may be jeopardized. Subcontractor performance deficiencies under subcontracts with us as the prime contractor could lead to significant losses in future periods and could result in our termination for default as the prime contractor even though it was the subcontractor that failed to perform and not our personnel.

Our failure to meet contractual schedule requirements, meet a required performance standard, meet our internal contractual performance projections or otherwise perform adequately on a project could adversely affect our business, financial condition or results of operations.

Under some of our contracts, we can incur liquidated or other damages if we do not achieve project completion by a scheduled date. In addition, our costs generally increase from schedule delays and/or could exceed our projections for a particular project. Project performance can be affected by a number of factors beyond our control, including unavoidable delays from governmental inaction, public opposition, inability to obtain financing, weather conditions, unavailability of vendor materials, changes in the project scope of services requested by our clients, industrial accidents, environmental hazards, labor disruptions and other factors. Any defects or errors, or failures to meet our clients' expectations, in our projects or services could result in claims for damages against us and could adversely affect our reputation. Material performance problems for existing and future contracts could cause actual results of operations to differ from those anticipated by us and also could cause us to suffer damage to our reputation within our industries and client base.

Many of our contracts require innovative design capabilities, are technologically complex or are dependent upon factors not wholly within our control. Failure to meet these obligations could adversely affect our business, financial condition or results of operations.

We design and develop technologically advanced and innovative products and services applied by our customers in a variety of environments. Problems and delays in development or delivery as a result of issues with respect to design, technology, licensing and patent rights, labor, learning curve assumptions or materials and components could prevent us from achieving contractual requirements. Our offerings cannot be tested and proven in all situations and are otherwise subject to unforeseen problems that could negatively affect revenue and profitability such as problems with governmental inaction, quality and workmanship, delivery of subcontractor components or services, unplanned degradation of product performance, unavailability of vendor materials and changes in the project scope requested by our clients. Among the factors that may adversely affect our business, financial condition or results of operations could be unforeseen costs and expenses not covered by insurance or indemnification from the customer, diversion of management focus in responding to unforeseen problems, loss of follow-on work, damage to our reputation and repayment to the customer of contract cost and fee payments we previously received.

Failure to adequately protect, maintain, or enforce our rights in our intellectual property may adversely limit our competitive position.

We rely upon a combination of nondisclosure agreements and other contractual arrangements, as well as copyright, trademark, patent and trade secret laws to protect our proprietary information. We also enter into proprietary information and intellectual property agreements with employees, which require them to disclose any inventions created during employment, to convey such rights to inventions to us, and to restrict any disclosure of proprietary information. Trade secrets are generally difficult to protect. Although our employees are subject to confidentiality obligations, this protection may be inadequate to deter or prevent misappropriation of our confidential information and/or the infringement of our patents and copyrights. Further, we may be unable to detect unauthorized use of our intellectual property or otherwise take appropriate steps to enforce our rights. Failure to adequately protect, maintain, or enforce our intellectual property rights may adversely limit our competitive position.

Assertions by third parties of infringement, misappropriation or other violations by us of their intellectual property rights could result in significant costs and substantially harm our business, financial condition and operation results.

In recent years, there has been significant litigation involving intellectual property rights in technology industries. We may face from time to time, allegations that we or a supplier or customer have violated the rights of third parties, including patent, trademark, and other intellectual property rights. If, with respect to any claim against us for violation of third-party intellectual property rights, we are unable to prevail in the litigation or retain or obtain sufficient rights or develop non-infringing intellectual property or otherwise alter our business practices on a timely or cost-efficient basis, our business, financial condition or results of operations may be adversely affected.

Any infringement, misappropriation or related claims, whether or not meritorious, are time consuming, divert technical and management personnel, and are costly to resolve. As a result of any such dispute, we may have to develop non-infringing technology, pay damages, enter into royalty or licensing agreements, cease utilizing products or services, or take other actions to resolve the claims. These actions, if required, may be costly or unavailable on terms acceptable to us.

Our operations outside the United States expose us to legal, political and economic risks in different countries as well as currency exchange rate fluctuations that could harm our business and financial results.

Revenue attributable to our services provided outside of the United States as a percentage of our total revenue was 30.4% in fiscal 2017, 29.8% in fiscal 2018 and 24.8% in fiscal 2019. There are risks inherent in doing business internationally, including:

- imposition of governmental controls and changes in laws, regulations or policies;
- political and economic instability, such as in the Middle East;
- civil unrest, acts of terrorism, force majeure, war, or other armed conflict;
- greater physical security risks;

- changes in U.S. and other national government trade policies affecting the markets for our services;
- changes in regulatory practices, tariffs and taxes;
- potential non-compliance with a wide variety of laws and regulations, including anti-corruption, U.S. export controls and economic and trade sanctions, and anti-boycott laws and similar non-U.S. laws and regulations;
- changes in labor conditions;
- logistical and communication challenges;
- currency exchange rate fluctuations, devaluations and other conversion restrictions; and
- health and safety concerns, including those related to the coronavirus and other potential epidemics.

Any of these factors could have a material adverse effect on our business, financial condition or results of operations.

We have operations in the Middle East and neighboring regions, and these regions may experience turmoil that may impact our current projects, future business and financial stability.

We currently have operations in the Middle East, including in Oman, Qatar, Saudi Arabia and the United Arab Emirates. These countries experience frequent political turmoil such as the tensions among Qatar and several of its neighbors, including Saudi Arabia and the United Arab Emirates. This uncertainty may affect our ability to continue our projects in these regions due to lack of resources, local support, and safety for our workers. If we are unable to finish these projects, it is likely that our finances will be impacted. Furthermore, we may experience liability regarding our employees and their safety and security in these locations. We also may incur material costs to maintain the safety of our personnel. Despite these precautions, the safety of our personnel in these locations may continue to be at risk. Acts of terrorism and threats of armed conflicts in or around various areas in which we operate could limit or disrupt markets and our operations, including disruptions resulting from the evacuation of personnel, cancellation of contracts, or the loss of key employees, contractors or assets.

We operate in many different jurisdictions and we could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act and similar worldwide anti-corruption laws.

The FCPA and similar worldwide anti-corruption laws, including the U.K. Bribery Act of 2010, generally prohibit companies and their intermediaries from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. Our internal policies mandate compliance with these anti-corruption laws, including the requirements to maintain accurate information and internal controls which may fall within the purview of the FCPA, its books and records provisions or its anti-bribery provisions. We operate in many parts of the world that have experienced governmental corruption to some degree; and, in some circumstances, strict compliance with anticorruption laws may conflict with local customs and practices. Despite our training and compliance programs, we cannot assure that our internal control policies and procedures always will protect us from reckless or criminal acts committed by our employees or agents. In addition, from time to time, government investigations of corruption in industries we operate in may affect us and our peers. Violations of these laws, or allegations of such violations, could disrupt our business and result in a material adverse effect on our business, financial condition or results of operations.

We may not realize the full value of our backlog, which may result in lower than expected revenue.

As of December 31, 2019, our total backlog was $8.0 billion, of which $4.1 billion was funded. Our backlog includes orders under contracts that can extend for several years, and in some cases, contracts that extend for more than 10 to 15 years. We historically have not realized all of the revenue included in our total backlog, and we may not realize all of the revenue included in our total backlog in the future. There is a somewhat higher degree of risk in this regard with respect to unfunded backlog and backlog related to unexercised options years and IDIQ contracts for which task orders have not yet been issued. In addition, there can be no assurance that our backlog will result in actual revenue in any particular period. This is because the actual receipt, timing and amount of revenue under contracts included in backlog are subject to various contingencies, including congressional appropriations, many of which are beyond our control. In particular, delays in the completion of the U.S. government’s budgeting process and the use of continuing resolutions could adversely affect our ability to timely recognize revenue under our contracts included in backlog. Furthermore, the actual receipt of revenue from contracts included in backlog may never occur or may be delayed because: a program schedule could change or the program could be canceled; a contract’s funding or scope could be reduced, modified, delayed or terminated early, including as a result of a lack of appropriated funds or as a result of cost cutting initiatives and other efforts to reduce government spending; in the case of funded backlog, the period of performance for the contract has expired; in the case of unfunded backlog, funding may not be available; in the case of backlog related to unexercised option years, the contract option is not yet exercised or may ever be exercised; and, in the case of backlog related to IDIQ contracts where task orders have not been issued, no further task orders may be issued. In addition, headcount growth is the primary means by which we are able to achieve revenue growth. Any inability to hire additional appropriately qualified personnel or failure to timely and effectively deploy such additional personnel against funded backlog could negatively affect our ability to grow our revenue. We may also not recognize revenue on funded backlog due to, among other reasons, the tardy submissions of invoices by our subcontractors and the expiration of the relevant appropriated funding in accordance with a predetermined expiration date such as the end of the U.S. government’s fiscal year. The amount of our funded backlog is also subject to change, due to, among other factors: changes in appropriations that reflect changes in government policies or priorities resulting from various military, political, economic or international developments; changes in the use of government contracting vehicles, and the provisions therein used to procure our services; and adjustments to the scope of services under, or cancellation of contracts, by the applicable government at any time. Furthermore, even if our backlog results in revenue, the contracts may not be profitable.

If we cannot collect our receivables or if payment is delayed, our business may be adversely affected by our inability to generate cash flow, provide working capital or continue our business operations.

As of December 31, 2019, our accounts receivable, net was $671.5 million. We depend on the timely collection of our receivables to generate cash flow, provide working capital and continue our business operations. If our customers fail to pay or delay the payment of invoices for any reason, our business and financial condition may be materially and adversely affected. Our customers have in the past and may in the future delay or fail to pay invoices for a number of reasons, including lack of appropriated funds, lack of an approved budget or as a result of audit findings by government regulatory agencies. In particular, a Federal Services client has recently begun to short pay on invoices on a contract pending negotiations to increase the amount and timing of the contract, which includes cost and schedule disincentives. We also experience longer payment cycles in the Middle East. We cannot assure you that we will collect all our accounts receivable in excess of our allowance for doubtful accounts in a timely manner, which would impact our cash flows.

The agreements governing our debt contain a number of restrictive covenants which may limit our ability to finance future operations, acquisitions or capital needs or engage in other business activities that may be in our interest.

As of December 31, 2019, our total indebtedness was $249.4 million. Our Credit Agreement and the agreements governing our Senior Notes contain a number of covenants that impose operating and other restrictions on us and our subsidiaries. Such restrictions affect or will affect, and in many respects limit or prohibit our ability and the ability of our subsidiaries to, among other things:

- incur additional indebtedness;
- create liens;
- pay dividends and make other distributions in respect of our equity securities;
- redeem our equity securities;
- distribute excess cash flow from foreign to domestic subsidiaries;
- make loans, advances, investments or other restricted payments;
- sell assets or receivables;
- engage in certain business activities;
- amend our ESOP's plan documents;
- enter into transactions with affiliates; and
- effect mergers or consolidations.

In addition, our Credit Agreement also requires us to comply with certain financial ratio covenants, including a debt leverage ratio and a fixed charge coverage ratio. Our ability to comply with these ratios may be affected by events beyond our control.

These restrictions could limit our ability to plan for or react to market or economic conditions or meet capital needs or otherwise restrict our activities or business plans, and could adversely affect our ability to finance our operations, acquisitions, investments or strategic alliances or other capital needs or to engage in other business activities that would be in our interest.

A breach of any of these covenants or our inability to comply with the required financial ratios could result in a default under our debt instruments. If an event of default occurs, our creditors could elect to:

- declare all borrowings outstanding, together with accrued and unpaid interest, to be immediately due and payable;
- require us to apply all of our available cash to repay the borrowings; or
- prevent us from making debt service payments on some of our borrowings.

If we were unable to repay or otherwise refinance these borrowings when due, the lenders under our Credit Agreement could demand payment from subsidiary guarantors, as provided under our Credit Agreement. These guarantors constitute substantially all of our domestic, wholly owned subsidiaries' assets.

We may lose one or more members of our senior management team or fail to develop new leaders, which could cause a disruption in the management of our business.

We believe that the future success of our business and our ability to operate profitably depends on the continued contributions of the members of our senior management and the continued development of new members of senior management. We rely on our senior management to generate business and execute programs successfully. In addition, the relationships and reputation that many members of our senior management team have established and maintain with our clients are important to our business and our ability to identify new business opportunities. We do not have any employment agreements providing for a specific term of employment with any members of our senior management. The loss of any member of our senior management or our failure to continue to develop new members could impair our ability to identify and secure new contracts, to maintain good client relations, and to otherwise manage our business, and could have a material adverse effect on our business, financial condition and results of operations.

Our services and operations sometimes involve handling or disposing of hazardous substances or dangerous materials, and we are subject to environmental requirements and risks which could result in significant costs, liabilities and obligations.

Our operations are subject to stringent and complex federal, state and local laws and regulations governing the discharge of materials into the environment, the health and safety aspects of our operations, or otherwise relating to environmental protection. Some of our services and operations involve the handling or disposal of hazardous substances or dangerous materials, including explosive, chemical, biological, radiological or nuclear materials. These activities generally subject us to extensive foreign, federal, state and local environmental protection and health and safety laws and regulations, which, among other things, require us to incur costs to comply with these regulations and could impose liability on us for handling or disposing of hazardous substances or dangerous materials. Numerous governmental authorities, such as the U.S. Environmental Protection Agency, or the EPA, and analogous state agencies, have the power to enforce compliance with these laws and regulations and the permits issued under them. Such enforcement actions often involve difficult and costly compliance measures or corrective actions. Furthermore, failure to comply with these environmental protection and health and safety laws and regulations could result in civil, criminal, regulatory, administrative or contractual sanctions, including fines, penalties or suspension or debarment from contracting with the U.S. government, and could also result in investigations, the imposition of corrective action or remedial obligations, and the issuance of orders limiting or prohibiting some or all of our operations. In certain instances, citizen groups also have the ability to bring legal proceedings against us if we are not in compliance with environmental laws. In addition, claims for damages to persons or property, including natural resources, may result from the environmental, health and safety impacts of our operations. We, like other businesses, can never completely eliminate the risk of contamination or injury from certain materials that we use in our business. If we have any violations of, or incur liabilities pursuant to, these laws or regulations, it may result in a material adverse effect on our business, financial condition or results of operations.

Certain environmental laws impose strict liability (i.e., no showing of “fault” is required) as well as joint and several liability for costs required to remediate and restore sites where hazardous substances, hydrocarbons or solid wastes have been stored or released. We may be required to remediate contaminated properties currently or formerly owned or operated by us or facilities of third parties that received waste generated by our operations, regardless of whether such contamination resulted from the conduct of others or from the consequences of our own actions that were in compliance with all applicable laws at the time those actions were taken.

We have limited, and potentially insufficient, insurance coverage for expenses and losses that may arise in connection with environmental contamination. Finally, in connection with certain acquisitions, we could acquire, or be required to provide indemnification against, environmental liabilities that could expose us to material losses.

Many of our field project sites and facilities are inherently dangerous workplaces. Failure to manage our field project sites and facilities safely could result in environmental disasters, employee deaths or injuries, reduced profitability, the loss of projects or clients and possible exposure to litigation.

Our field project sites and facilities, particularly in our Critical Infrastructure business, often put our employees and others in close proximity with mechanized equipment, moving vehicles, chemical and manufacturing processes, and highly regulated materials. On some field project sites and in some of our facilities, we may be responsible for safety and, accordingly, we have an obligation to implement effective safety procedures. If these procedures are not appropriately implemented or are ineffective, our employees could be injured or killed, and we could be exposed to possible litigation. As a result, our failure to maintain adequate safety standards and equipment could result in reduced profitability or the loss of projects or clients and could have a material adverse impact on our business, financial condition, and results of operations.

Prior to our initial public offering, we were 100% owned by the ESOP, which is a retirement plan that is intended to be qualified under the Code. If the ESOP failed to meet the requirements of a tax qualified retirement plan, we could be subject to substantial penalties.

The ESOP is a defined contribution retirement plan subject to the requirements of the Code and ERISA. The ESOP has received a determination letter, dated January 31, 2012, from the Internal Revenue Service (IRS) that it meets the requirements of a tax qualified retirement plan in form and we endeavor to maintain and administer the ESOP in compliance with all requirements of the Code and ERISA. However, the rules regarding tax qualified plans, and especially ESOPs, are complex and change frequently. Accordingly, it is possible that the ESOP may not have been administered in full compliance with all applicable rules under the Code or ERISA at all times.

If the ESOP were determined not to be in material compliance with the Code or ERISA, then the ESOP could lose its tax qualified status and we could be subject to substantial penalties under the Code and ERISA which could have a material adverse effect on our business, financial condition or results of operations. Additionally, loss of the ESOP’s tax-qualified status would adversely impact our prior treatment as an S Corporation.

Negotiations with labor unions and possible work actions could divert management attention and disrupt operations. In addition, new collective bargaining agreements or amendments to existing agreements could increase our labor costs and operating expenses.

We have entered into collective bargaining agreements for approximately 314 of our more than 15,800 employees as of January 31, 2020. The outcome of any future negotiations relating to union representation or collective bargaining agreements for these or other employees in the future may not be favorable to us. We may reach agreements in collective bargaining that increase our operating expenses and lower our net income as a result of higher wages or benefit expenses. In addition, negotiations with unions could divert management attention and disrupt operations, which may adversely affect our results of operations. If we are unable to negotiate acceptable collective bargaining agreements, we may have to address the threat of union-initiated work actions, including strikes. Depending on the nature of the threat or the type and duration of any work action, these actions could disrupt our operations and adversely affect our operating results.

Risk Related to Our Common Stock

If we are unable to implement and maintain effective internal control over financial reporting in the future, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock may be negatively affected.

As a public company, we are required to maintain internal control over financial reporting and to report any material weaknesses in such internal control. In addition, beginning with our second annual report on Form 10-K, we will be required to furnish a report by management on the effectiveness of our internal control over financial reporting, pursuant to Section 404 of the Sarbanes-Oxley Act. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed or operating.

The process of designing, implementing and testing the internal control over financial reporting required to comply with this obligation is time-consuming, costly and complicated. If we identify material weaknesses in our internal control over financial reporting, or if we are unable to comply with the requirements of Section 404 of the Sarbanes-Oxley Act in a timely manner or to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports, the market price of our common stock could be negatively affected, and we could become subject to investigations by our stock exchange, the SEC or other regulatory authorities, which could require additional financial and management resources.

If our stock price fluctuates, you could lose a significant part of your investment.

The market price of our stock may be influenced by many factors, some of which are beyond our control, including the following:

- the opinions and estimates of any securities analysts who publish research about us;
- announcements by us or our competitors of significant contracts, acquisitions or capital commitments;
- variations in quarterly operating results;
- changes in general economic or market conditions or trends in our industry or the economy as a whole;
- future sales of our common stock; and
- investor perception of us and the industries we operate in.

As a result of these factors, investors in our common stock may not be able to resell their shares at or above the initial purchase price. These broad market and industry factors may materially reduce the market price of our common stock, regardless of our operating performance.

In addition, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. In the past, stockholders have instituted securities class action litigation following periods of market volatility. If we were involved in securities litigation, we could incur substantial costs and our resources, and the attention of management could be diverted from our business.

Our operating results and share price may be volatile, and the market price of our common stock may drop.

Our quarterly operating results are likely to fluctuate in the future as a publicly traded company. In addition, securities markets worldwide have experienced, and are likely to continue to experience, significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions, could subject the market price of our shares to wide price fluctuations regardless of our operating performance. Our operating results and the trading price of our shares may fluctuate in response to various factors, including:

- market conditions in the broader stock market;
- actual or anticipated fluctuations in our quarterly financial and operating results;
- introduction of new products or services by us or our competitors;
- changes in our awards, backlog and book-to-bill ratios in a given period;
- issuance of new or changed securities analysts' reports or recommendations;
- results of operations that vary from expectations of securities analysis and investors;
- guidance, if any, that we provide to the public, any changes in this guidance or our failure to meet this guidance;
- strategic actions by us or our competitors;
- announcement by us, our competitors or our acquisition targets;
- sales, or anticipated sales, of large blocks of our stock;
- additions or departures of key personnel;
- regulatory, legal or political developments;
- public response to press releases or other public announcements by us or third parties, including our filings with the SEC;
- litigation and governmental investigations;
- seasonality associated with U.S. federal, state, regional and local government funding and spending;
- changing economic conditions;
- changes in accounting principles;
- default under agreements governing our indebtedness;
- exchange rate fluctuations; and
- other events or factors, including those from natural disasters, war, actors of terrorism or responses to these events and pandemics, such as the coronavirus.

These and other factors, many of which are beyond our control, may cause our operating results and the market price and demand for our shares to fluctuate substantially. While we believe that operating results for any particular quarter are not necessarily a meaningful indication of future results, fluctuations in our quarterly operating results could limit or prevent investors from readily selling their shares and may otherwise negatively affect the market price and liquidity of our shares. In addition, in the past, when the market price of a stock has been volatile, holders of that stock have sometimes instituted securities class action litigation against the company that issued the stock. If any of our stockholders brought a lawsuit against us, we could incur substantial costs defending the lawsuit. Such a lawsuit could also divert the time and attention of our management from our business, which could significantly harm our profitability and reputation.

Sales of outstanding shares of our common stock into the market in the future could cause the market price of our common stock to drop significantly, even if our business is doing well.

At December 31, 2019, we had 100,669,694 shares of our common stock outstanding. Of these shares, the 21,296,275 shares sold in our initial public offering were freely tradable except for any shares purchased by our “affiliates” as that term is used in Rule 144 under the Securities Act of 1933, as amended, or the Securities Act. In addition, approximately 430,000 shares were distributed to ESOP participants in late 2019 following the lock-up expiration and became freely tradeable. In addition, we entered into a registration rights agreement with the ESOP Trustee, providing the ESOP with certain demand registration rights related to shares held by the ESOP in the event the ESOP Trustee determines in good faith, in exercising its fiduciary duties under ERISA, that the ESOP is required to sell its shares, which we believe is only likely to occur if our business, financial condition or results of operations have materially and adversely deteriorated.

Qualifying ESOP participants have the right to receive distributions of shares of our common stock from the ESOP and can sell such shares in the market.

As of December 31, 2019, there were 78,896,806 shares of common stock held in the ESOP. Shares held in the ESOP are eligible for sale in the public market, subject to applicable Rule 144 limitations, vesting restrictions and any applicable market standoff agreements and lock-up agreements. Participants are generally entitled to distributions from the ESOP only following termination of employment or upon death and in order to diversify their accounts upon attaining a specified age and completing a specified number of years of service.

ESOP distributions are made in the form of shares of our common stock (other than distributions in respect of fractional shares, which will be made in cash). Upon receiving a distribution of our common stock from the ESOP, a participant will be able to sell such shares in the market. As a result, we cannot predict the effect, if any, that these distributions and the corresponding sales of shares by the participants may have on the market price of our common stock. Distribution of substantial amounts of our common stock to participants may cause the market price of our common stock to decline.

The issuance of additional stock, not reserved for issuance under our equity incentive plans or otherwise, will dilute all other stockholdings.

We have an aggregate of 899,330,306 shares of common stock authorized but not outstanding and not reserved for issuance under our 2020 Plan, under our existing Incentive Plans or otherwise. We may issue all of these shares without any action or approval by our stockholders. The issuance of additional shares could be dilutive to existing holders. We historically have made annual contributions of our common stock to the ESOP. We made contributions of 1,790,496 shares in fiscal 2017, 1,874,988 shares in fiscal 2018 and 1,345,198 shares in fiscal 2019 of our common stock to the ESOP and intend to continue to make annual contributions in shares of our common stock to the ESOP after we are a public company. In fiscal 2017, 2018 and 2019, we made annual contributions to the ESOP in shares of our common stock in the amount of 8% of the participants’ cash compensation for the applicable year (net of shares forfeited by participants in the applicable year) and we have agreed with the ESOP Trustee that for fiscal 2020 and fiscal 2021, we will make annual contributions in shares of our common stock to the ESOP in an amount not to be less than 8% of the ESOP participants’ cash compensation for the applicable year.

Your ability to influence corporate matters may be limited because the ESOP beneficially owns a majority of our stock and therefore our employees, voting the shares allocated to them under the ESOP, or the ESOP Trustee, who will have the right to vote shares for which no voting instructions are provided by employees, could have substantial control over us.

Our common stock has one vote per share. The ESOP beneficially owns approximately 78.4% of our outstanding common stock. Under the terms of the ESOP, each participant has the ability to direct the ESOP Trustee on the voting of the shares allocated to his or her account under the ESOP. However, the ESOP Trustee will vote any shares that a participant does not direct the voting, or any shares that are held by the ESOP which are not allocated to participants' accounts. As such, the ESOP Trustee may be able to exercise a greater influence than otherwise over matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions.

The purpose of the ESOP is to provide retirement income to employees and their beneficiaries. Accordingly, the interests of the ESOP and the ESOP participants may be contrary to yours as an outside investor.

ERISA sets forth certain fiduciary requirements that require an ERISA fiduciary, like the ESOP Trustee, to act solely in the interests of plan participants and their beneficiaries for the purpose of providing retirement benefits. The Department of Labor, which is the agency with the authority to interpret and enforce the fiduciary sections of ERISA, has indicated in its interpretative guidance that voting is an ERISA fiduciary act. The ESOP Trustee's fiduciary duties under ERISA to the ESOP and its participants may cause the ESOP Trustee to override participants' voting directions to the extent that following such directions would violate ERISA. In such case, the ESOP Trustee will be able to exercise voting control over all of the ESOP's shares. Further, the interests of the minority stockholders may not be aligned with those of the ESOP as the majority stockholder, because the ESOP Trustee is required under ERISA to act in the best interest of the ESOP participants and beneficiaries, this may present a conflict.

As a result, the concentration of ownership in our company by the ESOP could delay or prevent a change in control of our company or otherwise discourage a potential acquirer from attempting to obtain control of our company, which in turn could reduce the price of our common stock.

We are a "controlled company" within the meaning of the New York Stock Exchange listing standards and, as a result, qualify for exemptions from certain corporate governance requirements. You may not have the same protections afforded to stockholders of companies that are subject to such requirements.

The ESOP holds common stock representing approximately 78.4% of the voting power of our common stock as of December 31, 2019. As a result, we are considered a "controlled company" for the purposes of New York Stock Exchange ("NYSE") rules and corporate governance standards. As a controlled company, we are exempt from certain NYSE corporate governance requirements, including those that would otherwise require our board of directors to have a majority of independent directors and require that we either establish compensation and nominating and corporate governance board committees, each comprised entirely of independent directors, or otherwise ensure that the compensation of our executive officers and nominees for directors are determined or recommended to the board of directors by the independent members of the board of directors. While we intend to have a majority of independent directors, and our compensation and nominating and corporate governance committees to consist entirely of independent directors, we may decide at a later time to rely on one of the "controlled company" exemptions. Accordingly, our common stock may not have the same protections afforded to stockholders of companies that are subject to all of the NYSE corporate governance requirements.

Our ability to raise capital in the future may be limited, which could limit our business plan or adversely affect your investment.

Our business and strategic plans may consume resources faster than we anticipate. In the future, we may need to raise additional funds through the issuance of new equity securities, debt or a combination of both. However, any decline in the market price of our common stock could impair our ability to raise capital. Separately, additional financing may not be available on favorable terms, or at all. If adequate funds are not available on acceptable terms, we may be unable to fund our operations or new investments. If we issue new debt securities, the debt holders would have rights senior to common stockholders to make claims on our assets, and the terms of any debt could restrict our operations, including our ability to pay dividends on our common stock. If we issue additional equity securities, existing stockholders will experience dilution, and the new equity securities could have rights senior to those of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our stockholders bear the risk of our future securities offerings reducing the market price of our common stock and diluting their interest.

Anti-takeover provisions in our organizational documents could delay a change in management and limit our share price.

Provisions of our certificate of incorporation and bylaws could make it more difficult for a third party to acquire control of us even if such a change in control would increase the value of our common stock and prevent attempts by our stockholders to replace or remove our current board of directors or management.

We have a number of anti-takeover devices that could hinder takeover attempts and could reduce the market value of our common stock or prevent sale at a premium. Our anti-takeover provisions:

- permit the board of directors to establish the number of directors and fill any vacancies and newly created directorships;
- provide that our board of directors is classified into three classes with staggered, three-year terms and that directors may only be removed for cause;
- include blank-check preferred stock, the preference, rights and other terms of which may be set by the board of directors and could delay or prevent a transaction or a change in control that might involve a premium price for our common stock or otherwise benefit our stockholders;
- eliminate the ability of our stockholders to call special meetings of stockholders;
- specify that special meetings of our stockholders can be called only by our board of directors or a board committee authorized with the power to call such meetings;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- provide that vacancies on our board of directors may be filled only by a majority of directors then in office, even though less than a quorum;
- prohibit cumulative voting in the election of directors; and
- establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at annual stockholders’ meetings.

In addition, as a Delaware corporation, we are subject to Section 203 of the Delaware General Corporation Law, or the DGCL. These provisions may prohibit large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or combining with us for a period of time.

Our certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for the following civil actions:

- any derivative action or proceeding brought on our behalf;
- any action asserting a claim of breach of a fiduciary duty by any of our directors, officers, employees or agents or our stockholders;
- any action asserting a claim arising pursuant to any provision of the DGCL or our certificate of incorporation or bylaws or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware; or
- any action asserting a claim governed by the internal affairs doctrine.

This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that the stockholder finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and other employees. Alternatively, if a court were to find the choice of forum provision contained in our certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could have a material adverse effect on our business, financial condition or results of operations.

We do not expect to declare any dividends in the foreseeable future.

We do not anticipate declaring any cash dividends to holders of our common stock in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our board of directors and will depend upon results of operations, financial condition, any contractual restrictions, our indebtedness, restrictions imposed by applicable law and other factors our board of directors deems relevant. Consequently, investors may need to sell all or part of their holdings of our common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment. Investors seeking cash dividends should not purchase our common stock.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our common stock depends, in part, on the research and reports that securities or industry analysts publish about us or our business. If an analyst who covers us downgrades our common stock or publishes inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, demand for our common stock could decrease, which could cause our stock price and trading volume to decline.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Our headquarters are located in Centreville, Virginia. As of December 31, 2019, we leased 238 commercial facilities (including our headquarters) with an aggregate of approximately 3.0 million square feet of space across 36 U.S. states and 16 countries used in connection with the various services rendered to our customers. Additionally, we operate at several customer-accredited Sensitive

Compartmented Information Facilities, which are highly specialized, secure facilities used to perform classified work for the United States intelligence community. We also have employees working at customer sites throughout the U.S. and in other countries. We believe our facilities are adequate for our current and presently foreseeable needs.

Item 3. Legal Proceedings.

Our performance under our contracts and our compliance with the terms of those contracts and applicable laws and regulations are subject to continuous audit, review and investigation by our customers, including the U.S. federal government. In addition, we are from time to time involved in legal proceedings and investigations arising in the ordinary course of business, including those relating to employment matters, relationships with clients and contractors, intellectual property disputes, environmental matters and other business matters. Although the outcome of any such matter is inherently uncertain and may be materially adverse, based on current information, except as noted below, we believe there are no pending lawsuits or claims that may have a material adverse effect on our business, financial condition or results of operations.

On or about March 1, 2017, the Peninsula Corridor Joint Powers Board, or the JPB, filed a lawsuit against Parsons Transportation Group, Inc., or PTG, in the Superior Court of California, County of San Mateo, in connection with a positive train control project on which PTG was engaged prior to termination of its contract by the JPB. PTG had previously filed a lawsuit against the JPB for breach of contract and wrongful termination. The JPB seeks damages in excess of $100.0 million, which we are currently disputing. In addition to filing our complaint for breach of contract and wrongful termination, we have denied the allegations raised by the JPB and, accordingly, filed affirmative defenses. We are currently defending against the JPB's claims and the parties are still engaged in discovery. We also have a professional liability insurance policy to the extent the JPB proves any errors or omissions occurred. At this time, it is too soon to determine the outcome of the litigation or assess the potential range of exposure, if any. We have also filed a third-party claim against a subcontractor for indemnification in connection with this matter.

In September 2015, a former Parsons employee filed an action in the United States District Court for the Northern District of Alabama against us as a qui tam relator on behalf of the United States (the "Relator") alleging violation of the False Claims Act. The plaintiff alleges that, as a result of these actions, the United States paid in excess of $1 million per month between February and September 2006 that it should have paid to another contractor, plus $2.9 million to acquire vehicles for the contractor defendant to perform its security services. The lawsuit sought (i) that we cease and desist from violating the False Claims Act, (ii) monetary damages equal to three times the amount of damages that the United States has sustained because of our alleged violations, plus a civil penalty of not less than $5,500 and not more than $11,000 for each alleged violation of the False Claims Act, (iii) monetary damages equal to the maximum amount allowed pursuant to §3730(d) of the False Claims Act, and (iv) Relator's costs for this action, including recovery of attorneys' fees and costs incurred in the lawsuit. The United States government did not intervene in this matter as it is allowed to do so under the statute. We filed a motion to dismiss the lawsuit on the grounds that the Relator did not meet the applicable statute of limitations. The District Court granted our motion to dismiss. The Relator's attorney appealed the decision to the United States Court of Appeals of the Eleventh Circuit, which ultimately ruled in favor of the Relator, and we petitioned the United States Supreme Court to review the decision. The Supreme Court upheld the Appellate Court ruling and remanded the case to the District Court. The parties are engaged in limited discovery and Parsons has filed a renewed motion to dismiss the case.

On or about October 4, 2019, LBH Engineers, LLC (“LBH”) filed a lawsuit against Parsons, PTG, and various other parties in the US District Court of for the Northern District of Georgia, in connection with an alleged infringement of LBH’s patent. LBH seeks damages and costs incurred by LBH, a post-judgment royalty, treble damages if the infringement is found to be willful, among other damages, which the Company and the other defendants are currently disputing. At this time, the Company is unable to determine the probability of the outcome of the litigation or determine a potential range of loss, if any.

Item 4. Mine Safety Disclosures.

Not Applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

On May 8, 2019, the Company consummated its initial public offering ("IPO") whereby the Company sold 18,518,500 shares of common stock for $27.00 per share. The underwriters exercised their share option on May 14, 2019 to purchase an additional 2,777,775 shares at the share price of $25.515 which was the IPO share price of $27.00 less the underwriting discount of $1.485 per share.

Our common stock is listed on the NYSE under the ticker symbol "PSN". The following table presents the ranges of high and low sales prices of our common stock quoted on the NYSE for each quarter since the IPO on May 8, 2019.

	Low Sale Price	High Sale Price
Fiscal 2019:		
Second Quarter	$ 29.03	$ 38.33
Third Quarter	$ 32.37	$ 38.82
Fourth Quarter	$ 31.69	$ 42.65

On April 3, 2019, the board of directors of the Company declared a cash dividend to the Company's sole existing shareholder at that time, the ESOP, in the amount of $2.00 per share, or $52.1 million in the aggregate (the "IPO Dividend"). The IPO Dividend was paid on May 10, 2019. On April 15, 2019, the board of directors of the Company declared a common stock dividend in a ratio of two shares of common stock for every one share of common stock then held by the Company's shareholder (the "Stock Dividend"). The record date of the Stock Dividend was May 7, 2019, the day immediately prior to the consummation of the Company's IPO on May 8, 2019, and the payment date of the Stock Dividend was May 8, 2019. Purchasers of the Company's common stock in the Company's public offering were not entitled to receive any portion of the Stock Dividend. During the year ended December 31, 2018, the Company did not declare any dividends.

Other than the IPO Dividend and the Stock Dividend discussed above, we currently do not intend to declare or pay any cash dividends in the foreseeable future. Any further determination to pay dividends on our capital stock will be at the discretion of our board of directors, subject to applicable laws, and will depend on our financial condition, results of operations, capital requirements, restrictions under our senior notes issued in a private placement in 2014, or the Senior Notes, and Credit Agreement, and other factors that our board of directors considers relevant.

According to the records of our transfer agent, there were four shareholders of record as of February 28, 2020.

The following graph compares the cumulative total return, from the IPO date through December 31, 2019, to shareholders of Parsons Corporation common stock relative to the cumulative total returns of the Russell 2000 Index and the Standard and Poor's IT Consulting & Other Services Index. The graph assumes that the value of the investment in our common stock, the index, and the peer group (including reinvestment of dividends) was $100 on May 8, 2019 and tracks it through December 31, 2019. The stock performance included in this graph is not necessarily indicative of future stock price performance.

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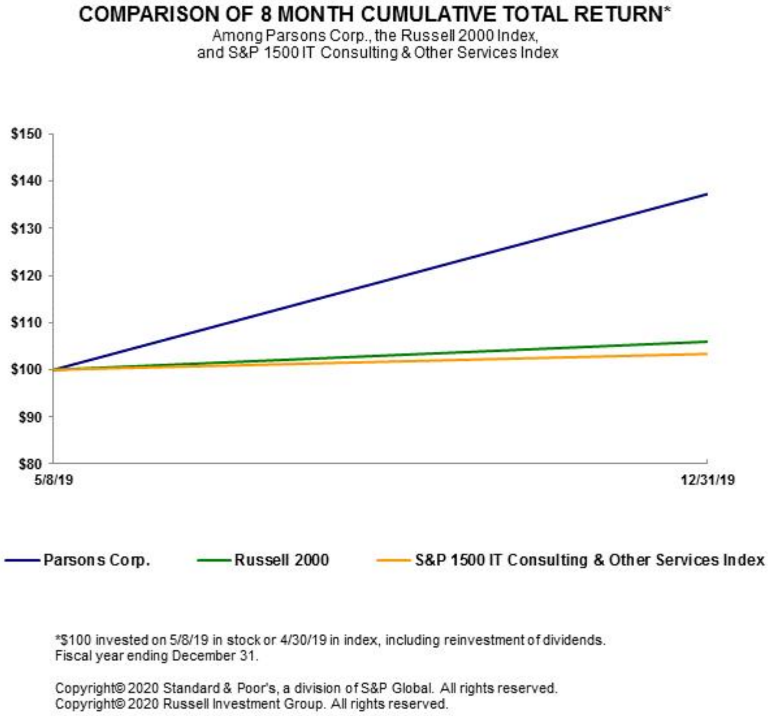


	5/8/19	12/31/19
Parsons Corporation	**100.00**	**137.28**
Russell 2000	**100.00**	**105.95**
S&P 1500 IT Consulting & Other Services Index	**100.00**	**103.37**

Securities Authorized for Issuance Under Equity Compensation Plans

The information required by this item with respect to our equity compensation plans is incorporated by reference to our 2020 Proxy Statement.

Recent Sales of Unregistered Securities

None.

Use of Proceeds from Public Offering of Common Stock

On May 8, 2019, the Company consummated its IPO, in which the Company sold 18,518,500 shares of our common stock for $27.00 per share. The underwriters exercised their share option on May 14, 2019 to purchase an additional 2,777,775 shares at the share price of $25.515 which was the IPO share price of $27.00 less the underwriting discount of $1.485 per share.

We received net proceeds of $536.9 million after deducting underwriting discounts and commissions and offering expenses. No offering expenses were paid directly or indirectly to any of our directors or officers (or their associates), or persons owning 10.0% or more of any class of our equity securities, or to any other affiliates.

The Company used the net profits to fund the cash dividend of $52.1 million, or $2.00 per share, in connection with the IPO, repay the outstanding balance of $150.5 million under the term loan and pay outstanding indebtedness under our revolving credit facility.

There has been no material change in the planned use of IPO proceeds from that described in the final prospectus filed with the SEC pursuant to Rule 424(b)(4) under the Securities Act of 1933 on May 9, 2019.

Issuer Purchases of Equity Securities

None.

Item 6. Selected Financial Data.

The following tables present selected financial data for each of the last five fiscal years. This selected financial data should be read in conjunction with the Consolidated Financial Statements and related notes beginning on page F-1, as well as the information under the caption “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Annual Report on Form 10-K. Dollar amounts are presented in thousands, except for per share information:

	Fiscal Year Ended				
	December 25, 2015	December 30, 2016	December 29, 2017	December 31, 2018	December 31, 2019
Consolidated Statements of Operations Data:					
Revenue	$ 3,218,616	$ 3,039,191	$ 3,017,011	$ 3,560,508	$ 3,954,812
Direct cost of contracts	2,535,504	2,431,193	2,400,140	2,795,005	3,123,062
Equity in earnings of unconsolidated joint ventures	19,450	35,462	40,086	36,915	41,721
Indirect, general and administrative expenses	542,066	522,920	506,255	597,410	781,408
Impairment of goodwill, intangible and other assets	—	85,133	—	—	—
Operating income	160,496	35,407	150,702	205,008	92,063
Interest income	520	1,190	2,465	2,710	1,300
Interest expense	(16,165)	(16,509)	(15,798)	(20,842)	(23,729)
Other income (expense), net	(2,673)	1,340	5,658	(1,651)	(2,392)
(Interest and other expense) gain associated with claim on long-term contract	(14,034)	(9,422)	(10,026)	74,578	—
Total other (expense) income	(32,352)	(23,401)	(17,701)	54,795	(24,821)
Income before income tax expense	128,144	12,006	133,001	259,803	67,242
Income tax (expense) benefit	(13,790)	(13,992)	(21,464)	(20,367)	69,886
Net income (loss) including noncontrolling interests	114,354	(1,986)	111,537	239,436	137,128
Net income attributable to noncontrolling interests	(26,098)	(11,161)	(14,211)	(17,099)	(16,594)
Net income (loss) attributable to Parsons Corporation	$ 88,256	$ (13,147)	$ 97,326	$ 222,337	$ 120,534
Net income (loss) attributable to Parsons Corporation per share (1):					
Basic	$ 0.93	$ (0.15)	$ 1.16	$ 2.78	$ 1.30
Diluted	$ 0.93	$ (0.15)	$ 1.16	$ 2.78	$ 1.30
Weighted-average number of shares:					
Basic	94,551	88,497	83,574	80,014	92,419
Diluted	94,551	88,497	83,574	80,014	92,753

(1) The weighted-average number of shares used in computing net income (loss) attributable to Parsons Corporation per share, basic and diluted, gives effect in each period to the payment of the Stock Dividend as previously defined in Item 5 of Part II in this Annual Report on Form 10-K.

	As of				
	December 25, 2015	December 30, 2016	December 29, 2017	December 31, 2018	December 31, 2019
Consolidated Balance Sheet Data:					
Cash and cash equivalents (1)	$ 349,033	$ 332,368	$ 376,368	$ 206,427	$ 131,516
Total assets	2,403,074	2,153,494	2,272,718	2,612,578	3,450,368
Total debt	250,000	249,301	249,407	429,164	249,353
Noncontrolling interests	82,476	57,169	27,494	46,461	30,866
Total shareholder's equity					

(1) Does not include cash of consolidated joint ventures and restricted cash and investments.

(U.S. dollars in thousands)	December 29, 2017	December 31, 2018	December 31, 2019
Other Information:			
Adjusted EBITDA (1)	$ 209,647	$ 246,244	$ 325,047
Net Income Margin (2)	3.7%	6.7%	3.5%
Adjusted EBITDA Margin (3)	6.9%	6.9%	8.2%

(1) A reconciliation of net income (loss) attributable to Parsons Corporation to Adjusted EBITDA is set forth below (in thousands).
(2) Net Income Margin is calculated as net income including noncontrolling interest divided by revenue in the applicable period.
(3) Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by revenue in the applicable period.

	December 29, 2017	December 31, 2018	December 31, 2019
Net income attributable to Parsons Corporation	$ 97,326	$ 222,337	$ 120,534
Interest expense, net	13,333	18,132	22,429
Income tax expense (benefit)	21,464	20,367	(69,886)
Depreciation and amortization	35,198	69,869	125,700
Net income attributable to noncontrolling interests	14,211	17,099	16,594
Litigation-related expenses (income) (a)	10,026	(129,674)	—
Amortization of deferred gain resulting from sale-leaseback transactions (b)	(7,283)	(7,253)	—
Equity-based compensation (c)	19,016	16,487	65,744
Transaction-related costs (d)	1,190	12,942	34,353
Restructuring (e)	—	—	3,424
Other (f)	5,166	5,938	6,155
Adjusted EBITDA	$ 209,647	$ 246,244	$ 325,047

(a) Fiscal 2017 reflects post-judgment interest expense recorded in "(Interest and other expenses) gain associated with claim on long-term contract" in our results of operations related to a judgment entered against the Company in 2014 in connection with a lawsuit against a joint venture in which the Company is the managing partner. Fiscal 2018 reflects a reversal of an accrued liability, with $55.1 million recorded to revenue and $74.6 million recorded to other income ("gain associated with claim on long-term contract") in our results of operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Annual Report on Form 10-K for a description of this matter, which was resolved in favor of the Company on June 13, 2018.

(b) Reflects recognized deferred gains related to sales-leaseback transactions described in "Note 10—*Sale-Leasebacks*" in the notes to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

(c) Reflects equity-based compensation costs primarily related to cash-settled awards. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Annual Report on Form 10-K for a further discussion of these awards.

(d) Reflects costs incurred in connection with acquisitions, IPO, and other non-recurring transaction costs, primarily fees paid for professional services and employee retention.

(e) Reflects costs associated with and related to our corporate restructuring initiatives.

(f) Includes a combination of gain/loss related to sale of fixed assets, software implementation costs, and other individually insignificant items that are non-recurring in nature.

Adjusted EBITDA is a supplemental measure of our operating performance included in this Annual Report on Form 10-K because it is used by management and our board of directors to assess our financial performance both on a segment and on a consolidated basis. We discuss Adjusted EBITDA because our management uses this measure for business planning purposes, including to manage the business against internal projected results of operations and to measure the performance of the business generally. Adjusted EBITDA is frequently used by analysts, investors and other interested parties to evaluate companies in our industry.

Adjusted EBITDA is not a U.S. GAAP measure of our financial performance or liquidity and should not be considered as an alternative to net income as a measure of financial performance or cash flows from operations as measures of liquidity, or any other performance measure derived in accordance with U.S. GAAP. We define Adjusted EBITDA as net income attributable to Parsons Corporation, adjusted to include net income attributable to noncontrolling interests and to exclude interest expense (net of interest income), provision for income taxes, depreciation and amortization and certain other items that we do not consider in our evaluation of ongoing operating performance. These other items include, among other things, impairment of goodwill, intangible and other assets, interest and other expenses recognized on litigation matters, amortization of deferred gain resulting from sale-leaseback transactions, expenses incurred in connection with acquisitions and other non-recurring transaction costs, equity-based compensation, and expenses related to our corporate restructuring initiatives. Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Additionally, Adjusted EBITDA is not intended to be a measure of free cash flow for management's discretionary use, as it does not reflect tax payments, debt service requirements, capital expenditures and certain other cash costs that may recur in the future, including, among other things, cash requirements for working capital needs and cash costs to replace assets being depreciated and amortized. Management compensates for these limitations by relying on our U.S. GAAP results in addition to using Adjusted EBITDA supplementally. Our measure of Adjusted EBITDA is not necessarily comparable to similarly titled captions of other companies due to different methods of calculation.

The following table shows Adjusted EBITDA attributable to Parsons Corporation for each of our reportable segments and Adjusted EBITDA attributable to noncontrolling interests:

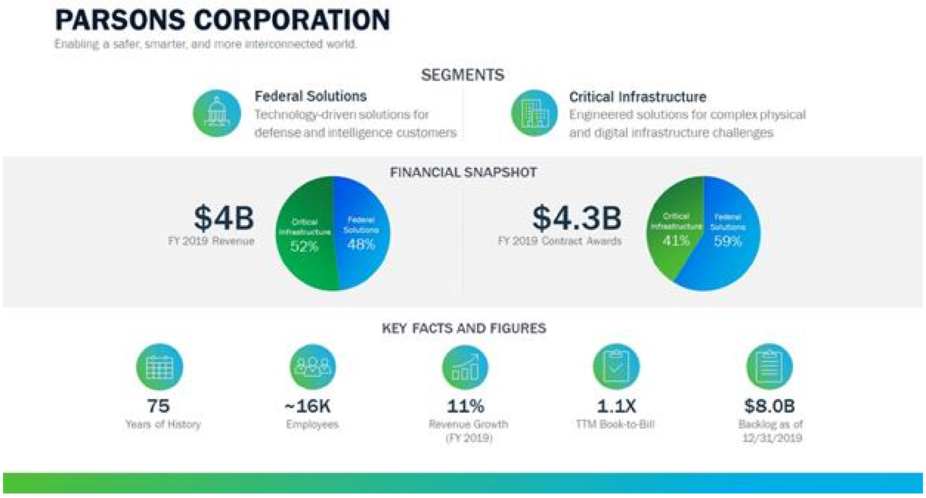
	Fiscal Year Ended		
(U.S. dollars in thousands)	**December 29, 2017**	**December 31, 2018**	**December 31, 2019**
Federal Solutions Adjusted EBITDA attributable to Parsons Corporation	$ 95,354	$ 121,986	$ 169,100
Critical Infrastructure Adjusted EBITDA attributable to Parsons Corporation	99,402	106,851	$ 138,851
Adjusted EBITDA attributable to noncontrolling interests	14,891	17,407	$ 17,096
Total Adjusted EBITDA	$ 209,647	$ 246,244	$ 325,047

See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Segment Results,“ and "Note 21—*Segments Information”* in the notes to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for further discussion regarding our segment Adjusted EBITDA attributable to Parsons Corporation.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis is intended to help investors understand our business, financial condition, results of operations, liquidity and capital resources. You should read this discussion together with our consolidated financial statements and related notes thereto included elsewhere in this Annual Report on Form 10-K.

The statements in this discussion regarding industry outlook, our expectations regarding our future performance, liquidity and capital resources and other non-historical statements in this discussion are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described in “Risk Factors” and “Special Note Regarding Forward-Looking Statements.” Actual results may differ materially from those contained in any forward-looking statements.



Overview

We are a leading disruptive technology provider in the global defense, intelligence and critical infrastructure markets. We provide software and hardware products, technical services and integrated solutions to support our customers’ missions. We have developed significant expertise and differentiated capabilities in key areas of cybersecurity, intelligence, missile defense, C5ISR, space, geospatial, and connected communities. By combining our talented team of professionals and advanced technology, we help solve complex technical challenges to enable a safer, smarter and more interconnected world.

We operate in two reporting segments, Federal Solutions and Critical Infrastructure. Our Federal Solutions business provides advanced technical solutions to the U.S. government. Our Critical Infrastructure business provides integrated engineering and management services for complex physical and digital infrastructure to state and local governments and large companies.

Our employees provide services pursuant to contracts that we are awarded by the customer and specific task orders relating to such contracts. These contracts are often multi-year, which provides us backlog and visibility on our revenues for future periods. Many of our contracts and task orders are subject to renewal and rebidding at the end of their term, and some are subject to the exercise of contract options and issuance of task orders by the applicable government entity. In addition to focusing on increasing our revenues through increased contract awards and backlog, we focus our financial performance on margin expansion and cash flow.

Key Metrics

We manage and assess the performance of our business by evaluating a variety of metrics. The following table sets forth selected key metrics (in thousands, except Book-to-Bill):

	Fiscal Year Ended		
	December 29, 2017	December 31, 2018	December 31, 2019
Awards	$ 3,404,717	$ 4,484,500	$ 4,237,101
Backlog (1)	$ 6,422,594	$ 7,971,002	$ 8,031,085
Book-to-Bill	1.1	1.3	1.1

(1) Difference between our backlog of $8.0 billion and our remaining unsatisfied performance obligations, or RUPO, of $5.0 billion, each as of December 31, 2019, is due to (i) unissued task orders and unexercised option years, to the extent their issuance or exercise is probable, as well as (ii) contract awards, to the extent we believe contract execution and funding is probable.

Awards

Awards generally represent the amount of revenue expected to be earned in the future from funded and unfunded contract awards received during the period. Contract awards include both new and re-compete contracts and task orders. Given that new contract awards generate growth, we closely track our new awards each year.

The following table summarizes the total value of new awards for the periods presented below (in thousands):

	Fiscal Year Ended		
	December 29, 2017	December 31, 2018	December 31, 2019
Federal Solutions	$ 1,278,490	$ 1,806,533	$ 2,514,545
Critical Infrastructure	2,126,227	2,677,967	1,722,556
Total Awards	$ 3,404,717	$ 4,484,500	$ 4,237,101

The change in new awards from year to year is primarily due to ordinary course fluctuations in our business. The volume of contract awards can fluctuate in any given period due to win rate and the timing and size of the awards issued by our customers. In Federals Solutions, the change in awards between fiscal 2018 and fiscal 2019 was driven primarily from business acquisitions. Awards in Critical infrastructure, for fiscal 2019, were impacted by potential awards being pushed out to 2020.

Backlog

We define backlog to include the following two components:

- Funded—Funded backlog represents the revenue value of orders for services under existing contracts for which funding is appropriated or otherwise authorized less revenue previously recognized on these contracts.

- Unfunded—Unfunded backlog represents the revenue value of orders for services under existing contracts for which funding has not been appropriated or otherwise authorized less revenue previously recognized on these contracts.

Backlog includes (i) unissued task orders and unexercised option years, to the extent their issuance or exercise is probable, as well as (ii) contract awards, to the extent we believe contract execution and funding is probable.

The following table summarizes the value of our backlog at the respective dates presented (in thousands):

	As of		
	December 29, 2017	December 31, 2018	December 31, 2019
Federal Solutions:			
Funded (1)	$ 1,299,137	$ 964,626	$ 1,153,041
Unfunded	1,963,463	3,523,376	3,882,289
Total Federal Solutions	3,262,600	4,488,002	5,035,330
Critical Infrastructure:			
Funded	3,159,994	3,483,000	2,954,955
Unfunded	-	-	40,800
Total Critical Infrastructure	3,159,994	3,483,000	2,995,755
Total Backlog (2)	$ 6,422,594	$ 7,971,002	$ 8,031,085

(1) As presented in the Company's Form S-1/A filed on April 29, 2019, funded backlog for the Federal Solutions segment was overstated by $893.8 million with a corresponding understatement in unfunded backlog. There was no impact on total Federal Solutions backlog or total backlog for Parsons Corporation.

(2) Difference between our backlog of $8.0 billion and our RUPO of $5.0 billion, each as of December 31, 2019, is due to (i) unissued task orders and unexercised option years, to the extent their issuance or exercise is probable, as well as (ii) contract awards, to the extent we believe contract execution and funding is probable.

Our backlog includes orders under contracts that in some cases extend for several years. For example, the U.S. Congress generally appropriates funds for our U.S. federal government customers on a yearly basis, even though their contracts with us may call for performance that is expected to take a number of years to complete. As a result, our federal contracts typically are only partially funded at any point during their term. All or some of the work to be performed under the contracts may remain unfunded unless and until the U.S. Congress makes subsequent appropriations and the procuring agency allocates funding to the contract.

We expect to recognize $2.8 billion of our funded backlog at December 31, 2019 as revenues in the following twelve months. However, our U.S. federal government customers may cancel their contracts with us at any time through a termination for convenience or may elect to not exercise option periods under such contracts. In the case of a termination for convenience, we would not receive anticipated future revenues, but would generally be permitted to recover all or a portion of our incurred costs and fees for work performed. See "Risk Factors—Risks Relating to Our Business—We may not realize the full value of our backlog, which may result in lower than expected revenue."

The changes in backlog in our Federal Solutions segment between fiscal 2018 and fiscal 2019 included contributions of $0.3 billion from business acquisitions. Backlog in our Critical Infrastructure segment, in fiscal 2019, was impacted primarily by a number of potential awards being pushed out to 2020. Our backlog will fluctuate in any given period based on the volume of awards issued in comparison to the revenue generated from our existing contracts.

Book-to-Bill

Book-to-bill is the ratio of total awards to total revenue recorded in the same period. Our management believes our book-to-bill ratio is a useful indicator of our potential future revenue growth in that it measures the rate at which we are generating new awards compared to the Company's current revenue. To drive future revenue growth, our goal is for the level of awards in a given period to exceed the revenue booked. A book-to-bill ratio greater than 1.0 indicates that awards generated in a given period exceeded the revenue recognized in the same period, while a book-to-bill ratio of less than 1.0 indicates that awards generated in such period were less than the revenue recognized in such period. The following table sets forth the book-to-bill ratio for the periods presented below:

	Fiscal Year Ended		
	December 29, 2017	**December 31, 2018**	**December 31, 2019**
Federal Solutions	1.2	1.2	1.3
Critical Infrastructure	1.1	1.3	0.8
Overall	1.1	1.3	1.1

Factors and Trends Affecting Our Results of Operations

We believe that the financial performance of our business and our future success are dependent upon many factors, including those highlighted in this section. Our operating performance will depend upon many variables, including the success of our growth strategies and the timing and size of investments and expenditures that we choose to undertake, as well as market growth and other factors that are not within our control.

Government Spending

Changes in the relative mix of government spending and areas of spending growth, with shifts in priorities on homeland security, intelligence, defense-related programs, infrastructure and urbanization, and continued increased spending on technology and innovation, including cybersecurity, artificial intelligence, connected communities and physical infrastructure, could impact our business and results of operations. Cost-cutting and efficiency initiatives, current and future budget restrictions, spending cuts and other efforts to reduce government spending could cause our government customers to reduce or delay funding or invest appropriated funds on a less consistent basis or not at all, and demand for our solutions or services could diminish. Furthermore, any disruption in the functioning of government agencies, including as a result of government closures and shutdowns, could have a negative impact on our operations and cause us to lose revenue or incur additional costs due to, among other things, our inability to deploy our staff to customer locations or facilities as a result of such disruptions.

Federal Budget Uncertainty

There is uncertainty around the timing, extent, nature and effect of Congressional and other U.S. government actions to address budgetary constraints, caps on the discretionary budget for defense and non-defense departments and agencies, and the ability of Congress to determine how to allocate the available budget authority and pass appropriations bills to fund both U.S. government departments and agencies that are, and those that are not, subject to the caps. Additionally, budget deficits and the growing U.S. national debt increase pressure on the U.S. government to reduce federal spending across all federal agencies, with uncertainty about the size and timing of those reductions. Furthermore, delays in the completion of future U.S. government budgets could in the future delay procurement of the federal government services we provide. A reduction in the amount of, or delays, or cancellations of funding for, services that we are contracted to provide to the U.S. government as a result of any of these impacts or related initiatives, legislation or otherwise could have a material adverse effect on our business and results of operations.

Regulations

Increased audit, review, investigation and general scrutiny by government agencies of performance under government contracts and compliance with the terms of those contracts and applicable laws could affect our operating results. Negative publicity and increased scrutiny of government contractors in general, including us, relating to government expenditures for contractor services and incidents involving the mishandling of sensitive or classified information, as well as the increasingly complex requirements of the U.S. Department of Defense and the U.S. intelligence community, including those related to cybersecurity, could impact our ability to perform in the markets we serve.

Competitive Markets

The industries we operate in consist of a large number of enterprises ranging from small, niche-oriented companies to multi-billion-dollar corporations that serve many government and commercial customers. We compete on the basis of our technical expertise, technological innovation, our ability to deliver cost-effective multi-faceted services in a timely manner, our reputation and relationships with our customers, qualified and/or security-clearance personnel, and pricing. We believe that we are uniquely positioned to take advantage of the markets in which we operate because of our proven track record, long-term customer relationships, technology innovation, scalable and agile business offerings and world class talent. Our ability to effectively deliver on project engagements and successfully assist our customers affects our ability to win new contracts and drives our financial performance.

Acquired Operations

Polaris Alpha

On May 31, 2018, the Company acquired Polaris Alpha for $489.1 million. Polaris Alpha is an advanced, technology-focused provider of innovative mission solutions for national security, intelligence and other U.S. federal customers. The acquisition was funded by cash on-hand and borrowings under our Revolving Credit Facility. The financial results of Polaris Alpha have been included in our consolidated results of operations from May 31, 2018 onward.

OGSystems

On January 7, 2019, the Company acquired OGSystems for $292.4 million. OGSystems provides geospatial intelligence, big data analytics and threat mitigation for defense and intelligence customers. The acquisition was funded by cash on-hand and borrowings under our Term Loan and Revolving Credit Facility. The financial results of OGSystems have been included in our consolidated results of operations from January 7, 2019 onward.

QRC Technologies

On July 31, 2019, the Company acquired QRC Technologies for $214.1 million. QRC Technologies provides design and development of open-architecture radio-frequency products. The acquisition was funded by cash on-hand and borrowings under our Revolving Credit Facility. The financial results of QRC Technologies have been included in our consolidated results of operations from July 31, 2019 onward.

Seasonality

Our results may be affected by variances as a result of seasonality we experience across our businesses. This pattern is typically driven by the U.S. federal government fiscal year-end, September 30. While not certain, it is not uncommon for U.S. government agencies to award extra tasks or complete other contract actions in the weeks before the end of the U.S. federal government fiscal year in order to avoid the loss of unexpended fiscal year funds. In addition, we have also historically experienced higher bid and proposal costs in the months leading up to the U.S. federal government fiscal year-end as we pursue new contract opportunities expected to be awarded early in the following U.S. federal government fiscal year as a result of funding appropriated for that U.S. federal government fiscal year. Furthermore, many U.S. state governments with fiscal years ending on June 30 tend to accelerate spending during their first quarter, when new funding becomes available. We may continue to experience this seasonality in future periods, and our results of operations may be affected by it.

Taxes

Historically, the Company had elected to be taxed under the provisions of Subchapter "S" of the Internal Revenue Code for federal tax purposes. As a result, the Company's income had not been subject to U.S. federal income taxes or state income taxes in those states where the "S" Corporation status was recognized. No provision or liability for federal or state income tax had been provided in the Company's consolidated financial statements, prior to the IPO on May 8, 2019, except for those states where the "S" Corporation status was not recognized or where states imposed a tax on "S" Corporations. The provision for income tax in the historical periods prior to the IPO consists of these state taxes and from certain foreign jurisdictions where the Company is subject to tax.

In connection with the IPO, the Company's "S" Corporation status terminated, and the Company is now treated as a "C" Corporation under Subchapter C of the Internal Revenue Code. The revocation of the Company's "S" Corporation election had a material impact on the Company's results of operations, financial condition and cash flows. Going forward, the effective tax rate will increase, and net income will decrease since the Company will be subject to both U.S. federal and state taxes on our earnings.

Results of Operations

In October 2018, our board of directors approved a change in our fiscal year end from the last Friday on or before the calendar year end to December 31st. Accordingly, the fiscal year end for fiscal 2019 is December 31, 2019, the fiscal year end for fiscal 2018 is December 31, 2018 and the fiscal year end for fiscal 2017 is December 29, 2017.

Revenue

Our revenue consists of both services provided by our employees and pass-through fees from subcontractors and other direct costs. Our Federal Solutions segment derives revenue primarily from the U.S. federal government and our Critical Infrastructure segment derives revenue primarily from government and commercial customers.

We recognize revenue for work performed under cost-plus, time-and-materials and fixed-price contracts, as follows:

Under cost-plus contracts, we are reimbursed for allowable or otherwise defined costs incurred, plus a fee. The contracts may also include incentives for various performance criteria, including quality, timeliness, safety and cost-effectiveness. In addition, costs are generally subject to review by clients and regulatory audit agencies, and such reviews could result in costs being disputed as non-reimbursable under the terms of the contract.

Under time-and-materials contracts, hourly billing rates are negotiated and charged to clients based on the actual time spent on a project. In addition, clients reimburse actual out-of-pocket costs for other direct costs and expenses that are incurred in connection with the performance under the contract.

Under fixed-price contracts, clients pay an agreed fixed-amount negotiated in advance for a specified scope of work.

Refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates" and "Note 2—*Summary of Significant Accounting Polices*" in the notes to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for a further description of our policies on revenue recognition.

The table below presents the percentage of total revenue for each type of contract.

	Fiscal Year Ended		
	December 29, 2017	December 31, 2018	December 31, 2019
Cost-plus	36%	41%	43%
Time-and-materials	29%	27%	27%
Fixed-price	35%	32%	30%

The amount of risk and potential reward varies under each type of contract. Under cost-plus contracts, there is limited financial risk, because we are reimbursed for all allowable costs up to a ceiling. However, profit margins on this type of contract tend to be lower than on time-and-materials and fixed-price contracts. Under time-and-materials contracts, we are reimbursed for the hours worked using the predetermined hourly rates for each labor category. In addition, we are typically reimbursed for other direct contract costs and expenses at cost. We assume financial risk on time-and-materials contracts because our labor costs may exceed the negotiated billing rates. Profit margins on well-managed time-and-materials contracts tend to be higher than profit margins on cost-plus contracts as long as we are able to staff those contracts with people who have an appropriate skill set. Under fixed-price contracts, we are required to deliver the objectives under the contract for a pre-determined price. Compared to time-and-materials and cost-plus contracts, fixed-price contracts generally offer higher profit margin opportunities because we receive the full benefit of any cost savings, but they also generally involve greater financial risk because we bear the risk of any cost overruns. In the aggregate, the contract type mix in our revenue for any given period will affect that period’s profitability. Over time, we have experienced a relatively stable contract mix.

Our recognition of profit on long-term contracts requires the use of assumptions related to transaction price and total cost of completion. Estimates are continually evaluated as work progresses and are revised when necessary. When a change in estimate is determined to have an impact on contract profit, we record a positive or negative adjustment to revenue and/or direct cost of contracts.

In fiscal 2017, fiscal 2018 and fiscal 2019, no single contract accounted for more than 5% of our revenue.

Joint Ventures

We conduct a portion of our business through joint ventures or similar partnership arrangements. For the joint ventures we control, we consolidate all the revenues and expenses in our consolidated statements of income (including revenues and expenses attributable to noncontrolling interests). For the joint ventures we do not control, we recognize equity in earnings of unconsolidated joint ventures. Our revenues included $112.1 million in fiscal 2017, $144.7 million in fiscal 2018 and $157.3 million in fiscal 2019 related to services we provided to our unconsolidated joint ventures.

Operating costs and expenses

Operating costs and expenses primarily include direct costs of contracts and indirect, general and administrative expenses. Costs associated with compensation-related expenses for our people and facilities, which includes ESOP contribution expenses, are the most significant component of our operating expenses. In fiscal 2017, 2018 and 2019, we made annual contributions to the ESOP in the amount of 8% of the participants’ cash compensation for the applicable year. Total ESOP contribution expense was $40.6 million for fiscal 2017, $45.2 million for fiscal 2018 and $53.6 million for fiscal 2019, and is recorded in “Direct cost of contracts” and “Indirect, general and administrative expenses.” We expect operating expenses to increase due to our anticipated growth and the incremental costs associated with being a public company. However, on a forward-looking basis, we generally expect these costs to decline as a percentage of our total revenue as we realize the benefits of scale.

Direct costs of contracts consist of direct labor and associated fringe benefits, indirect overhead, subcontractor costs, travel expenses and other expenses incurred to perform on contracts.

Indirect, general and administrative expenses include salaries and wages and fringe benefits of our employees not performing work directly for customers, facility costs and other costs related to these indirect functions.

Other income and expenses

Other income and expenses primarily consist of interest income, interest expense, other income, net and interest and other expense associated with claim on long-term contract.

Interest income primarily consists of interest earned on U.S. government money market funds.

Interest expense consists of interest expense incurred under our Senior Notes and Credit Agreement.

Other income, net primarily consists of gain or loss on sale of assets, sublease income and transaction gain or loss related to movements in foreign currency exchange rates.

Included in other income and expenses in 2018 are amounts related to the settlement of a lawsuit in favor of a joint venture in which the Company was the managing partner. With regard to the lawsuit, during the second half of fiscal 2013, a California state court issued a number of preliminary judgments with the final judgment being rendered in early fiscal 2014 in favor of the plaintiff in a lawsuit against the joint venture. We recorded a loss of $98.8 million for fiscal 2013 as a result of these judgments, which included the reversal of $55.1 million in previously recognized revenue. For fiscal 2017, we recorded post-judgment interest of $9.3 million in “(Interest and other expense) gain associated with claim on long-term contract” in our consolidated statements of income. In addition, for fiscal 2017, we recorded other expenses of $0.1 million and $0.7 million, respectively, in “Interest and other expense associated with claim on long-term contract.” $129.9 million was accrued for this matter in “Provision for contract losses” on our consolidated balance sheet as of fiscal 2017 year-end. Post-judgment interest was accrued through May 2018 when a total of $133.1 million was accrued in “Provision for contract losses of consolidated joint ventures” on our consolidated balance sheet. On February 28, 2018, the California Court of Appeals vacated the judgement, and in doing so, the appellate court remanded the case to the trial court for the sole purpose of entering a new and final judgement in our favor. On April 9, 2018, the appellate court ruling was appealed by the counterparty to the California Supreme Court. On June 13, 2018, the California Supreme Court denied the counterparty’s appeal. As a result, in the second quarter of 2018 we reversed $133.1 million accrued in “Provision for contract losses on consolidated joint ventures” on our consolidated balance sheet, resulting in a net gain of $129.7 million on our consolidated statements of income, of which $55.1 million was recorded as an increase in revenue with the remainder recorded as other income.

Year ended December 31, 2018 compared to year ended December 31, 2019

The following table sets forth our results of operations for fiscal 2018 and fiscal 2019 as a percentage of revenue.

	Fiscal Year Ended	
	December 31, 2018	December 31, 2019
Revenues	100.0%	100.0%
Direct costs of contracts	78.5%	79.0%
Equity in earnings of unconsolidated joint ventures	1.0%	1.1%
Indirect, general and administrative expenses	16.8%	19.8%
Operating income	5.8%	2.3%
Interest income	0.1%	0.0%
Interest expense	(0.6)%	(0.6)%
Other income, net	0.0%	(0.1)%
(Interest and other expense) gain associated with claim on long-term contract	2.1%	0.0%
Total other income benefit (expense)	1.5%	(0.6)%
Income before income tax expense	7.3%	1.7%
Income tax benefit (expense)	(0.6)%	1.8%
Net income including noncontrolling interests	6.7%	3.5%
Net income attributable to noncontrolling interests	(0.5)%	(0.4)%
Net income attributable to Parsons Corporation	6.2%	3.0%

Revenue

	Fiscal Year Ended		Variance	
(U.S. dollars in thousands)	December 31, 2018	December 31, 2019	Dollar	Percent
Revenue	$ 3,560,508	$ 3,954,812	$ 394,304	11.1%

Revenue for the year ended December 31, 2018 included $55.1 million related to the settlement of a claim that was resolved in favor of the Company on June 13, 2018, in our Critical Infrastructure segment. See "Results of Operations—Other income and expenses" above for a description of this matter. Excluding the claim settlement, revenue increased $449.4 million for the year ended December 31, 2019 when compared to the corresponding period last year, primarily due to an increase in revenue in our Federal Solutions segment of $408.9 million and an increase in our Critical Infrastructure segment of $40.5 million See "—Segment Results" below for further discussion.

Direct costs of contracts

(U.S. dollars in thousands)	December 31, 2018	December 31, 2019	Dollar	Percent
Direct cost of contracts	$ 2,795,005	$ 3,123,062	$ 328,057	11.7%

Direct cost of contracts increased in fiscal 2019 primarily due to an increase of $289.6 million in our Federal Solutions segment and an increase of $38.5 million in our Critical Infrastructure segment. The increase in our Federal Solutions segment was due primarily to business acquisitions, which added $239.4 million, and $50.2 million from an increase in business volume on existing contracts, offset by the completion of a significant contract. The change in our Critical Infrastructure segment was primarily due to an increase in business volume on existing contracts, along with normal course fluctuations in the winding down and starting up of contracts.

Equity in earnings of unconsolidated joint ventures

(U.S. dollars in thousands)	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019	Variance Dollar	Variance Percent
Equity in earnings of unconsolidated joint ventures	$ 36,915	$ 41,721	$ 4,806	13.0%

Equity in earnings of unconsolidated joint ventures increased in fiscal 2019 primarily due to increased activity under a number of the Company's existing joint ventures, offset by the completion of a significant joint venture during the year.

Indirect, general and administrative expenses

(U.S. dollars in thousands)	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019	Variance Dollar	Variance Percent
Indirect, general and administrative expenses	$ 597,410	$ 781,408	$ 183,998	30.8%

Indirect, general and administrative expenses ("IG&A") for the years ended December 31, 2018 and December 31, 2019 include $16.5 million and $65.7 million, respectively, of compensation cost related to equity-based awards that primarily settle in cash. Cash settled awards are remeasured to an updated fair value at each reporting period until the award is settled. Compensation cost is trued-up at each reporting period for changes in fair value pro-rated for the portion of the requisite service period rendered.

The significant increase in compensation cost related to these cash settled equity-based awards for the year ended December 31, 2019 is due to the significant difference in the fair value of a share of the Company's common stock under Parsons ESOP valuation at December 31, 2018 compared to the fair value of a share of the Company's common stock in the public market at December 31, 2019. See Item 5 of Part II for ranges in the share price of the Company's common stock since the consummation of the IPO and "Note 19—*Fair Value of Financial Instruments*" in the notes to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for a description of how the ESOP share value is determined. See "Note 1—*Description of Operations*" in the notes to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for more detail regarding the Company's IPO. The plans in which these awards were granted have been frozen and the Company does not currently intend to grant any further cash settled equity-based awards.

Excluding the compensation costs discussed above, IG&A for the years ended December 31, 2018 and December 31, 2019 were $580.9 million and $715.7 million, respectively.

The increase in IG&A of $134.8 million for the year ended December 31, 2019 when compared to the corresponding period last year was primarily due to our Federal Solutions segment, most of which is related to additional expenses of $47.8 million from business acquisitions, $50.9 million from the amortization of intangible assets related to our acquisitions and $11.2 million in acquisition-related expenses. The remaining increase of $24.9 million is related to additional bid and proposal costs and an increase in corporate functional group costs.

Total other income (expense)

(U.S. dollars in thousands)	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019	Variance Dollar	Variance Percent
Interest income	$ 2,710	$ 1,300	$ (1,410)	(52.0)%
Interest expense	(20,842)	(23,729)	(2,887)	13.9%
Other income (expense), net	(1,651)	(2,392)	(741)	44.9%
Gain associated with claim on long-term contract	74,578	-	(74,578)	(100.0)%
Total other income (expense)	$ 54,795	$ (24,821)	$ (79,616)	(145.3)%

Interest income is related to interest earned on cash balances held. Interest expense is primarily due to debt related to our business acquisitions. During the year ended December 31, 2019, the Company's term loan of $150 million was paid off and the amount of debt outstanding under the Company's revolving credit facility was reduced. The amounts in other income (expense), net are primarily related to transaction gains and losses on foreign currency transactions and sublease income.

The amount presented in gain associated with claim on long-term contract for the year ended December 31, 2018 relates to a lawsuit against a joint venture in which the Company is the managing partner. See "Results of Operations—Other income and expenses" above for a description of this matter, which was resolved in favor of the company on June 13, 2018.

Income tax (expense) benefit

	Fiscal Year Ended		Variance	
(U.S. dollars in thousands)	**December 31, 2018**	**December 31, 2019**	**Dollar**	**Percent**
Income tax (expense) benefit	$ (20,367)	$ 69,886	$ 90,253	443.1%

Income tax expense decreased in fiscal 2019 primarily due to the revaluation of our deferred tax assets and liabilities as a result of our conversion from "S" Corporation to a "C" Corporation, partially offset by the impact of the increase in overall pre-tax earnings subject to taxation as a result of our conversion to a "C" Corporation.

As described in "Note 14 – Income Taxes," in the notes to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K, in connection with the Company's IPO on May 8, 2019, the Company converted from an "S" Corporation to a "C" Corporation. On a pro forma basis, if the Company had been taxed as a "C" Corporation for the year ended December 31, 2018 and December 31, 2019, the pro forma effective tax rate would have been 28.77% and 36.89%, respectively, and the Company's pro forma income tax expense would have been $74.8 million and $24.8 million, respectively. The most significant item contributing to the change in the effective tax rate relates to a change in jurisdictional earnings. The difference between the statutory U.S. federal income tax rate of 21% and the effective tax rate for the year ended December 31, 2019 primarily relates to foreign earnings which are subject to foreign income taxes at rates that exceed the U.S. income tax rate.

The termination of the "S" Corporation status was treated as a change in tax status for Accounting Standards Codification 740, Income Taxes. These rules require that the deferred tax effects of a change in tax status to be recorded to income from continuing operations on the date the "S" Corporation status terminates. Through the year ended December 31, 2019, the Company recorded a deferred tax benefit of $93.9 million for the estimated effect of the change in tax status, relating to the recognition of net deferred tax assets for temporary differences in existence on the date of conversion to a "C" Corporation. This estimated amount is subject to additional revision based upon actual results to be reflected in the tax return for the current year.

Year ended December 29, 2017 compared to year ended December 31, 2018

The following table sets forth our results of operations for fiscal 2017 and fiscal 2018 as a percentage of revenue.

	Fiscal Year Ended	
	December 29, 2017	December 31, 2018
Revenues	100.0%	100.0%
Direct costs of contracts	79.6%	78.5%
Equity in earnings of unconsolidated joint ventures	1.3%	1.0%
Indirect, general and administrative expenses	16.8%	16.8%
Operating income	5.0%	5.8%
Interest income	0.1%	0.1%
Interest expense	(0.5)%	(0.6)%
Other income, net	0.2%	0.0%
(Interest and other expense) gain associated with claim on long-term contract	(0.3)%	2.1%
Total other income benefit (expense)	(0.6)%	1.5%
Income before income tax expense	4.4%	7.3%
Income tax benefit (expense)	(0.7)%	(0.6)%
Net income including noncontrolling interests	3.7%	6.7%
Net income attributable to noncontrolling interests	(0.5)%	(0.5)%
Net income attributable to Parsons Corporation	3.2%	6.2%

Revenue

	Fiscal Year Ended		Variance	
(U.S. dollars in thousands)	December 29, 2017	December 31, 2018	Dollar	Percent
Revenue	$ 3,017,011	$ 3,560,508	$ 543,497	18.0%

Revenue for the year ended December 31, 2018 compared to the corresponding period last year increased $543.5 million. As discussed above, revenue for the year ended December 31, 2018 included $55.1 million related to the settlement of a claim that was resolved in favor of the Company. Excluding the claim settlement, revenue increased $488.4 million for the year ended December 31, 2018 when compared to the corresponding period last year, primarily due to an increase in revenue in our Federal Solutions segment of $399.1 million and an increase in our Critical Infrastructure segment of $89.3 million See "—Segment Results" below for further discussion.

Direct costs of contracts

	Fiscal Year Ended		Variance	
(U.S. dollars in thousands)	December 29, 2017	December 31, 2018	Dollar	Percent
Direct cost of contracts	$ 2,400,140	$ 2,795,005	$ 394,865	16.5%

Direct cost of contracts increased in fiscal 2018 primarily due to an increase of $327.3 million in our Federal Solutions segment. This increase was due in part to business acquisitions, which added $194.5 million. The remaining increase in our direct costs of contracts in Federal Solutions was due to the ramp up of a number of projects, as well as growth on existing contracts. Direct cost of contracts in our Critical Infrastructure segment increased $67.6 million primarily due to a proportionate increase in Critical Infrastructure revenue.

Equity in earnings of unconsolidated joint ventures

	Fiscal Year Ended		Variance	
(U.S. dollars in thousands)	**December 29, 2017**	**December 31, 2018**	**Dollar**	**Percent**
Equity in earnings of unconsolidated joint ventures	$ 40,086	$ 36,915	$ (3,171)	(7.9)%

Equity in earnings of unconsolidated joint ventures decreased in fiscal 2018 primarily due to the timing of the completion of joint ventures and the starting of new joint ventures as part of ordinary course timing fluctuations in our business.

Indirect, general and administrative expenses

	Fiscal Year Ended		Variance	
(U.S. dollars in thousands)	**December 29, 2017**	**December 31, 2018**	**Dollar**	**Percent**
Indirect, general and administrative expenses	$ 506,255	$ 597,410	$ 91,155	18.0%

Indirect, general and administrative expenses increased in fiscal 2018 primarily due to our Federal Solutions segment, most of which is related to additional expenses from business acquisitions of $36.3 million, $32.3 million from the amortization of intangible assets related to our acquisitions, and $6.2 million in acquisition-related expenses. In our Critical Infrastructure segment, expenses in fiscal 2018 were substantially unchanged from fiscal 2017.

Total other (expense) income

	Fiscal Year Ended		Variance	
(U.S. dollars in thousands)	**December 29, 2017**	**December 31, 2018**	**Dollar**	**Percent**
Interest income	$ 2,465	$ 2,710	$ 245	9.9%
Interest expense	(15,798)	(20,842)	(5,044)	(31.9)%
Other income (expense), net	5,658	(1,651)	(7,309)	(129.2)%
(Interest and other expense) gain associated with claim on long-term contract	(10,026)	74,578	84,604	843.8%
Total other income (expense)	$ (17,701)	$ 54,795	$ 72,496	(409.6)%

Interest expense increased in fiscal 2018 primarily due to the increase in debt in fiscal 2018 compared to fiscal 2017. This increase in debt was primarily related to the Polaris Alpha acquisition. The amounts in other income (expense), net, are primarily related to transaction gains and losses on foreign currency transactions and sublease income.

As discussed above, the amount presented in gain associated with claim on long-term contract for the year ended December 31, 2018 relates to a lawsuit against a joint venture in which the Company is the managing partner.

Income tax expense

	Fiscal Year Ended		Variance	
(U.S. dollars in thousands)	**December 29, 2017**	**December 31, 2018**	**Dollar**	**Percent**
Income tax expense	$ (21,464)	$ (20,367)	$ 1,097	5.1%

Income tax expense decreased in fiscal 2018 primarily due to the impact of our change in jurisdictional earnings mix from higher to lower tax jurisdictions, partially offset by the impact of the increase in overall pre-tax earnings subject to taxation.

Segment Results

We evaluate segment operating performance using segment revenue and segment Adjusted EBITDA attributable to Parsons Corporation. Adjusted EBITDA attributable to Parsons Corporation is Adjusted EBITDA excluding Adjusted EBITDA attributable to noncontrolling interests. See “Selected Financial Data” for a discussion of our definition of Adjusted EBITDA, how we use this metric, why we present this metric and the material limitations on the usefulness of this metric. See “Note 21—*Segments Information*” in the notes to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for further discussion regarding our segment Adjusted EBITDA attributable to Parsons Corporation.

The following table shows Adjusted EBITDA attributable to Parsons Corporation for each of our reportable segments and Adjusted EBITDA attributable to noncontrolling interests:

	Fiscal Year Ended		
(U.S. dollars in thousands)	**December 29, 2017**	**December 31, 2018**	**December 31, 2019**
Federal Solutions Adjusted EBITDA attributable to Parsons Corporation	$ 95,354	$ 121,986	$ 169,100
Critical Infrastructure Adjusted EBITDA attributable to Parsons Corporation	99,402	106,851	$ 138,851
Adjusted EBITDA attributable to noncontrolling interests	14,891	17,407	$ 17,096
Total Adjusted EBITDA	$ 209,647	$ 246,244	$ 325,047

Year ended December 31, 2018 compared to year ended December 31, 2019

Federal Solutions

	The Year Ended		Variance	
(U.S. dollars in thousands)	**December 31, 2018**	**December 31, 2019**	**Dollar**	**Percent**
Revenue	$ 1,479,007	$ 1,887,907	$ 408,900	27.6%
Adjusted EBITDA attributable to Parsons Corporation	$ 121,986	$ 169,100	$ 47,114	38.6%

The increase in Federal Solutions revenue for the year ended December 31, 2019 compared to the corresponding period last year was primarily due to incremental revenue from business acquisitions, which added $317.4 million. Federal Solutions organic revenue grew $91.5 million, which included significant incentive fee recognition and an increase in business volume on existing contracts, offset by the completion of a significant contract.

The increase in Federal Solutions Adjusted EBITDA attributable to Parsons Corporation for the year ended December 31, 2019 compared to the corresponding period last year was primarily due to business acquisitions, an increase in business volume on existing contracts, and generally higher profit margins driven by significant incentive fee recognition. These increases were partially offset by an increase in IG&A, driven by an increase in bid and proposal costs and a greater allocation of corporate IG&A in line with the segment’s growing share of overall business as well as the completion of a significant contract.

Critical Infrastructure

	The Year Ended		Variance	
(U.S. dollars in thousands)	**December 31, 2018**	**December 31, 2019**	**Dollar**	**Percent**
Revenue	$ 2,081,501	$ 2,066,905	$ (14,596)	(0.7)%
Adjusted EBITDA attributable to Parsons Corporation	$ 106,851	$ 138,851	$ 32,000	29.9%

As discussed above, Critical Infrastructure revenue for the year ended December 31, 2018 included $55.1 million related to the settlement of a claim that was resolved in favor of the Company.

Excluding the claim settlement, revenue for the year ended December 31, 2019 compared to the corresponding period last year increased $44.2 million. This increase in revenue was primarily related to an increase in business volume under existing contracts, along with normal course fluctuations in the winding down and starting up of contracts.

The increase in Critical Infrastructure Adjusted EBITDA attributable to Parsons for the year ended December 31, 2019 compared to the corresponding period last year was primarily due to an increase in business volume, a decrease in IG&A, primarily due to a lower allocation of corporate IG&A in line with the segment's share of overall business, and an increase in equity in earnings of unconsolidated joint ventures.

Year ended December 29, 2017 compared to year ended December 31, 2018

Federal Solutions

	The Year Ended		Variance	
(U.S. dollars in thousands)	**December 29, 2017**	**December 31, 2018**	**Dollar**	**Percent**
Revenue	$ 1,079,906	$ 1,479,007	$ 399,101	37.0%
Adjusted EBITDA attributable to Parsons Corporation	$ 95,354	$ 121,986	$ 26,632	27.9%

The increase in Federal Solutions revenue for the year ended December 31, 2018 compared to the corresponding period last year was primarily due to incremental revenue from business acquisitions, which added $254.9 million. Federal Solutions legacy revenue increased $144.2 million primarily due to the ramp up of a number of projects, as well as growth on existing contracts.

The increase in Federal Solutions Adjusted EBITDA attributable to Parsons Corporation for the year ended December 31, 2018 compared to the corresponding period last year was primarily due to business acquisitions.

Critical Infrastructure

	The Year Ended		Variance	
(U.S. dollars in thousands)	**December 29, 2017**	**December 31, 2018**	**Dollar**	**Percent**
Revenue	$ 1,937,105	$ 2,081,501	$ 144,396	7.5%
Adjusted EBITDA attributable to Parsons Corporation	$ 99,402	$ 106,851	$ 7,449	7.5%

As discussed above, Critical Infrastructure revenue for the year ended December 31, 2018 included $55.1 million related to the settlement of a claim that was resolved in favor of the Company. Excluding the claim settlement, revenue for the year ended December 31, 2018 compared to the corresponding periods last year increased $89.3 million. This increase in revenue was primarily related to an increase in business volume under existing contracts, along with normal course fluctuations in the winding down and starting up of contracts.

The increase in Critical Infrastructure Adjusted EBITDA attributable to Parsons Corporation was primarily related to an increase in business volume, offset by an increase in other income and expense, primarily related to foreign currency transaction gains and losses, and an increase in net income attributable to noncontrolling interests.

Liquidity and Capital Resources

Historically, we have financed our operations and capital expenditures and, prior to the conclusion of the 180-day lock-up period on November 3, 2019, satisfied redemptions of ESOP interests through a combination of internally generated cash from operations, our Senior Notes and from borrowings under our Revolving Credit Facility. At the conclusion of the 180-day lock-up period on November 3, 2019, all shares held by the ESOP are redeemable by participants in shares of the Company's common stock once vesting and eligibility requirements have been met. See "Critical Accounting Policies and

Estimates" elsewhere in this Annual Report on Form 10-K for a discussion of the ESOP and related IPO matters.

Generally, cash provided by operating activities has been adequate to fund our operations. Due to fluctuations in our cash flows and growth in our operations, it may be necessary from time to time in the future to borrow under our Credit Agreement to meet cash demands. Our management regularly monitors certain liquidity measures to monitor performance. We calculate our available liquidity as a sum of cash and cash equivalents from our consolidated balance sheet plus the amount available and unutilized on our Credit Agreement.

We believe we have adequate liquidity and capital resources to fund our operations, support our debt service and support our ongoing acquisition strategy for at least the next twelve months based on the liquidity from cash provided by our operating activities, cash and cash equivalents on-hand and our borrowing capacity under our Revolving Credit Facility.

Cash Flows

Cash received from customers, either from the payment of invoices for work performed or for advances in excess of revenue recognized, is our primary source of cash. We generally do not begin work on contracts until funding is appropriated by the customers. Billing timetables and payment terms on our contracts vary based on a number of factors, including whether the contract type is cost-plus, time-and-materials, or fixed-price. We generally bill and collect cash more frequently under cost-plus and time-and-materials contracts, as we are authorized to bill as the costs are incurred or work is performed. In contrast, we may be limited to bill certain fixed-price contracts only when specified milestones, including deliveries, are achieved. A number of our contracts may provide for performance-based payments, which allow us to bill and collect cash prior to completing the work.

Billed accounts receivable represents amounts billed to clients that have not been collected. Unbilled accounts receivable represents amounts where the Company has a present contractual right to bill but an invoice has not been issued to the customer at the period-end date.

Accounts receivable is the principal component of our working capital and is generally driven by revenue growth. Accounts receivable includes billed and unbilled amounts. The total amount of our accounts receivable can vary significantly over time, but is generally sensitive to revenue levels. We experience delays in collections from time to time from Middle East customers. Net days sales outstanding, which we refer to as net DSO, is calculated by dividing (i) accounts receivable (net of project accruals, billings in excess of revenue and accounts payable) by (ii) average revenue per day (calculated by dividing trailing twelve months revenue by the number of days in that period). We focus on collecting outstanding receivables to reduce Net DSO and working capital. Net DSO was 68 days at December 29, 2017, 52 days at December 31, 2018 and 55 days at December 31, 2019. Our working capital (current assets less current liabilities) was $554.2 million at December 29, 2017, $482.6 million at December 31, 2018 and $382.0 million at December 31, 2019.

Our cash, cash equivalents and restricted cash decreased by $85.8 million to $195.4 million at December 31, 2019 from $281.2 million at December 31, 2018. This compares to a decrease in cash, cash equivalents and restricted cash of $164.9 million from $446.1 million at December 29, 2017 to $281.2 million at December 31, 2018.

The following table summarizes our sources and uses of cash over the periods presented (in thousands):

	Fiscal Year Ended		
	December 29, 2017	December 31, 2018	December 31, 2019
Net cash provided by operating activities	$ 265,029	$ 284,634	$ 220,240
Net cash used in investing activities	(52,961)	(503,295)	(570,803)
Net cash provided by (used in) financing activities	(160,171)	55,411	266,036
Effect of exchange rate changes	1,235	(1,699)	(1,294)
Net increase (decrease) in cash and cash equivalents	$ 53,132	$ (164,949)	$ (85,821)

Operating Activities

Net cash provided by operating activities consists primarily of net income adjusted for noncash items, such as: equity in earnings of unconsolidated joint ventures, contributions of treasury stock, depreciation and amortization of property and equipment and intangible assets, provisions for doubtful accounts, amortization of deferred gains, and impairment charges. The timing between the conversion of our billed and unbilled receivables into cash from our customers and disbursements to our employees and vendors is the primary driver of changes in our working capital. Our operating cash flows are primarily affected by our ability to invoice and collect from our clients in a timely manner, our ability to manage our vendor payments and the overall profitability of our contracts.

Net cash provided by operating activities decreased $64.4 million to $220.2 million during fiscal 2019 compared to $284.6 million during fiscal 2018. The decrease in net cash provided by operating activities is primarily due to a change in the use of cash related to our working capital accounts of $64.1 million (primarily driven by growth in accounts receivable and contract assets net of contract liabilities), and a $8.8 million change in net income after adjusting for non-cash items. These negative changes in operating cash flows were offset, in part, by a $8.6 million change in other long-term liabilities, primarily related to our insurance reserves. Net DSOs increased from 52 days to 55 days primarily driven by the change in the Company's working capital accounts discussed above.

Net cash provided by operating activities increased $19.6 million to $284.6 million during fiscal 2018 compared to $265.0 million during fiscal 2017. The increase in net cash provided by operating activities is primarily due to a change in other long-term liabilities of $12.8 million, primarily related to our insurance reserves, and a $38.5 million increase in net income after adjusting for non-cash items. These positive changes in operating cash flows were offset, in part, by a $33.1 million change in the use of cash related to our working capital accounts. Notwithstanding the decrease in cash flows from our working capital accounts, net DSOs decreased from 68 days to 52 days primarily driven by the change in our business mix with a greater percentage of business volume coming from Federal Solutions segment which generally has lower DSO.

In connection with the Company's IPO on May 8, 2019, the Company converted from an "S" Corporation to a "C" Corporation. As a "C" Corporation we are now subject to U.S. Income Taxes. During fiscal 2019 the Company made $60.5 million in tax payments compared with $17.1 million in tax payments during fiscal 2018.

Investing Activities

Net cash used in investing activities consists primarily of cash flows associated with capital expenditures and business acquisitions.

Net cash used in investing activities increased $67.5 million from fiscal 2018 to fiscal 2019, primarily due to an increase in cash used for capital expenditures of $38.3 million, principally related to the Company's office space, investments in unconsolidated joint ventures of $19.9 million, and payments for acquisitions, net of cash acquired, of $13.7 million.

Net cash used in investing activities increased $450.3 million from fiscal 2017 to fiscal 2018, primarily due to the use of $481.2 million, net of cash acquired, for the acquisition of Polaris Alpha in fiscal 2018 compared to $25.7 million, net of cash acquired, in fiscal 2017 for the acquisition of Williams Electric Company.

Financing Activities

Net cash provided by (used in) financing activities is primarily associated with proceeds from debt, the repayment thereof, distributions to noncontrolling interests and payments to the ESOP in connection with the redemption of ESOP participants' interests. We spent $111.4 million in fiscal 2017, $125.8 million in fiscal 2018 and $6.3 million in fiscal 2019 in connection with the redemption of ESOP participants' interests. With a public market for the Company's common stock, cash is no longer required for ESOP redemptions following the 180-day lock-up period which ended November 3, 2019. Participants now receive distributions of their ESOP interests in shares of our common stock.

Net cash provided by financing activities increased $210.6 million from fiscal 2018 to fiscal 2019, primarily due to $536.9 million of net proceeds from the IPO and a reduction of $119.5 million in the purchases of treasury stock related to redemptions of ESOP interests in fiscal 2019 compared to fiscal 2018. These changes in cash flows provided by financing activities were offset, in part, by a change in net repayments under the Company's revolving credit agreement of $360.0 million, payment of the IPO dividend of $52.1 million, an increase of $23.4 million in distributions to noncontrolling interests and a decrease of $10.6 million in contributions by noncontrolling interests.

Net cash provided by financing activities increased $215.6 million from fiscal 2017 to fiscal 2018, primarily due to an increase in net borrowings under our Credit Agreement of $180.0 million and a decrease in distributions to noncontrolling interest of $45.7 million. These cash flows provided by financing activities were offset, in part, by an increase of $14.4 million in the purchases of treasury stock related to redemptions of ESOP interests in fiscal 2018 compared to redemptions in fiscal 2017.

Letters of Credit

We also have in place several secondary bank credit lines for issuing letters of credit, principally for foreign contracts, to support performance and completion guarantees. Letters of credit commitments outstanding under these bank lines aggregated $197.3 million as of December 31, 2019. Letters of credit outstanding under the Credit Agreement total $43.7 million.

Contractual Obligations

The following table summarizes our contractual obligations that require us to make future cash payments as of December 31, 2019. For contractual obligations, we included payments that we have an unconditional obligation to make.

(U.S. dollars in thousands)	Total	2020	2021-2022	2023-2024	Thereafter
Senior Notes (1)	$ 316,853	$ 12,361	$ 71,824	$ 118,094	$ 114,574
Operating lease obligations	283,453	58,412	102,945	72,369	49,727
Finance lease obligations	2,396	1,152	1,196	48	-
Total minimum payments	$ 602,702	$ 71,925	$ 175,965	$ 190,511	$ 164,301

(1) Consists of our principal and interest obligations under our Senior Notes. See "Note 12—*Debt and Credit Facilities*" in the notes to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for additional information regarding our debt and related matters.

In the normal course of business, we enter into agreements with subcontractors and vendors to provide products and services that we consume in our operations or that are delivered to our clients. These products and services are not considered unconditional obligations until the products and services are actually delivered at which time we record a liability for our obligation.

Critical Accounting Policies and Estimates

Our significant accounting policies are described in "Note 2—*Summary of Significant Accounting Policies*" in the notes to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K. Management makes estimates and judgments in preparing our consolidated financial statements. These estimates and judgments affect the reported amounts of certain assets and liabilities and the revenues and expenses reported for the periods presented in the consolidated financial statements. Although such estimates and assumptions are based on information available through the date of the issuance of our consolidated financial statements, actual results could differ significantly from those estimates and assumptions. Our estimates, judgments and assumptions are evaluated periodically and adjusted accordingly.

We believe that the following items are the most critical accounting policies and estimates that involved significant judgment as we prepared our financial statements. We consider an accounting policy or estimate to be critical if the policy or estimate requires assumptions to be made that were uncertain at the time they were made and if changes in these assumptions could have a material impact on our financial condition or results of operations.

Revenue Recognition and Cost Estimation

In May 2014, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*, ("ASC 606"), which provides a single comprehensive accounting standard for revenue recognition for contracts with customers and supersedes then-current industry-specific guidance, including Accounting Standards Codification 605-35, or ASC 605-35. The new standard requires companies to recognize revenue when control of promised goods or services is transferred to customers at an amount that reflects the consideration to which the company expects to be entitled in exchange for the goods or services. The new model requires companies to identify contractual performance obligations and determine whether revenue should be recognized at a point in time or over time for each of these obligations. The new standard also significantly expands disclosure requirements regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

On December 30, 2017, the Company adopted ASC 606, using the modified retrospective method, which provides for a cumulative effect adjustment to retained earnings beginning in fiscal 2018 for those uncompleted contracts impacted by the adoption of the new standard. The difference between the recognition criteria under ASC-606 and our previous recognition practices under ASC 605-35 was recognized through a cumulative adjustment of $4.7 million that was made to the opening balance of accumulated deficit as of December 30, 2017. The cumulative effect of adopting ASC 606 was primarily due to combining certain deliverables that were previously considered separate deliverables into a single performance obligation and the transition of certain cost-type contracts into the cost-to-cost measure of progress method. Consistent with the modified retrospective transition approach, the comparative fiscal 2017 period was not adjusted to conform to the current period presentation. The following are the significant policies and practices as applied to our business.

In our industry, recognition of revenue and profit on long-term contracts requires the use of assumptions and estimates related to total contract revenue, total cost at completion, and the measurement of progress towards completion. Estimates are continually evaluated as work progresses and are revised when necessary. When a change in estimate is determined to have an impact on contract revenue or profit, we record a positive or negative adjustment to the consolidated statements of income.

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in ASC 606. The transaction price of a contract is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. To the extent a contract is deemed to have multiple performance obligations, we allocate the transaction price of the contract to each performance obligation using our best estimate of the standalone selling price of each distinct good or service in the contract. We determine the relative standalone selling price utilizing observable prices for the sale of the underlying goods or services. Contracts are considered to have a single performance obligation if the promise to transfer the individual goods or services is not separately identifiable from other promises in the contracts or is not distinct in the context of the contract, which is mainly because we provide a significant service of integrating a complex set of tasks and components into a single project or capability. Engineering and construction contracts are generally accounted for as a single performance obligation, while our engineering and construction supervision contracts are accounted for as two separate performance obligations. When providing construction supervision services, we are not liable for the construction of the asset, but have an overall responsibility to oversee, coordinate, measure, and evaluate the quality of construction work and the performance of the construction contractor on behalf of the customer. Customers are generally billed as we satisfy our performance obligations and payment terms typically range from 30 to 120 days from the invoice date. Billings under certain fixed-price contracts may be based upon the achievement of specified milestones, while some arrangements may require advance customer payment. Our contracts generally do not include a significant financing component.

The transaction price for our contracts may include variable consideration, which includes increases to the transaction price for approved and unpriced change orders, claims and incentives, and reductions to transaction price for liquidated damages. We recognize adjustments in estimated profit on contracts under the cumulative catch-up method. Under this method, the impact of the adjustment on profit recorded to-date is recognized in the period the adjustment is identified. If at any time the estimate of contract profitability indicates an anticipated loss on the contract, we recognize the total loss in the quarter it is identified.

Claims revenue is related to amounts in excess of agreed contract price that we seek to collect from clients or others for customer-caused delays, errors in specifications and designs, contract terminations, change orders that are either in dispute or are unapproved as to both price and scope, or other causes of unanticipated additional contract costs, including factors outside of our control, where we therefore believe we are entitled to additional compensation. Claims revenue, when recorded, is only recorded to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur. We include certain unapproved claims in the transaction price when the claims are legally enforceable, we consider collection to be probable and believe we can reliably estimate the ultimate value. We continue to engage in negotiations with our customers on our outstanding claims. However, these claims may be resolved at amounts that differ from our current estimates, which could result in increases or decreases in future estimated contract profits or losses. Costs related to claims are recognized when they are incurred.

Change orders, which are a normal and recurring part of our business, are generally not distinct and are accounted for as part of the existing contract. The effect of a change order that is not distinct on the transaction price and our measure of progress for the performance obligation to which it relates is recognized on a cumulative catch-up basis. To the extent change orders included in the transaction price are not resolved in our favor, there could be reductions in, or reversals of previously reported amounts of, revenues and profits, and charges against current earnings. Costs relating to change orders are recognized when they are incurred.

We recognize revenue for most of our contracts over time as performance obligations are satisfied, as we are continuously transferring control to the customer. Typically, revenue is recognized over time using an input measure (i.e., costs incurred to date relative to total estimated costs at completion) to measure progress.

We often enter into contracts in which the amount billed to the customer corresponds directly with the amount of work performed. These contract types qualify for the “right to invoice” practical expedient method of measuring progress, in which the right to consideration corresponds directly with the value to the customer of our performance to date. For these contracts, revenue is recognized in the amount that we have the right to invoice.

Provisions for anticipated losses on contracts, including those arising from disputes and other contingencies, are recorded in the period such loss becomes known; provisions not ultimately required are released as disputes or contingencies are resolved.

Contract costs include labor and materials, amounts payable to subcontractors, direct overhead costs and equipment expense (primarily depreciation, fuel, maintenance and repairs). All contract costs are recorded as incurred. Changes to estimated contract costs, either due to unexpected events or revisions to management’s initial estimates, for a given project are recognized in the period in which they are determined as estimated at the contract level.

Leases

In February 2016, the FASB issued ASU 2016-02 “Leases (Topic 842)”, which is a new standard related to leases to increase transparency and comparability among organizations by requiring the recognition of right-of-use (“ROU”) assets obtained in exchange for lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Company elected to adopt the standard, and available practical expedients, effective January 1, 2019. These practical expedients allowed the Company to keep the lease classification assessed under the previous lease accounting standard (ASC 840) without reassessment under the new standard, and allowed all separate lease components, including non-lease components, to be accounted for as a single lease component for all existing leases prior to adoption of the new standard. Furthermore, the Company made an accounting policy election to not recognize a lease liability and ROU asset for leases with lease terms of twelve months or less.

The Company adopted this new standard under the modified retrospective transition approach without adjusting comparative periods in the financial statements, as allowed under Topic 842, and implemented internal controls and key system functionality to enable the preparation of financial information on adoption.

The standard had a material impact on the Company’s consolidated balance sheets but did not have an impact on the consolidated income statements. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases, while accounting for finance leases remained substantially unchanged.

As a result of the adoption, the Company recorded a cumulative-effect adjustment to retained earnings of $52.6 million, net of a deferred tax asset adjustment of $0.7 million, representing the unamortized portion of a deferred gain previously recorded as a sale-leaseback transaction associated with the sale of an office building in 2011. The Company concluded the transaction resulted in the transfer of control of the office building to the buyer-lessor at market terms and would have qualified as a sale under Topic 842 with gain recognition in the period the sale was recognized.

The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease ROU assets and current and long-term operating lease liabilities in the consolidated balance sheets. Finance leases are included in other noncurrent assets, accrued expenses and other current liabilities and other long-term liabilities in the consolidated balance sheets.

ROU assets represent the Company’s right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Company’s leases do not provide an implicit interest rate, incremental borrowing rates are used based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

We have lease agreements with lease and non-lease components, which are generally accounted for separately. For certain equipment leases, such as vehicles, we account for the lease and non-lease components as a single lease component. Additionally, for certain equipment leases, we apply a portfolio approach to effectively account for the operating lease ROU assets and liabilities.

The Company has operating and finance leases for corporate and project office spaces, vehicles, heavy machinery and office equipment. Our leases have remaining lease terms of one year to 10 years, some of which may include options to extend the leases for up to five years, and some of which may include options to terminate the leases up to the seventh year.

Business Combinations

The cost of an acquired company is assigned to the tangible and intangible assets purchased and the liabilities assumed on the basis of their fair values at the date of acquisition. The determination of fair values of assets acquired and liabilities assumed requires us to make estimates and use valuation techniques when a market value is not readily available. Any excess of purchase price over the fair value of tangible and intangible assets acquired and obligations assumed is allocated to goodwill. Goodwill typically represents the value paid for the assembled workforce and enhancement of our service offerings. Transaction costs associated with business combinations are expensed as incurred. The determination of fair values of assets acquired and liabilities assumed requires the Company to make estimates and use valuation techniques when a market value is not readily available. The Company adjusts the preliminary purchase prices allocation, as necessary, during the measurement period of up to one year after the acquisition closing date as the Company obtains more information as to facts and circumstances existing at the acquisition date.

Goodwill and Intangible Assets

Goodwill is not amortized but is subject to an annual impairment test. Interim testing for impairment is performed if indicators of potential impairment exist. For purposes of impairment testing, goodwill is allocated to the applicable reporting units based on the current reporting structure. When evaluating goodwill for impairment, we may decide to first perform a qualitative assessment, or “step zero” impairment test, to determine whether it is more likely than not that impairment has occurred. If we do not perform a qualitative assessment, or if we determine that it is not more likely than not that the fair value of our reporting units exceeds their carrying amounts, we perform a quantitative assessment and calculate the estimated fair value of the respective reporting unit. If the carrying amount of a reporting unit’s goodwill exceeds the fair value of that goodwill, an impairment loss is recognized.

Our decision to perform a qualitative impairment assessment in a given year is influenced by a number of factors, including the significance of the excess of our estimated fair value over carrying value at the last quantitative assessment date, the amount of time in between quantitative fair value assessments, and the date of the applicable acquisitions, if any.

In 2019, the Company changed the date of its annual goodwill impairment testing from November 30 to October 1. This change results in better alignment of the Company's annual impairment test with the Company’s annual budgeting cycle and provides a more reliable measurement using the Company’s interim closing processes. The change had no effect on the Company’s consolidated financial statements for the current or historical periods.

We perform a goodwill impairment test on an annual basis for each reporting unit that requires certain assumptions and estimates be made regarding industry economic factors and future profitability. For the years ended December 29, 2017, December 31, 2018 and December 31, 2019, we performed a quantitative analysis for all of our reporting units. It was determined that the fair value of each of our reporting units substantially exceeded their carrying values. As a result, no goodwill impairments were identified for those periods.

The goodwill impairment test involves determination of the fair value of our reporting units. This process requires significant judgments and estimates, including assumptions about our strategic plans for operations as well as the interpretation of current economic indicators. Development of the present value of future cash flow projections includes assumptions and estimates derived from a review of our expected revenue growth rates, profit margins, business plans, cost of capital and tax rates. We also make certain assumptions about future market conditions, market prices, interest rates and changes in business strategies. Changes in assumptions or estimates could materially affect the determination of the fair value of a reporting unit. This could eliminate the excess of fair value over carrying value of a reporting unit entirely and, in some cases, result in impairment. Such changes in assumptions could be caused by a loss of one or more significant contracts, reductions in government or commercial client spending, or a decline in the demand for our services due to changing economic conditions. In the event that we determine that our goodwill is impaired, we would be required to record a non-cash charge that could result in a material adverse effect on our results of operations or financial position.

We use the Income Approach and Market Approach (Guideline Transaction and Guideline Company Method) to determine the fair value of reporting units. The Income Approach utilizes the discounted cash flow method, which focuses on the expected cash flow of the reporting unit. In applying this approach, the cash flow is calculated for a finite period of years. Beyond the finite period, a terminal value is developed using a sustainable long-term annual growth rate estimate. Then the finite period cash flows and the terminal value are discounted to present value to arrive at an indication of fair value. We utilized internal financial projections through fiscal 2024. The Market Approach utilizes market comparable transactions and comparable companies to calculate the estimated fair value. The guideline company approach focuses on comparing the reporting unit to select reasonably similar (or "guideline") publicly traded companies. Under this method, valuation multiples are derived from the median of the operating data of selected guideline companies and applied to the operating data of the reporting unit to arrive at an indication value. In the similar transactions approach, consideration is given to prices paid in recent transactions that have occurred in the reporting unit's industry or in related industries. For the Federal Solutions reporting unit, only Guideline Company Method is used as the Federal Solutions reporting unit has gone through multiple acquisitions during the past 2 years, and thus making Guideline Transaction Method difficult to apply. For the Critical Infrastructure reporting unit, both Guideline Transaction Method and Guideline Company Method are utilized to calculate the estimated fair value. Equal weighing is given to each of the methods used to estimate the fair value of reporting units. Our last review at October 1, 2019 (i.e. the first day of our fourth quarter in fiscal 2019), indicated that we had no impairment of goodwill, and all of our reporting units had estimated fair values that were in excess of their carrying values, including goodwill. We had no reporting units that had estimated fair values that exceeded their carrying values by less than 50%.

Intangible assets with finite lives arise from business acquisitions and are amortized based on the period over which the contractual or economic benefit of the intangible assets are expected to be realized or on a straight-line basis over the useful lives of the underlying assets, ranging from one to ten years. These primarily consist of customer relationships, backlog, and covenants not to compete. We assess the recoverability of the unamortized balance of our intangible assets when indicators of impairment are present based on expected future profitability and undiscounted expected cash flows and their contribution to overall operations. Should the review indicate that the carrying value is not fully recoverable, the excess of the carrying value over the fair value of the intangible assets would be recognized as an impairment loss.

Consolidation of Joint Ventures and Variable Interest Entities

We participate in joint ventures, which include partnerships and partially owned limited liability corporations, to bid, negotiate and complete specific projects. We are required to consolidate these joint ventures if we hold the majority voting interest or if we meet the criteria under the consolidation model as described below.

A variable interest entity, or "VIE", is an entity with one or more of the following characteristics: (a) the total equity investment at risk is not sufficient to permit the entity to finance its activities without additional financial support; (b) as a group, the holders of the equity investment at risk lack the ability to make certain decisions, the obligation to absorb expected losses or the right to receive expected residual returns; or (c) an equity investor has voting rights that are disproportionate to its economic interest and substantially all of the entity's activities are on behalf of the investor with disproportionately low voting rights. Our VIEs may be funded through contributions, loans and/or advances from the joint venture partners or by advances and/or letters of credit provided by clients. Certain VIEs are directly governed, managed, operated and administered by the joint venture partners. Others have no employees and, although these entities own and hold the contracts with the clients, the services required by the contracts are typically performed by the joint venture partners or by other subcontractors.

We are required to perform an analysis to determine whether we are the primary beneficiary of our VIEs. We are deemed to be the primary beneficiary of a VIE if we have (i) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance; and (ii) the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE.

Many of the joint ventures we enter into are deemed to be VIEs because they lack sufficient equity to finance the activities of the joint venture. We use a qualitative approach to determine if we are the primary beneficiary of the VIE, which considers factors that indicate a party has the power to direct the activities that most significantly impact the joint venture's economic performance. In determining whether we are the primary beneficiary of the VIE, significant assumptions and judgments include the following: (1) identifying the significant activities and the parties that have the power to direct them; (2) reviewing the governing board composition and participation ratio; (3) determining the equity, profit and loss ratio; (4) determining the management-sharing ratio; (5) reviewing employment terms, including which joint venture partner provides the project manager; and (6) reviewing the funding and operating agreements. We analyze each joint venture initially to determine if it should be consolidated or unconsolidated into our financial statements:

- A joint venture is consolidated into our financial statements if we are the primary beneficiary of a VIE or hold the majority of voting interests of a non-VIE (and no significant participative rights are available to the other partners).
- A joint venture is not consolidated into our financial statements if we are not the primary beneficiary of a VIE, or do not hold the majority of voting interest of a non-VIE.

We account for our unconsolidated joint ventures using the equity method of accounting. Under this method, we recognize our proportionate share of the net earnings of these joint ventures as "Equity in earnings (loss) of unconsolidated joint ventures". Our maximum exposure to loss as a result of our investments in unconsolidated variable interest entities is typically limited to the aggregate of the carrying value of the investment and future funding commitments in these entities.

ESOP

On May 8, 2019, the Company consummated the IPO. At the IPO date, shares held by the ESOP were subject to a 180-day lock-up period which concluded on November 3, 2019.

We contribute shares of our own stock to the ESOP each year. Shares held by the ESOP or committed to be contributed to the ESOP were presented as temporary equity at December 31, 2018 as they included a cash redemption feature that was not solely within the Company's control. At the conclusion of the 180-day lock-up period, ESOP distributions are no longer made in cash and are now made in shares of the Company's common stock. Accordingly, at December 31, 2019, shares held by the ESOP have been reclassified from temporary equity to permanent equity.

Throughout the year, as employee services are rendered, we record compensation expense based on salaries of eligible employees. Contributions of our common stock to the ESOP are made annually in amounts determined by our board of directors and are held in trust for the sole benefit of the participants. Shares allocated to a participant's account are fully vested after six years of credited service, or in the event(s) of reaching age 65, death or disability while an active employee.

A participant's interest in their ESOP account is redeemable upon certain events, including retirement, death, termination due to permanent disability, a severe financial hardship following termination of employment, certain conflicts of interest following termination of employment, or the exercise of diversification rights. Prior to the IPO, participants' interests were redeemable in cash based on share prices established by the ESOP Trustee. Subsequent to the IPO and during the 180-day lock-up period, participants' interests were redeemable in cash based on quoted prices of a share of the Company's common stock on the NYSE. Subsequent to the 180-day lock-up period, distributions from the ESOP of participants' interests are made in the Company's common stock based on quoted prices of a share of the Company's common stock on the NYSE. A participant will be able to sell such shares of common stock in the market, subject to any requirements of the federal securities laws.

Valuation of Common Stock

Prior to the Company's IPO, our share price was determined using a combination of income- and market-based methods that utilized unobservable Level 3 inputs, including significant assumptions such as forecasted revenue and operating margins, working capital requirements and weighted average cost of capital. Given the absence of a public trading market for our common stock, for all purposes related to the fair market value of our common stock, we historically used the per share price of our common stock as established by the ESOP Trustee, taking into account, among other things, the advice of a third-party valuation consultant for the ESOP Trustee, as well as the ESOP Trustee's knowledge of the Company as of December 31 for each calendar year. Subsequent to the IPO, the share price is based on quoted prices of the Company's common stock on the NYSE.

Equity-Based Compensation

The Company measures the value of services received from employees and directors in exchange for an equity-based award based on the grant date fair value. The Company issues equity-based awards that settle in either cash or shares of the Company's common stock. Cash settled awards are subsequently remeasured to an updated fair value at each reporting period until the award is settled. Awards containing performance measures are adjusted at each reporting period for the number of shares expected to be earned. Compensation cost for cash settled and performance awards are trued-up at each reporting period for changes in fair value and expected shares pro-rated for the portion of the requisite service period rendered. The Company recognizes compensation costs for these awards on either a straight-line or accelerated basis over the vesting period of the award in "Indirect, general and administrative expenses" in the consolidated statements of income.

Self-Insurance

We are self-insured for a portion of our losses and liabilities primarily associated with workers' compensation, general, professional, automobile, employee matters, certain medical plans, and project specific liability claims. Losses are accrued based upon our estimates of the aggregate liability for claims incurred using historical experience and certain actuarial assumptions, as provided by an independent actuary. The estimate of self-insurance liability includes an estimate of incurred but not reported claims, based on data compiled from historical experience.

Recent Accounting Pronouncements

See the information set forth in "Note 2—*Summary of Significant Accounting Policies*—Recently Adopted Accounting Pronouncements" in the notes to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

Off-Balance Sheet Arrangements

As of December 31, 2019, we have no off-balance sheet arrangements that have or are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources.

Commitments and Contingencies

We are subject to certain claims and assessments that arise in the ordinary course of business. Additionally, Parsons has been named as a defendant in lawsuits alleging personal injuries as a result of contact with asbestos products at various project sites. We believe that any significant costs relating to these claims will be reimbursed by applicable insurance and do not expect any of these claims to have a material adverse effect on our financial condition or results of operations. We record a liability when we believe that it is both probable that a loss has been incurred and the amount can be reasonably estimated. Management judgment is required to determine the outcome and the estimated amount of a loss related to such matters. Management believes that there are no claims or assessments outstanding which would materially affect our consolidated results of operations or our financial position.

Item 7A. Qualitative and Quantitative Disclosure About Market Risk

Interest Rate Risk

We are exposed to interest rate risks related to the Company's Revolving Credit Facility. As of December 31, 2019, we had no amounts outstanding under the Revolving Credit Facility. Borrowings under the Revolving Credit Facility bear interest, at the Company's option, at either the Base Rate (as defined in the Credit Agreement), plus an applicable margin, or LIBOR plus an applicable margin. The applicable margin for Base Rate loans is a range of 0.125% to 1.00% and the applicable margin for LIBOR loans is a range of 1.125% to 2.00%, both based on the leverage ratio of the Company at the end of each fiscal quarter. The rates at December 31, 2018 and December 31, 2019 were 4.253% and 3.02%, respectively.

Foreign Currency Exchange Risk

We are exposed to foreign currency exchange rate risk resulting from our operations outside of the U.S. We limit exposure to foreign currency fluctuations in most of our contracts through provisions that require client payments in currencies corresponding to the currency in which costs are incurred. As a result of this natural hedge, we generally do not need to hedge foreign currency cash flows for contract work performed.

Item 8. Financial Statements and Supplementary Data.

The information required by this item 8 is submitted as a separate section beginning on page F-1 of this Annual Report on Form 10-K and is incorporated by reference.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Control and Procedures

Our management carried out, as of December 31, 2019, with the participation of our Chief Executive Officer and our Chief Financial Officer, an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2019, our disclosure controls and procedures were effective to provide reasonable assurance that material information required to be disclosed by us in reports we file under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting

This Annual Report on Form 10-K does not include a report on management's assessment regarding internal control over financial reporting or an attestation report of our independent registered public accounting firm as permitted in this transition period under the rules of the SEC for newly public companies. A report of management's assessment regarding internal control over financial reporting will be required to be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Securities Exchange Act of 1934, that occurred in the fourth fiscal quarter of the period covered by this Annual Report that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Information related to our directors set forth under the caption “Proposal 1: Election of Directors” of our Proxy Statement for our Annual Meeting of Stockholders scheduled for April 21, 2020 (the “2020 Proxy Statement”). Such information is incorporated herein by reference.

Information relating to our Executive Officers is included in Part I of this Annual Report under the caption “Executive Officers.”

Information relating to compliance with Section 16(a) of the Exchange Act is set forth under the caption “Section 16(a) Beneficial Ownership Reporting Compliance” of our 2020 Proxy Statement. Such information is incorporated herein by reference.

Information related to our code of ethics is set forth under the caption “Corporate Governance and General Information Concerning the Board of Directors and its Committees” of our 2020 Proxy Statement. Such information is incorporated herein by reference.

Information relating to the Audit Committee and Board of Directors determinations concerning whether a member of the Audit Committee is a “financial expert” as that term is defined under Item 407(d)(5) of Regulation S-K is set forth under the caption “Corporate Governance and General Information Concerning the Board of Directors and its Committees” of our 2020 Proxy Statement. Such information is incorporated herein by reference.

Item 11. Executive Compensation.

Information relating to this item is set forth under the captions “Compensation Discussion and Analysis,” “Director Compensation,” “Compensation Committee Interlocks and Insider Participation” and “Compensation Committee Report on Executive Compensation” of our 2020 Proxy Statement. Such information is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Information relating to the security ownership of certain beneficial owners and management is included in our 2020 Proxy Statement under the caption “Security Ownership of Certain Beneficial Owners and Management” and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Information relating to this item is set forth under the captions “Certain Relationships and Related Party Transactions” and “Corporate Governance and General Information Concerning the Board of Directors and its Committees” of our 2020 Proxy Statement. Such information is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services.

Information relating to this item is set forth under the caption “Independent Registered Public Accounting Firm Fees” of our 2020 Proxy Statement. Such information is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) List the following documents filed as a part of the report:

(1) The Company's Consolidated Financial Statements at December 31, 2018 and December 31, 2019 and for each of the three years in the period ended December 31, 2019, and the notes thereto, together with the report of the independent auditors on those Consolidated Financial Statements, are hereby filed as part of this report, beginning on page F-1.

(2) Valuation & Qualifying Accounts for each of the three years in the period ended December 31, 2019 are hereby filed as part of this report on page F-51.

(3) See Exhibit Index below.

Item 16. Form 10-K Summary

None.

Exhibit Index

Exhibit Number	Description
3.1#	Amended and Restated Certificate of Incorporation of Parsons Corporation.
3.2#	Amended and Restated Bylaws of Parsons Corporation.
4.1*	Description of Capital Stock of Parsons Corporation.
10.1#	2012 Amendment and Restatement of Parsons Employee Stock Ownership Plan (including all amendments to date), currently in effect.
10.2#	2019 Amendment and Restatement of Parsons Employee Stock Ownership Plan.
10.3*	First Amendment to the 2019 Amendment and Restatement of Parsons Employee Stock Ownership Plan, effective May 8, 2019.
10.4#	Parsons Corporation Employee Stock Ownership Trust Agreement, effective as of December 31, 2005.
10.5#+	Parsons Corporation Restricted Award Plan.
10.6#+	Form of Restricted Award Units agreement under the Parsons Corporation Restricted Award Plan.
10.7#+	Parsons Corporation Annual Incentive Plan.
10.8#+	Parsons Corporation Shareholder Value Plan.
10.9#+	Parsons Corporation Long Term Growth Plan.
10.10#+	Parsons Corporation Share Value Retirement Plan.
10.11#+	Parsons Corporation Incentive Award Plan.
10.12*+	Form of Restricted Stock Unit Agreement under the Parsons Corporation Incentive Award Plan.
10.14*+	Form of Restricted Stock Unit Agreement under the Parsons Corporation Incentive Award Plan (for Non-Employee Director Awards commencing in 2020).
10.15*+	Form of Restricted Stock Unit Agreement under the Parsons Corporation Incentive Award Plan (for Non-Employee Director Fee Deferral Awards commencing in 2020).
10.16*+	Form of Restricted Stock Unit Agreement under the Parsons Corporation Incentive Award Plan (for Non-Employee Director Awards in 2019).
10.17*+	Parsons Corporation Non-Employee Director Compensation Policy (as amended effective July 15, 2019.
10.18#+	Fee Deferral Plan for Outside Directors of the Parsons Corporation.
10.19*+	Parsons Corporation Employee Stock Purchase Plan.
10.20#+	Change in Control Severance Agreement, dated as of February 7, 2019, by and between Parsons Corporation and George L. Ball.
10.21#+	Change in Control Severance Agreement, dated as of April 5, 2019, by and between Parsons Corporation and Charles L. Harrington.
10.22#+	Change in Control Severance Agreement, dated as of February 7, 2019, by and between Parsons Corporation and Michael R. Kolloway.
10.23#+	Change in Control Severance Agreement, dated as of March 9, 2019, by and between Parsons Corporation and Carey A. Smith.
10.24#+	Form of Indemnification Agreement between Parsons Corporation and certain of its directors and officers.
10.25#	Note Purchase Agreement, dated as of May 9, 2014, among Parsons Corporation and the purchasers party thereto, and the forms of Senior Notes.

10.26#	Subsidiary Guaranty, dated as of July 1, 2014, by each of Parsons Constructors Inc., Parsons Engineering of New York, Inc., Parsons Environment & Infrastructure Group Inc., Parsons Government Services Inc., Parsons Government Services International Inc., Parsons International Limited, Parsons Technical Services Inc., Parsons Transportation Group Inc., Parsons Water & Infrastructure Inc., PTSI Managed Services Inc., Parsons RCI Inc. and each entity that may from time to time become a Guarantor thereunder.
10.27#	First Amendment to the Note Purchase Agreement, dated as of August 10, 2018, by and between Parsons Corporation and the purchasers party thereto.
10.28#	Fifth Amended and Restated Credit Agreement, dated as of November 15, 2017, by and among Parsons Corporation, the lenders from time to time party thereto, The Bank of Tokyo-Mitsubishi UFJ, Ltd., as administrative agent, swing line bank and co-lead arranger, Wells Fargo Bank, National Association, as syndication agent, The Bank of Nova Scotia, JPMorgan Chase Bank, N.A., Sumitomo Mitsui Banking Corporation and U.S. Bank National Association, as documentation agents, and Wells Fargo Securities, LLC, as co-lead arranger.
10.29#	First Amendment to the Fifth Amended and Restated Credit Agreement, dated as of January 4, 2019, by and among Parsons Corporation, the Banks party thereto and MUFG Bank Ltd, as administrative agent.
10.30#	Term Loan Agreement, dated as of January 4, 2019, among Parsons Corporation, MUFG Union Bank, N.A., as administrative agent, The Bank of Nova Scotia, as syndication agent, the other financial institutions party thereto and MUFG Union Bank, N.A. and The Bank of Nova Scotia, as co-lead arrangers.
10.31#+	Michael Johnson Separation Agreement (including related Consulting Services Agreement).
10.32*+	Adam Taylor Separation Agreement.
10.33#	Engagement Letter by and between Parsons Corporation and Newport Trust Company.
10.34#	Form of Registration Rights Agreement by and between Parsons Corporation and Newport Trust Company.
10.35#	Form of Letter Agreement by and between Parsons Corporation and Newport Trust Company.
21.1*	List of Subsidiaries of the Registrant.
23.1*	Consent of PricewaterhouseCoopers LLP.
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.
\# Previously filed.
\+ Indicates a management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Company Name

Date: March 10, 2020

By: /s/ Charles L. Harrington
Charles L Harrington
Chief Executive Officer and Director
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

Name	Title	Date
/s/ Charles L. Harrington Charles L. Harrington	Chief Executive Officer and Director (Principal Executive Officer)	March 10, 2020
/s/ George L. Ball George L. Ball	Chief Financial Officer (Principal Financial and Accounting Officer)	March 10, 2020
/s/ Kenneth C. Dahlberg Kenneth C. Dahlberg	Director	March 10, 2020
/s/ Mark K. Holdsworth Mark K. Holdsworth	Director	March 10, 2020
/s/ Steven F. Leer Steven F. Leer	Director	March 10, 2020
/s/ Tamara L. Lundgren Tamara L. Lundgren	Director	March 10, 2020
/s/ James F. McGovern James F. McGovern	Director	March 10, 2020
/s/ Harry T. McMahon Harry T. McMahon	Director	March 10, 2020
/s/ M. Christian Mitchell M. Christian Mitchell	Director	March 10, 2020
/s/ Suzanne M. Vautrinot Suzanne M. Vautrinot	Director	March 10, 2020

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Parsons Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Parsons Corporation and its subsidiaries (the "Company") as of December 31, 2019 and December 31, 2018, and the related consolidated statements of income, of comprehensive income, of changes in redeemable common stock and shareholders' equity (deficit) and of cash flows for each of the three years in the period ended December 31, 2019, including the related notes and financial statement schedule listed in the index appearing under Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and December 31, 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019 in conformity with accounting principles generally accepted in the United States of America.

Changes in Accounting Principles

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2019 and the manner in which it accounts for revenue from contracts with customers in 2018.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
Los Angeles, California
March 10, 2020

We have served as the Company's auditor since at least 1969. We have not been able to determine the specific year we began serving as the auditor of the Company.

PARSONS CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
As of December 31, 2018 and December 31, 2019

(in thousands, except shares and par value)	2018	2019
Assets		
Current assets		
Cash and cash equivalents (including $73,794 and $51,171 Cash of consolidated joint ventures)	$ 280,221	$ 182,688
Restricted cash and investments	974	12,686
Accounts receivable, net (including $180,325 and $166,355 Accounts receivable of consolidated joint ventures, net)	623,286	671,492
Contract assets (including $21,270 and $26,458 Contract assets of consolidated joint ventures)	515,319	575,089
Prepaid expenses and other current assets (including $11,837 and $11,182 Prepaid expenses and other current assets of consolidated joint ventures)	69,007	84,454
Total current assets	1,488,807	1,526,409
Property and equipment, net (including $2,561 and $2,945 Property and equipment of consolidated joint ventures, net)	91,849	122,751
Right of use assets, operating leases	—	233,415
Goodwill	736,938	1,047,425
Investments in and advances to unconsolidated joint ventures	63,560	68,620
Intangible assets, net	179,519	259,858
Deferred tax assets	5,680	130,401
Other noncurrent assets	46,225	61,489
Total assets	$ 2,612,578	$ 3,450,368
Liabilities, Redeemable Common Stock, and Shareholder's Equity (Deficit)		
Current liabilities		
Accounts payable (including $87,914 and $85,869 Accounts payable of consolidated joint ventures)	$ 226,345	$ 216,613
Accrued expenses and other current liabilities (including $73,209 and $74,857 Accrued expenses and other current liabilities of consolidated joint ventures)	559,700	639,863
Contract liabilities (including $38,706 and $32,638 Contract liabilities of consolidated joint ventures)	208,576	230,681
Short-term lease liabilities, operating leases	—	49,994
Income taxes payable	11,540	7,231
Total current liabilities	1,006,161	1,144,382
Long-term employee incentives	41,913	56,928
Deferred gain resulting from sale-leaseback transactions	46,004	—
Long-term debt	429,164	249,353
Long-term lease liabilities, operating leases	—	203,624
Deferred tax liabilities	6,240	9,621
Other long-term liabilities	127,863	125,704
Total liabilities	1,657,345	1,789,612
Contingencies (Note 15)		
Redeemable common stock held by Employee Stock Ownership Plan (ESOP), $1 par value; 78,172,809 and 0 shares outstanding, recorded at redemption value	1,876,309	—
Shareholders' equity (deficit)		
Common stock, $1 par value; authorized 1,000,000,000 shares; 125,097,684 and 146,440,701 shares issued; 0 and 21,772,888; 0 and 78,896,806 shares and ESOP shares outstanding	—	146,441
Treasury stock, 46,918,140 and 45,771,008 shares at cost	(957,025)	(934,240)
Additional paid-in capital	—	2,649,975
Retained earnings (accumulated deficit)	12,445	(218,025)
Accumulated other comprehensive income	(22,957)	(14,261)
Total Parsons Corporation shareholders' equity (deficit)	(967,537)	1,629,890
Noncontrolling interests	46,461	30,866
Total shareholders' equity (deficit)	(921,076)	1,660,756
Total liabilities, redeemable common stock and shareholders' equity (deficit)	$ 2,612,578	$ 3,450,368

The accompanying notes are an integral part of these consolidated financial statements.

PARSONS CORPORATION AND SUBSIDIARIES
Consolidated Statements of Income
Years Ended December 29, 2017, December 31, 2018 and December 31, 2019

(in thousands, except for per share data)	2017	2018	2019
Revenue	$ 3,017,011	$ 3,560,508	$ 3,954,812
Direct cost of contracts	2,400,140	2,795,005	3,123,062
Equity in earnings of unconsolidated joint ventures	40,086	36,915	41,721
Indirect, general and administrative expenses	506,255	597,410	781,408
Operating income	150,702	205,008	92,063
Interest income	2,465	2,710	1,300
Interest expense	(15,798)	(20,842)	(23,729)
Other income (expense), net	5,658	(1,651)	(2,392)
(Interest and other expense) gain associated with claim on long-term contract	(10,026)	74,578	—
Total other (expense) income	(17,701)	54,795	(24,821)
Income before income tax expense	133,001	259,803	67,242
Income tax (expense) benefit	(21,464)	(20,367)	69,886
Net income including noncontrolling interests	111,537	239,436	137,128
Net income attributable to noncontrolling interests	(14,211)	(17,099)	(16,594)
Net income attributable to Parsons Corporation	$ 97,326	$ 222,337	$ 120,534
Earnings per share:			
Basic earnings per share	$ 1.16	$ 2.78	1.30
Diluted earnings per share	$ 1.16	$ 2.78	1.30

The accompanying notes are an integral part of these consolidated financial statements.

PARSONS CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
Years Ended December 29, 2017, December 31, 2018 and December 31, 2019

(in thousands)	2017	2018	2019
Net income including noncontrolling interests	$ 111,537	$ 239,436	$ 137,128
Other comprehensive income (loss), net of tax			
Foreign currency translation adjustment, net of tax	4,793	(7,800)	8,418
Pension adjustments, net of tax	(95)	(56)	281
Comprehensive income including noncontrolling interests, net of tax	116,235	231,580	145,827
Comprehensive income attributable to noncontrolling interests, net of tax	(14,210)	(17,197)	(16,597)
Comprehensive income attributable to Parsons Corporation, net of tax	$ 102,025	$ 214,383	$ 129,230

The accompanying notes are an integral part of these consolidated financial statements.

PARSONS CORPORATION AND SUBSIDIARIES
Consolidated Statements of Changes in Redeemable Common Stock and Shareholders' Equity (Deficit)
Years Ended December 29, 2017, December 31, 2018 and December 31, 2019

(in thousands)	Redeemable Common Stock	Common Stock	Treasury Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total Parsons Equity (Deficit)	Noncontrolling Interests	Total
Balances at December 30, 2016	$ 1,739,431	$ —	$ (806,119)	$ —	$ (166,890)	$ (19,702)	$ (992,711)	$ 57,169	(935,542)
Comprehensive loss									
Net (loss) income	—	—	—	—	97,326	—	97,326	14,211	111,537
Foreign currency translation (loss) gain	—	—	—	—	—	4,794	4,794	(1)	4,793
Pension adjustments	—	—	—	—	—	(95)	(95)	—	(95)
Purchase of treasury stock	(111,403)	—	(111,403)	—	111,403	—	—	—	—
Contributions of treasury stock to ESOP	40,553	—	41,150	—	(41,150)	—	—	—	—
Contributions	—	—	—	—	—	—	—	7,481	7,481
Distributions	—	—	—	—	—	—	—	(51,366)	(51,366)
ESOP shares at redemption value	186,724	—	—	—	(186,724)	—	(186,724)	—	(186,724)
Balances at December 29, 2017	$ 1,855,305	$ —	$ (876,372)	$ —	$ (186,035)	$ (15,003)	$ (1,077,410)	$ 27,494	$ (1,049,916)
Comprehensive income									
Net income	—	—	—	—	222,337	—	222,337	17,099	239,436
Foreign currency translation gain (loss)	—	—	—	—	—	(7,898)	(7,898)	98	(7,800)
Pension adjustments	—	—	—	—	—	(56)	(56)	—	(56)
Adoption of ASC 606	—	—	—	—	(4,735)	—	(4,735)	—	(4,735)
Purchase of treasury stock	(125,814)	—	(125,814)	—	125,814	—	—	—	—
Contributions of treasury stock to ESOP	47,043	—	45,161	—	(45,161)	—	—	—	—
Contributions	—	—	—	—	—	—	—	20,656	20,656
Distributions	—	—	—	—	—	—	—	(18,886)	(18,886)
ESOP shares at redemption value	99,775	—	—	—	(99,775)	—	(99,775)	—	(99,775)
Balances at December 31, 2018	$ 1,876,309	$ —	$ (957,025)	$ —	$ 12,445	$ (22,957)	$ (967,537)	$ 46,461	$ (921,076)
Comprehensive income									
Net income	—	—	—	—	120,534	-	120,534	16,594	137,128
Foreign currency translation gain	—	—	—	—	—	8,415	8,415	3	8,418
Pension adjustments	—	—	—	—	—	281	281	—	281
ASC 842 transition adjustment	—	—	—	—	52,608	—	52,608	—	52,608
Purchase of treasury stock	(6,219)	—	(6,272)	-	6,219	—	(53)	—	(53)
Contributions of treasury stock to ESOP	—	—	29,057	24,587	—	—	53,644	—	53,644
Contributions	—	—	—	—	—	—	—	10,093	10,093
Distributions	—	—	—	—	—	—	—	(42,285)	(42,285)
Dividend paid	—	—	—	—	(52,093)	—	(52,093)	—	(52,093)
Stock-based compensation	—	—	—	8,272	—	—	8,272	—	8,272
Issuance of equity securities, net of retirements	—	47	—	(999)	(197)	—	(1,149)	—	(1,149)
Conversion of S-Corp to C-Corp	25,877	—	—	—	(25,877)	—	(25,877)	—	(25,877)
IPO proceeds, net	—	21,296	—	515,582	—	—	536,878	—	536,878
ESOP shares at redemption value	857,559	—	—	(525,895)	(331,664)	—	(857,559)	—	(857,559)
Temporary to permanent equity end of lock-up period	(2,753,526)	125,098	—	2,628,428	-	—	2,753,526	—	2,753,526
Balances at December 31, 2019	—	146,441	(934,240)	2,649,975	(218,025)	(14,261)	1,629,890	30,866	1,660,756

The accompanying notes are an integral part of these consolidated financial statements.

PARSONS CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Years Ended December 29, 2017, December 31, 2018 and December 31, 2019

(in thousands)	2017	2018	2019
Cash flows from operating activities			
Net income including noncontrolling interests	$ 111,537	$ 239,436	$ 137,128
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	35,198	69,869	125,700
Amortization of deferred gain	(7,283)	(7,253)	—
Amortization of debt issue costs	504	721	973
Gain associated with claim on long-term contract	—	(129,674)	—
Loss on disposal of property and equipment	1,184	780	1,042
Provision for doubtful accounts	12,530	5,255	290
Deferred taxes	5,403	(1,422)	(123,338)
Foreign currency transaction gains and losses	(5,121)	5,224	4,472
Equity in earnings of unconsolidated joint ventures	(40,086)	(36,915)	(41,721)
Return on investments in unconsolidated joint ventures	33,377	35,192	51,077
Stock-based compensation	—	—	8,272
Contributions of treasury stock	40,553	45,161	53,644
Changes in assets and liabilities, net of acquisitions and newly consolidated joint ventures			
Accounts receivable	(2,958)	461,304	(30,206)
Contract assets	—	(480,090)	(49,999)
Prepaid expenses and current assets	(10,850)	(23,668)	(22,110)
Accounts payable	27,334	5,566	(17,123)
Accrued expenses and other current liabilities	26,153	30,367	78,366
Billings in excess of costs	7,900	(150,873)	—
Contract liabilities	—	205,047	20,146
Provision for contract losses	19,431	(13,795)	—
Income taxes	2,518	3,911	(5,421)
Other long-term liabilities	7,705	20,491	29,048
Net cash provided by operating activities	265,029	284,634	220,240
Cash flows from investing activities			
Capital expenditures	(27,939)	(29,283)	(67,597)
Proceeds from sale of property and equipment	2,250	439	3,789
Payments for acquisitions, net of cash acquired	(25,737)	(481,163)	(494,826)
Investments in unconsolidated joint ventures	(3,502)	(4,720)	(24,579)
Return of investments in unconsolidated joint ventures	1,967	11,432	12,410
Net cash used in investing activities	(52,961)	(503,295)	(570,803)
Cash flows from financing activities			
Proceeds from borrowings	—	260,000	597,200
Repayments of borrowings	—	(80,000)	(777,200)
Payments for debt costs and credit agreement	(1,949)	(545)	(286)
Contributions by noncontrolling interests	7,481	20,656	10,093
Distributions to noncontrolling interests	(51,366)	(18,886)	(42,285)
Purchase of treasury stock	(111,403)	(125,814)	(6,272)
IPO proceeds, net	—	—	536,879
Dividend paid	—	—	(52,093)
Deferred payments for acquisitions	(2,934)	—	—
Net cash (used in) provided by financing activities	(160,171)	55,411	266,036
Effect of exchange rate changes	1,235	(1,699)	(1,294)
Net (decrease) increase in cash, cash equivalents and restricted cash	53,132	(164,949)	(85,821)
Cash, cash equivalents and restricted cash			
Beginning of year	393,012	446,144	281,195
End of year	$ 446,144	$ 281,195	$ 195,374
Cash paid during the year for			
Interest	$ 12,905	$ 16,805	$ 23,254
Income taxes (net of refunds)	14,364	17,054	60,477

The accompanying notes are an integral part of these consolidated financial statements.

1. Description of Operations

Organization

Parsons Corporation, a Delaware corporation, and its subsidiaries (collectively, the "Company") provide sophisticated design, engineering and technical services, and smart and agile software to the United States federal government and Critical Infrastructure customers worldwide. The Company performs work in various foreign countries through local subsidiaries, joint ventures and foreign offices maintained to carry out specific projects.

Initial Public Offering

On May 8, 2019, the Company consummated its initial public offering ("IPO") whereby the Company sold 18,518,500 shares of common stock for $27.00 per share. The underwriters exercised their share option on May 14, 2019 to purchase an additional 2,777,775 shares at the share price of $25.515 which was the IPO share price of $27.00 less the underwriting discount of $1.485 per share. The net proceeds of the IPO and the underwriters' share option were $536.9 million, after deducting underwriting discounts and other fees, and were used to fund an IPO dividend of $52.1 million, repay the outstanding balance of $150.0 million under our Term Loan, and repay outstanding indebtedness under our Revolving Credit Facility.

Stock Dividend

On April 15, 2019, the board of directors of the Company declared a common stock dividend in a ratio of two shares of common stock for every one share of common stock then held by the Company's stockholder (the "Stock Dividend"). The record date of this common Stock Dividend was May 7, 2019, the day immediately prior to the consummation of the Company's IPO on May 8, 2019, and the payment date of the Stock Dividend was May 8, 2019. Purchasers of the Company's common stock in the Company's public offering were not entitled to receive any portion of the Stock Dividend.

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and include the accounts of Parsons Corporation and its subsidiaries and affiliates which it controls. Interests in joint ventures that are controlled by the Company, or for which the Company is otherwise deemed to be the primary beneficiary, are consolidated. For joint ventures in which the Company does not have a controlling interest, but exerts significant influence, the Company applies the equity method of accounting. Intercompany accounts and transactions are eliminated in consolidation.

Fiscal Year

The Company reports results of operations based on a calendar year end date of December 31 starting in 2018. Prior to 2018, the Company reported results of operations based on a 52- or 53-week periods ending the last Friday on or before December 31. For 2017, this date was December 29, 2017, and 2017 was comprised of 52 weeks.

Use of Estimates

The preparation of the consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates. The Company's most significant estimates and judgments involve revenue recognition with respect to the determination of the costs to complete contracts and transaction price; determination of self-insurance reserves; valuation of the Company's fair value of common stock prior to the conclusion of the 180-day lock-up period on November 3, 2019; useful lives of property and equipment and intangible assets; calculation of allowance for doubtful accounts; valuation of deferred income tax assets and uncertain tax positions, among others.

ESOP

The Company maintains a non-leveraged ESOP for eligible employees, for which the Company contributes shares of its own stock to the ESOP trust each year. Shares held by the ESOP or committed to be contributed to the ESOP were presented as temporary equity at December 31, 2018 as they included a cash redemption feature that was not solely within the Company's control. At the IPO date, shares held by the ESOP were subject to a 180-day lock-up period. At the conclusion of the 180-day lock-up period ESOP distributions are no longer made in cash. Shares held by the ESOP have been reclassified from temporary equity to permanent equity at December 31, 2019.

Throughout the year, as employee services are rendered, the Company records compensation expense based on salaries of eligible employees. At each reporting period, the shares held within the ESOP or committed to be contributed to the ESOP are adjusted to their redemption value through an offsetting charge or credit to accumulated deficit.

Treasury Stock

The Company records treasury stock purchases under the cost method whereby the entire cost of the acquired stock is recorded as treasury stock. The Company records the reissuance of treasury stock using the first-in, first-out method of accounting. Contributions of 1,790,496 shares, 1,874,988 shares and 1,345,198 shares of common stock were made to the ESOP in fiscal 2017, 2018 and 2019, respectively. In fiscal 2017, 2018 and 2019 the Company repurchased 5,843,211 shares, 5,553,891 shares and 191,331 shares of common stock from the ESOP, respectively, in connection with the redemption of ESOP participants' interests in the ESOP for $111.4 million, $125.8 million and $6.3 million, respectively.

Earnings per Share

Basic earnings per common share ("EPS") is calculated by dividing Net income by the weighted average number of common shares outstanding during the year. Diluted earnings per common share is calculated by dividing net income by adjusted weighted average outstanding shares, assuming conversion of all potentially dilutive securities. Upon contribution to the ESOP, the shares become outstanding and are included within the earnings per share computations.

Revenue Recognition

On December 30, 2017, the Company adopted Accounting Standards Update ("ASU") 2014-09, *"Revenue from Contracts with Customers"*, and the related ASU's subsequently issued by the Financial Accounting Standards Board (the "FASB") ("ASC 606") using the modified retrospective method. As a result, the Company revised its accounting policy on revenue recognition and the results for reporting periods beginning after December 29, 2017 are presented under ASC 606. In accordance with ASC 606, the Company follows the five-step process in ASC 606 to recognize revenue:

1. Identify the contract
2. Identify performance obligations
3. Determine the transaction price
4. Allocate the transaction price
5. Recognize revenue

Contracts—Revenue is derived from long-term contracts with customers whereby the Company provides planning, design, engineering, technical, and construction and program management services. The Company has contracts with the United States federal government that contain provisions requiring compliance with the United States Federal Acquisition Regulation ("FAR") and the United States Cost Accounting Standards ("CAS"). These regulations are generally applicable to all of the Company's federal government contracts and are partially or fully incorporated in some local and state agency contracts. Most of the Company's federal government contracts are subject to termination at the convenience of the client. These contracts typically provide for reimbursement of costs incurred and payment of fees earned through the date of such termination.

The Company enters into the following types of contracts with its customers:

Cost-Plus—Under cost-plus contracts, the Company is reimbursed for allowable or otherwise defined costs incurred, plus a fee. The contracts may also include incentives for various performance criteria, including quality, timeliness, safety and cost-effectiveness. In addition, costs are generally subject to review by clients and regulatory audit agencies, and such reviews could result in costs being disputed as nonreimbursable under the terms of the contract.

Time-and-Materials—Under time-and-materials contracts, hourly billing rates are negotiated and charged to clients based on the actual time spent on a project. In certain cases, these contracts may be subject to maximum contract values. In addition, clients reimburse actual out-of-pocket costs for materials and other direct incidental expenditures that are incurred in connection with the performance under the contract.

Fixed-Price—The Company enters into two types of fixed-price contracts: firm fixed-price ("FFP") and fixed-price per unit ("FPPU"). Under FFP contracts, clients pay an agreed fixed-amount negotiated in advance for a specified scope of work.

Contract Costs—Contract costs consist of direct costs on contracts, including labor and materials, amounts payable to subcontractors, direct overhead costs and equipment expense (primarily depreciation, fuel, maintenance and repairs). All contract costs are recorded as incurred. Changes to estimated contract costs, either due to unexpected events or revisions to management's initial estimates, for a given project are recognized in the period in which they are determined as estimated at the contract level. Pre-contract costs are expensed as incurred unless they are expected to be recovered from the client, generate or enhance resources that will be used in satisfying performance obligations in the future and directly relate to an existing or anticipated contract. Costs to mobilize equipment and labor to a job site, prior to substantive work beginning ("mobilization costs") are capitalized as incurred and amortized over the expected duration of the contract. Additionally, the Company may incur incremental costs to obtain certain contracts, such as selling and market costs, bid and proposal costs, sales commissions, and legal fees, certain of which can be capitalized if they are recoverable under the contract. Capitalized contract costs are included in other current assets on the consolidated balance sheets and were not material as of December 31, 2018 and December 31, 2019.

Performance Obligations—A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in ASC 606. The transaction price of a contract is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. To the extent a contract is deemed to have multiple performance obligations, the Company allocates the transaction price of the contract to each performance obligation using our best estimate of the standalone selling price of each distinct good or service in the contract. The Company determines the relative standalone selling price utilizing observable prices for the sale of the underlying goods or services. Contracts are considered to have a single performance obligation if the promise to transfer the individual goods or services is not separately identifiable from other promises in the contracts or is not distinct in the context of the contract, which is mainly because the Company provides a significant service of integrating a complex set of tasks and components into a single project or capability. Engineering and construction contracts are generally accounted for as a single performance obligation while our engineering and construction supervision contracts are accounted for as two separate performance obligations. When providing construction supervision services, the Company is not liable for the construction of the asset, but has an overall responsibility to oversee, coordinate, measure, and evaluate the quality of construction work and the performance of the construction contractor on behalf of the customer. Customers are generally billed as the Company satisfies its performance obligations and payment terms typically range from 30 to 120 days from the invoice date. Billings under certain fixed-price contracts may be based upon the achievement of specified milestones, while some arrangements may require advance customer payment. The Company's contracts generally do not include a significant financing component.

Variable Consideration—The transaction price for the Company's contracts may include variable consideration, which includes increases to transaction price for approved and unpriced change orders, claims and incentives, and reductions to transaction price for liquidated damages. Change orders, claims and incentives are generally not distinct from the existing contract due to the significant integration service provided in the context of the contract and are accounted for as a modification of the existing contract and performance obligation. The Company estimates variable consideration for a performance obligation utilizing one of the two prescribed methods, depending on which method better predicts the amount of consideration to which the Company will be entitled (or the amount the Company expects to incur in the case of liquidated damages). Such methods are: (a) the expected value method, whereby the amount of variable consideration to be recognized represents the sum of probability weighted amounts in a range of possible consideration amounts, and (b) the most likely amount method, whereby the amount of variable consideration to be recognized represents the single most likely amount in a range of possible consideration amounts. When applying these methods, the Company considers all information that is reasonably available, including historical, current and estimates of future performance. The expected value method is utilized in situations where a contract contains a large number of possible outcomes, while the most likely amount method is utilized in situations where a contract has only two possible outcomes.

The Company includes variable consideration in the estimated transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur or when the uncertainty associated with the variable consideration is resolved. The Company's estimates of variable consideration and determination of whether to include estimated amounts in transaction price are based largely on an assessment of anticipated performance and all information (historical, current and forecasted) that is reasonably available. The effect of variable consideration on the transaction price of a performance obligation is recognized as an adjustment to revenue on a cumulative catch-up basis.

Change Orders—Change orders, which are a normal and recurring part of business, may include changes in specifications or design, manner of performance, facilities, equipment, materials, sites and period of completion of the work. The Company or customer may initiate change orders. Most change orders are not distinct from the existing contract and are accounted for as part of that existing contract. The effect of a change order on the transaction price and measure of progress for the performance obligation to which it relates is recognized as an adjustment to revenues (either as an increase in or a reduction of revenues) on a cumulative catch-up basis. Revenues from unpriced change orders are recognized to the extent of the amounts the Company expects to recover, consistent with the variable consideration policy discussed above. If it is probable that a reversal of revenues will occur, the costs attributable to change orders are treated as contract costs without incremental revenues. To the extent change orders included in the price are not resolved in the Company's favor, there could be reductions in, or reversals of previously reported amounts of, revenues and profits, and charges against current earnings, which could be material.

Claims Revenue—Claims are amounts in excess of agreed contract prices that the Company seeks to collect from clients or others for customer-caused delays, errors in specifications and designs, contract terminations, change orders that are in dispute, or other causes of unanticipated additional contract costs, including factors outside of our control, and therefore the Company believes it is entitled to additional compensation. Claims revenue, when recorded, is only recorded to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur. The Company includes certain claims in the transaction price when the claims are legally enforceable, the Company considers collection to be probable and believes it can reliably estimate the ultimate value. The Company continues to engage in negotiations with its customers on outstanding claims. However, these claims may be resolved at amounts that differ from current estimates, which could result in increases or decreases in future estimated contract profits or losses.

Warranties—In most cases, contracts include assurance-type warranties that the Company's performance is free from material defect and consistent with the specifications of the Company's contracts, which do not give rise to a separate performance obligation. To the extent the warranty terms provide the customer with an additional service, such as extended maintenance services, such warranty is accounted for as a separate performance obligation.

Revenue recognized over time—The Company's performance obligations are generally satisfied over time as work progresses because of continuous transfer of control to the customer and the Company has the right to bill the customer as costs are incurred. Typically, revenue is recognized over time using an input measure (i.e.' costs incurred to date relative to total estimated costs at completion) to measure progress. The Company generally uses the cost-to-cost measure of progress method because it best depicts the transfer of control to the customer which occurs as the Company incurs costs on its contracts. Under the cost-to-cost measure of progress method, the extent of progress towards completion is measured based on the ratio of total costs incurred to-date to the total estimated costs at completion of the performance obligation. Revenues, including estimated fees or profits, are recorded proportionally as costs are incurred. Any expected losses on construction-type contracts in progress are charged to earnings, in total, in the period the losses are identified. The Company recognizes adjustments in estimated profit on contracts under the cumulative catch-up method. Under this method, the impact of the adjustment on profit recorded to date is recognized in the period the adjustment is identified. Revenue and profit in future periods of contract performance is recognized using the adjusted estimate. If at any time the estimate of contract profitability indicates an anticipated loss on the contract, the Company recognizes the total loss in the period it is identified.

Right to invoice practical expedient—For performance obligations satisfied over time where the Company has a right to consideration from a customer in an amount that corresponds directly with the value of the Company's performance to-date, the Company recognizes revenue in the amount to which it has a right to invoice. For the Company's reimbursable services contracts, revenue is recognized using the right to invoice practical expedient, or on a cost-to-cost measure of progress method. The Company will select the method that best represents progress on a project.

Revenue recognized at a point in time—For performance obligations satisfied at a point in time, revenue is recognized when the services are performed, control is transferred, and the performance obligation is complete. The Company recognizes revenue at a point in time for vehicle inspection services. Revenue related to the inspection service is recognized for each vehicle inspection at the point the Company has completed the inspection.

In the Company's industry, recognition of profit on long-term contracts requires the use of assumptions and estimates related to total contract revenue, total cost at completion, and the measurement of progress towards completion. Estimates are continually evaluated as work progresses and are revised when necessary. When a change in estimate is determined to have an impact on contract profit, the Company records a positive or negative adjustment to the consolidated statements of income.

Refer to the Recently Adopted Accounting Pronouncements for discussion of the differences between the current revenue recognition criteria under ASC 606 and the Company's previous recognition practices under ASC 605, *Revenue Recognition*.

Cash Equivalents

The Company considers all highly liquid investments with original maturities of less than three months to be cash equivalents. Cash equivalent investments are carried at cost, which approximates fair value, and consist primarily of United States Treasuries, time deposits, and other forms of short-term fixed income investments.

Restricted Cash and Investments

Restricted cash and investments held in trust accounts represent collateral for certain incentive programs.

Accounts Receivable, Net

Accounts receivable includes billed and unbilled amounts and are recognized in the period when the Company's rights to receive consideration are unconditional.

The Company establishes an allowance for doubtful accounts based on the assessment of the clients' ability to pay. In addition to such allowances, there are often items in dispute or being negotiated that may require us to make an estimate as to the ultimate outcome. Past due receivable balances are written off when internal collection efforts have been unsuccessful in collecting the amounts due.

Contract Assets and Contract Liabilities

In connection with the adoption of ASC 606 on December 30, 2017, the Company revised its policy related to contract assets and contract liabilities.

Projects with performance obligations recognized over time that have revenue recognized to-date in excess of cumulative billings and unbilled accounts receivable are reported on our consolidated balance sheets as “Contract assets”. Contract retentions, included in contract assets, represent amounts withheld by clients, in accordance with underlying contract terms, until certain conditions are met or the project is completed. The operating cycle for certain long-term contracts may extend beyond one year, and, accordingly, collection of retainage on those contracts may extend beyond one year. Contract assets are reclassified to accounts receivable when the right to consideration becomes unconditional.

Contract liabilities on uncompleted contracts represent the excess of cash collected from clients and billings to clients on contracts in advance of work performed over the amount of revenue recognized and provisions for losses. The majority of these amounts are expected to be earned within 12 months and are classified as current liabilities.

Refer to the Recently Adopted Accounting Pronouncements for further discussion of the impact of adopting ASC 606.

Concentration of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivables. The Company’s cash is primarily held with major banks and financial institutions throughout the world. At times, cash balances may be in excess of the amount insured.

The Company is involved in a significant volume of contracts with the United States federal government and state and local governments. Approximately 36%, 42% and 48% of consolidated revenues for the years ended December 29, 2017, December 31, 2018 and December 31, 2019, respectively, and approximately 29% and 18% of accounts receivable as of December 31, 2018 and December 31, 2019, respectively, were derived from contracts with the United States federal government. No other customers represented 10% or more of consolidated revenues or accounts receivable in any of the periods presented.

In order to mitigate the credit risk associated with customers, the Company performs periodic credit evaluations of its customers’ financial condition.

Property and Equipment

Property and equipment are stated at cost and are shown net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Depreciation of leasehold improvements is computed using the straight-line method over the shorter of their estimated useful lives or the remaining term of the lease.

The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts, and any gain or loss thereon is included in net income. Expenditures for maintenance and repairs are expensed as incurred. Property and equipment are reviewed for impairment when events or circumstances change that indicate they may not be recoverable. Impairment losses are recognized when estimated future cash flows expected to result from the use of the assets and their eventual disposition are less than their carrying amount, in which case the asset is written down to its fair value.

Leases

The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease ROU assets and current and long-term operating lease liabilities in the consolidated balance sheets. Finance leases are included in other noncurrent assets, accrued expenses and other current liabilities and other long-term liabilities in the consolidated balance sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Company's leases do not provide an implicit rate, incremental borrowing rates are used based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

We have lease agreements with lease and non-lease components where the lease consideration is allocated between the components based on relative standalone prices. For real property leases, allocations of lease consideration between lease and non-lease components are immaterial. For certain equipment leases, such as vehicles, we account for the lease and non-lease components as a single lease component. Additionally, for certain equipment leases, we apply a portfolio approach to effectively account for the operating lease ROU assets and liabilities.

Equity-Based Compensation

The Company measures the value of services received from employees and directors in exchange for an equity-based award based on the grant date fair value. The Company issues equity-based awards that settle in either cash or shares of the Company's common stock. Cash settled awards are subsequently remeasured to an updated fair value at each reporting period until the award is settled. Awards containing performance measures are adjusted at each reporting period for the number of shares expected to be earned. Compensation cost for cash settled and performance awards are trued-up at each reporting period for changes in fair value and expected shares pro-rated for the portion of the requisite service period rendered. The Company recognizes compensation costs for these awards on either a straight-line or accelerated basis over the vesting period of the award in indirect, general and administrative expense in the consolidated statements of income.

Business Combinations

The Company accounts for business combinations using the acquisition method, under which the purchase price of an acquired company is allocated to the tangible and intangible assets acquired and the liabilities assumed on the basis of their fair values at the date of acquisition. Any excess of purchase price over the fair value of tangible and intangible assets acquired and liabilities assumed is allocated to goodwill. The determination of fair values of assets acquired and liabilities assumed requires the Company to make estimates and use valuation techniques when a market value is not readily available. The Company adjusts the preliminary purchase price allocation, as necessary, during the measurement period of up to one year after the acquisition closing date as the Company obtains more information as to facts and circumstances existing at the acquisition date. Acquisition-related costs are recognized separate from the acquisition and are expensed as incurred.

Consolidation of Joint Ventures and Variable Interest Entities

The Company participates in joint ventures, which include partnerships and partially owned limited liability corporations, to bid, negotiate and complete specific projects. The Company is required to consolidate these joint ventures if it holds the majority voting interest or if the joint venture is determined to be a variable interest entity ("VIE") for which the Company is the primary beneficiary, as described below.

A VIE is an entity with one or more of the following characteristics: (a) the total equity investment at risk is not sufficient to permit the entity to finance its activities without additional financial support; (b) as a group, the holders of the equity investment at risk lack the ability to make certain decisions, the obligation to absorb expected losses or the right to receive expected residual returns; or (c) an equity investor has voting rights that are disproportionate to its economic interest and substantially all of the entity's activities are on behalf of the investor with disproportionately low voting rights. The Company's VIEs may be funded through contributions, loans and/or advances from the joint venture partners or by advances and/or letters of credit provided by clients. Certain VIEs are directly governed, managed, operated and administered by the joint venture partners. Others have no employees and, although these entities own and hold the contracts with the clients, the services required by the contracts are typically performed by the joint venture partners or by other subcontractors.

The Company is considered the primary beneficiary and required to consolidate a VIE if it has the power to direct the activities that most significantly impact that VIE's economic performance, and the obligation to absorb losses or the right to receive benefits of that VIE that could potentially be significant to the VIE. In determining whether the Company is the primary beneficiary, significant assumptions and judgments include the following: (1) identifying the significant activities and the parties that have the power to direct them; (2) reviewing the governing board composition and participation ratio; (3) determining the equity, profit and loss ratio; (4) determining the management-sharing ratio; (5) reviewing employment terms, including which joint venture partner provides the project manager; and (6) reviewing the funding and operating agreements. Examples of significant activities currently being performed by the Company's significant consolidated and unconsolidated joint ventures include engineering and design services; management consulting services; procurement and construction services; program management; construction management; and operations and maintenance services. If the Company determines that the power to direct the significant activities is shared by two or more joint venture parties, then there is no primary beneficiary and no party consolidates the VIE. In making the shared-power determination, the Company analyzes the key contractual terms, governance, related party and de facto agency as they are defined in the accounting standard, and other arrangements.

Goodwill

In 2019, the Company changed the date of its annual goodwill impairment testing from November 30 to October 1. This change is results in better alignment of the Company's annual impairment test with the Company's annual budgeting cycle and provides a more reliable measurement using the Company's interim closing processes. The change had no effect on the Company's financial statements for the current or historical periods.

The Company performs an additional review at year end to address the interim period.

For purposes of impairment testing, goodwill is allocated to the applicable reporting units based on the current reporting structure. The Company's reporting units are operating segments or components of operating segments where discrete financial information is available and segment management regularly reviews the operating results. When evaluating goodwill for impairment, the Company may decide to first perform a qualitative assessment, or "step zero" impairment test, to determine whether it is more likely than not that impairment has occurred. If the Company does not perform a qualitative assessment, or if the Company determines that it is not more likely than not that the fair value of its reporting units exceeds their carrying amounts, the Company performs a quantitative assessment and calculates the estimated fair value of the respective reporting unit. If the carrying amount of a reporting unit exceeds its fair value, an impairment loss is recognized in the amount the carrying value exceeds its fair value, not to exceed the carrying amount of goodwill.

The Company's decision to perform a qualitative impairment assessment in a given year is influenced by a number of factors, including the significance of the excess of the Company's estimated fair value over carrying value at the last quantitative assessment date, the amount of time in between quantitative fair value assessments, and the date of its acquisitions, if any.

Intangible Assets

Intangible assets with finite lives arise from business acquisitions and are amortized based on the period over which the contractual or economic benefit of the intangible assets are expected to be realized or on a straight-line basis over the useful lives of the underlying assets, ranging from one to ten years.

These primarily consist of customer relationships, developed technology, backlog, and covenants not to compete. When indicators of a potential impairment exist, the Company assesses the recoverability of the unamortized balance of its intangible assets by first comparing undiscounted expected cash flows associated with the asset, or the asset group they are part of, to its carrying value. Should the review indicate that the carrying value is not fully recoverable, the excess of the carrying value over the fair value of the intangible assets would be recognized as an impairment loss.

Income Taxes

Income taxes are accounted for under the asset and liability method. This approach requires the recognition of deferred tax liabilities and assets to reflect the tax effects of temporary differences between the financial statement carrying amounts and tax bases of the Company's assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. Deferred tax assets are evaluated for future realization and valuation allowances are established when, in our opinion, it is more likely than not that all or some portion of the asset will not be realized.

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements on a particular tax position are measured based on the largest benefit that is greater than 50 percent likely of being realized. The amount of unrecognized tax benefits ("UTB") is adjusted as appropriate for changes in facts and circumstances, such as significant amendments to existing tax law, new regulations or interpretations by the taxing authorities, new information obtained during a tax examination, or resolution of an examination. The Company recognizes both accrued interest and penalties, where appropriate, related to UTBs in income tax expense.

Foreign Currency Translation

The Company's reporting currency is the U.S. Dollar. The functional currency of the Company's foreign entities is typically the currency of the primary environment in which they operate. For foreign entities whose functional currency is not the U.S. dollar, the assets and liabilities are translated based on exchange rates in effect at the balance sheet date, while the income and expense accounts are translated using the average exchange rates during the period. Translation gains or losses, net of income tax effects, are reflected in accumulated other comprehensive income on the consolidated balance sheets. Transaction gains and losses due to movements in exchange rates between the functional currency and the currency in which a foreign currency transaction is denominated are recognized as "Other income (expense), net" in the Company's consolidated statements of income.

Self-Insurance

The Company typically utilizes third-party insurance subject to varying retention levels or self-insurance. The Company is self-insured for a portion of the losses and liabilities primarily associated with workers' compensation, general, professional, automobile, employee matters, certain medical plans, and project-specific liability claims. Losses are accrued based upon the Company's estimates of the aggregate liability for claims incurred using historical experience and certain actuarial assumptions, as provided by an independent actuary. The estimate of self-insurance liability includes an estimate of incurred but not reported claims, based on data compiled from historical experience.

Recently Adopted Accounting Pronouncements

The Company adopted ASC 606 on December 30, 2017, using the modified retrospective method, which provides for a cumulative effect adjustment to beginning 2018 accumulated deficit for those uncompleted contracts impacted by the adoption of the new standard. For contracts that were modified before the beginning of the earliest reporting period presented in accordance with ASC 606, the Company has not retrospectively restated the contract for those modifications. The Company instead reflected the aggregate effect of all modifications when identifying the satisfied and unsatisfied performance obligations, determining the transaction price and allocating the transaction price. The core principle of ASC 606 is that revenue will be recognized when promised goods or services are transferred to customers in an amount that reflects consideration for which entitlement is expected in exchange for those goods or services.

Additionally, the Company began to separately present contract assets and liabilities on the consolidated balance sheets. Contract assets include amounts due under contractual retainage provisions as well as revenue recognized to date in excess of cumulative billings and unconditional unbilled accounts receivable that were previously presented as unbilled accounts receivable. Contract liabilities include billings in excess of costs and estimated earnings as well as provisions for losses that were previously separately presented. The difference between the recognition criteria under ASC 606 and the Company's previous recognition practices under the revenue recognition guidance, ASC Topic 605-35, was recognized through a cumulative effect adjustment that was made to the opening balance of accumulated deficit as of December 30, 2017. Consistent with the modified retrospective transition approach, the comparative fiscal 2017 period was not adjusted to conform to the fiscal 2018 and 2019 presentation.

The cumulative effect of adopting ASC 606 was primarily due to combining certain deliverables that were previously considered separate deliverables into a single performance obligation and the transition of certain cost-type contracts into the cost-to-cost measure of progress method.

The cumulative effect adjustment was an increase to accumulated deficit of $4.7 million as of December 30, 2017 as well as the following cumulative effect adjustments:

- An increase to contract assets of $2.5 million;
- An increase to deferred tax assets of $0.1 million;
- An increase to contract liabilities of $7.2 million; and
- An increase to non-controlling interests of $0.1 million.

In February 2016, the FASB issued ASU 2016-02 "*Leases (Topic 842)*", which is a new standard related to leases intended to increase transparency and comparability among organizations by requiring the recognition of right-of-use ("ROU") assets obtained in exchange for lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Company elected to adopt the standard, and available practical expedients, effective January 1, 2019. These practical expedients allowed the Company to keep the lease classification assessed under the previous lease accounting standard (ASC 840) without reassessment under the new standard, and allowed all separate lease components, including non-lease components, to be accounted for as a single lease component for all existing leases prior to adoption of the new standard. Furthermore, the Company made an accounting policy election to not recognize a lease liability and ROU asset for leases with lease terms of twelve months or less.

The Company adopted this new standard under the modified retrospective transition approach without adjusting comparative periods in the financial statements, as allowed under Topic 842, and implemented internal controls and key system functionality to enable the preparation of financial information on adoption.

The standard had a material impact on the Company's consolidated balance sheets but did not have an impact on the consolidated statements of income and cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases, while accounting for finance leases remained substantially unchanged.

As a result of the adoption, the Company recorded a cumulative-effect adjustment to retained earnings of $52.6 million, net of deferred tax asset adjustment of $0.7 million, representing the unamortized portion of a deferred gain previously recorded as a sale-leaseback transaction associated with the sale of an office building in 2011. The Company concluded the transaction resulted in the transfer of control of the office building to the buyer-lessor at market terms and would have qualified as a sale under Topic 842 with gain recognition in the period the sale was recognized.

In July 2018, the FASB issued ASU No. 2018-09, Codification Improvements. The amendments in this ASU clarify certain aspects of the guidance related to: reporting comprehensive income, debt modification and extinguishment, income taxes related to stock compensation, income taxes related to business combinations, derivatives and hedging, fair value measurements, brokers and dealers liabilities, and plan accounting. This ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. The Company has adopted this ASU on a prospective basis in the first quarter of 2019 and has determined there to be no impact on its financial statements and related disclosures.

Effective January 1, 2019, the Company adopted ASU 2018-02, "Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income" under which the Company did not elect to reclassify the income tax effects stranded in accumulated other comprehensive income to retained earnings as a result of the enactment of comprehensive tax legislation, commonly referred to as the Tax Cuts and Jobs Act. As a result, there was no impact on the Company's financial position, results of operations or cash flows.

Recently Issued Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, "*Measurement of Credit Losses on Financial Instruments*," and issued subsequent amendments to the initial guidance within ASU 2019-04 and ASU 2019-05. The amendments in ASU 2016-13 replace the incurred loss impairment methodology in current practice with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to estimate credit losses. ASU 2016-13 and its amendments are effective for interim and annual reporting periods beginning after December 15, 2019. This standard will be effective for the Company's interim and annual periods beginning with the first quarter of fiscal 2020. Management continues to assess the impact of adopting ASU 2016-13 and does not believe it will have a material effect on the company's financial position, results of operations and cash flows.

In December 2019, the FASB issued ASU No. 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes ("ASU 2019-12"). ASU 2019-12 was issued as a means to reduce the complexity of accounting for income taxes for those entities that fall within the scope of the accounting standard. The guidance is to be applied using a prospective method, excluding amendments related to franchise taxes, which should be applied on either a retrospective basis for all periods presented or a modified retrospective basis through a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal year of adoption. ASU 2019-12 is effective for fiscal years beginning after December 15, 2020, with early adoption permitted. The Company is evaluating the impact of ASU 2019-12 on its consolidated financial statements.

3. Acquisitions

Williams Electric

On October 6, 2017, the Company completed the acquisition of Williams Electric Company, Inc., a specialty contractor delivering global control system integration and energy infrastructure solutions to U.S. Government customers. The total consideration for this acquisition, net of cash received, was approximately $25.7 million, which we paid in cash at closing.

Polaris Alpha

On May 31, 2018, the Company acquired a 100% ownership interest in Polaris Alpha, a privately-owned, advanced technology-focused provider of innovative mission solutions for complex defense, intelligence, and security customers, as well as other U.S. federal government customers, for $489.1 million paid in cash. The Company borrowed $260 million under the Credit Agreement, as described in "Note 12—*Debt and Credit Facilities*", to partially fund the acquisition. In connection with this acquisition, the Company recognized $6.2 million of acquisition-related expenses in "Indirect, general and administrative expense" in the consolidated statements of income for the year ended December 31, 2018, including legal fees, consulting fees, and other miscellaneous direct expenses associated with the acquisition. Polaris Alpha enhances the Company's artificial intelligence and data analytics expertise with new technologies and solutions. Customers of both companies will benefit from existing, complementary technologies and increased scale, enabling end-to-end solutions under the shared vision of rapid prototyping and agile development. The following table summarizes the fair values of the assets acquired and liabilities assumed as of the date of acquisition (in thousands):

	Polaris Alpha
Cash and cash equivalents	$ 7,914
Accounts receivable	29,688
Contract assets	35,229
Prepaid expenses and other current assets	9,295
Property and equipment	9,024
Goodwill	243,471
Intangible assets	199,520
Other noncurrent assets	2,203
Accounts payable	(13,942)
Accrued expenses and other current liabilities	(26,419)
Contract liabilities	(3,529)
Deferred tax liabilities	(2,231)
Other long-term liabilities	(1,146)
Net assets acquired	$ 489,077

Of the total purchase price, the following values were assigned to intangible assets (in thousands, except for years):

	Gross Carrying Amount	Amortization Period (in years)
Developed technology	$ 84,900	4
Customer relationships	76,000	8
Backlog	34,900	2
Trade name	3,600	1
Leases	120	6

Amortization expense of $30.3 million and $54.5 million related to these intangible assets was recorded for the years ended December 31, 2018 and December 31, 2019, respectively. The entire value of goodwill of $243.5 million was assigned to the Federal Solutions reporting unit and represents synergies expected to be realized from this business combination. Goodwill of $50.1 million is deductible for tax purposes.

The amount of revenue generated by Polaris Alpha since the acquisition and included within consolidated revenues for 2018 is $227.3 million. The Company has determined that the presentation of net income from the date of acquisition is impracticable due to the integration of general corporate functions upon acquisition.

Supplemental Pro Forma Information (Unaudited)

Supplemental information on an unaudited pro forma basis, as if the acquisition closed as of the beginning of the fiscal year ended December 29, 2017 as follows (in thousands):

	2017 (unaudited)	2018 (unaudited)
Pro forma Revenue	$ 3,361,626	$ 3,713,804
Pro forma Net Income including noncontrolling interest	58,356	225,861

The unaudited pro forma supplemental information is based on estimates and assumptions which the Company believes are reasonable and reflects the pro forma impact of additional amortization related to the fair value of acquired intangible assets, the pro forma impact of reflecting acquisition costs, which consisted of legal, advisory and due diligence fees and expenses, and the additional pro forma interest expense related to the borrowings under the credit agreement as of the assumed acquisition date. This supplemental pro forma information has been prepared for comparative purposes and does not purport to be indicative of what would have occurred had the acquisition been consummated during the periods for which pro forma information is presented.

OGSystems

On January 7, 2019, the Company acquired a 100% ownership interest in OGSystems, a privately-owned company, for $292.4 million paid in cash. OGSystems provides geospatial intelligence, big data analytics and threat mitigation for defense and intelligence customers. The Company borrowed $110 million under the Credit Agreement and $150 million on a short-term loan, as described in "Note 12—*Debt and Credit Facilities*," to partially fund the acquisition. In connection with this acquisition, the Company recognized $5.4 million of acquisition-related expenses in "Indirect, general and administrative expense" in the consolidated statements of income for the year ended December 31, 2019, including legal fees, consulting fees, and other miscellaneous direct expenses associated with the acquisition. OGSystems enhances the Company's artificial intelligence and data analytics expertise with new technologies and solutions. Customers of both companies will benefit from existing, complementary technologies and increased scale, enabling end-to-end solutions under the shared vision of rapid prototyping and agile development.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed based on the purchase price allocation as of the date of acquisition (in thousands):

	Amount
Cash and cash equivalents	$ 5,772
Accounts receivable	9,904
Contract assets	9,747
Prepaid expenses and other current assets	4,307
Property and equipment	4,085
Right of use assets, operating leases	8,826
Goodwill	183,540
Intangible assets	92,300
Other noncurrent assets	10
Accounts payable	(5,450)
Accrued expenses and other current liabilities	(7,147)
Contract liabilities	(1,300)
Short-term lease liabilities, operating leases	(805)
Income tax payable	(1,178)
Deferred tax liabilities	(1,195)
Long-term lease liabilities, operating leases	(8,021)
Other long-term liabilities	(1,015)
Net assets acquired	$ 292,380

Of the total purchase price, the following values were assigned to intangible assets (in thousands, except for years):

	Gross Carrying Amount	Amortization Period (in years)
Customer relationships	$ 57,100	5
Backlog	27,700	3
Trade name	3,800	2
Non-compete agreements	2,400	3
Developed technologies	$ 1,300	3

Amortization expense of $23.8 million related to these intangible assets was recorded for the year ended December 31, 2019. The entire value of goodwill of $183.5 million was assigned to the Federal Solutions reporting unit and represents synergies expected to be realized from this business combination. Goodwill of $16 million is deductible for tax purposes.

The amount of revenue generated by OGSystems since the acquisition and included within consolidated revenues for year ended December 31, 2019 is $143.4 million. The Company has determined that the presentation of net income from the date of acquisition is impracticable due to the integration of general corporate functions upon acquisition.

Supplemental Pro Forma Information (Unaudited)

Supplemental information of unaudited pro forma operating results assuming the OGSystems acquisition had been consummated as of the beginning of fiscal year 2018 (December 30, 2017) (in thousands) is as follows:

	2018 (unaudited)	2019 (unaudited)
Pro forma Revenue	$ 3,676,894	$ 3,956,767
Pro forma Net Income including noncontrolling interests	205,961	134,046

The unaudited pro forma supplemental information is based on estimates and assumptions which the Company believes are reasonable and reflects the pro forma impact of additional amortization related to the fair value of acquired intangible assets, the pro forma impact of reflecting acquisition costs, which consisted of legal, advisory and due diligence fees and expenses, and the additional pro forma interest expense related to the borrowings under the credit agreement as of the assumed acquisition date. This supplemental pro forma information has been prepared for comparative purposes and does not purport to be indicative of what would have occurred had the acquisition been consummated during the periods for which pro forma information is presented.

QRC Technologies

On July 31, 2019 the Company acquired a 100% ownership interest in QRC Technologies (“QRC”), a privately-owned company, for $214.1 million in cash. QRC provides design and development of open-architecture radio-frequency products. The Company borrowed $140.0 million under the Revolving Credit Facility to partially fund the transaction. In connection with this acquisition, the Company recognized $4.9 million of acquisition-related expenses in “Indirect, general and administrative expense” in the consolidated statements of income for the year ended December 31, 2019, including legal fees, consulting fees, and other miscellaneous direct expenses associated with the acquisition. QRC is an agile, disruptive product company that specializes in radio frequency spectrum survey, record and playback; signals intelligence; and electronic warfare missions. QRC complements our existing portfolio, increases our presence in the high-growth markets of spectrum awareness and surveillance, adds critical intellectual property that complements and expands our available capabilities for the Special Operations and Intelligence Communities.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed based on the preliminary purchase price allocation as of the date of acquisition (in thousands):

	Amount
Cash and cash equivalents	$ 5,925
Accounts receivable	5,587
Prepaid expenses and other current assets	5,727
Property and equipment	1,205
Right of use assets, operating leases	5,228
Goodwill	125,091
Intangible assets	76,200
Accounts payable	(1,567)
Accrued expenses and other current liabilities	(4,025)
Short-term lease liabilities, operating leases	(545)
Long-term lease liabilities, operating leases	(4,683)
Net assets acquired	$ 214,143

Of the total purchase price, the following values were assigned to intangible assets (in thousands, except for years):

	Gross Carrying Amount	Amortization Period (in years)
Customer relationships	$ 49,800	12
Developed technologies	21,800	3 to 5
In-process research and development	1,800	3 to 5
Non-compete agreements	1,200	4
Trade name	800	2
Backlog	800	1

The Company is still in the process of finalizing its valuation of the net assets acquired.

Amortization expense of $5.7 million related to these intangible assets was recorded for the year ended December 31, 2019. The entire value of goodwill of $125.1 million was assigned to the Federal Solutions reporting unit and represents synergies expected to be realized from this business combination. Goodwill in its entirety is deductible for tax purposes.

The amount of revenue generated by QRC since the acquisition and included within consolidated revenues for the year ended December 31, 2019 is $11.2 million. The Company has determined that the presentation of net income from the date of acquisition is impracticable due to the integration of general corporate functions upon acquisition.

Supplemental Pro Forma Information (Unaudited)

Supplemental information of unaudited pro forma operating results assuming the QRC Technologies acquisition had been consummated as of the beginning of fiscal year 2018 (December 30, 2017) (in thousands) is as follows:

	2018 (unaudited)	2019 (unaudited)
Pro forma Revenue	$ 3,596,920	$ 3,976,361
Pro forma Net Income	221,930	138,692

The unaudited pro forma supplemental information is based on estimates and assumptions which the Company believes are reasonable and reflects the pro forma impact of additional amortization related to the fair value of acquired intangible assets, the pro forma impact of reflecting acquisition costs, which consisted of legal, advisory and due diligence fees and expenses, and the additional pro forma interest expense related to the borrowings under the credit agreement as of the assumed acquisition date. This supplemental pro forma information has been prepared for comparative purposes and does not purport to be indicative of what would have occurred had the acquisition been consummated during the periods for which pro forma information is presented.

4. Contracts with Customers

Disaggregation of Revenue

The Company's contracts contain both fixed price and cost reimbursable components. Contract types are based on the component that represents the majority of the contract. The following table presents revenue disaggregated by contract type (in thousands):

	December 31, 2018	December 31, 2019
Cost plus	$ 1,473,815	$ 1,705,832
Time-and-Materials	961,759	1,074,037
Fixed price	1,124,934	1,174,943
Total	$ 3,560,508	$ 3,954,812

Refer to "Note 21—*Segment Information*" for the Company's revenues by business lines.

Contract Assets and Contract Liabilities

Contract assets and contract liabilities balances at December 31, 2018 and December 31, 2019 were as follows (in thousands):

	December 31, 2018	December 31, 2019	$ change	% change
Contract assets	$ 515,319	$ 575,089	$ 59,770	11.60%
Contract liabilities	208,576	230,681	22,105	10.60%
Net contract assets (liabilities)(1)	$ 306,743	$ 344,408	$ 37,665	12.28%

(1) Total contract retentions included in net contract assets (liabilities) were $89.6 million as of December 31, 2018. Total contract retentions included in net contract assets (liabilities) were $85.5 million as of December 31, 2019, of which $41.7 million are not expected to be paid in fiscal 2020. Contract assets at December 31, 2018 and December 31, 2019 include approximately $47.1 million and $73.0 million, respectively, related to unapproved change orders, claims, and requests for equitable adjustment. For the years ended December 31, 2018 and December 31, 2019, no material losses were recognized related to the collectability of claims, unapproved change orders, and requests for equitable adjustment.

During the years ended December 31, 2018 and December 31, 2019, the Company recognized revenue of approximately $168.6 million and $129.9 million, respectively that was included in the corresponding contract liability balance at December 29, 2017 and December 31, 2018, respectively. The change in contract assets and contract liabilities was the result of normal business activity and not significantly impacted by other factors, except as follows:

	December 31, 2018	December 31, 2019
Acquired contract assets	$ 35,229	$ 9,747
Acquired contract liabilities	3,529	1,300
Change in the estimate of variable consideration	—	12,166
Reversal of provision for contract losses(1)	$ 133,180	$ —

(1) Reversal of provision for contract losses of $133.2 million, of which $55.1 million was recorded as an increase in revenue with the remainder recorded as other income.

There was no significant impairment of contract assets recognized during the years ended December 31, 2018 and December 31, 2019.

Revisions in estimates, such as changes in estimated claims or incentives, related to performance obligations partially satisfied in previous periods that individually had an impact of $5 million or more on revenue resulted in an increase in revenue of $12.1 million for the year ended December 31, 2019, and no impact for the year ended December 31, 2018.

Accounts Receivable, Net

Accounts receivable, net consisted of the following as of December 31, 2018 and December 31, 2019 (in thousands):

	2018	2019
Billed	$ 538,808	$ 494,366
Unbilled	135,180	218,959
Total accounts receivable, gross	673,988	713,325
Allowance for doubtful accounts	(50,702)	(41,833)
Total accounts receivable, net	$ 623,286	$ 671,492

Billed accounts receivable represents amounts billed to clients that have not been collected. Unbilled accounts receivable represents amounts where the Company has a present contractual right to bill but an invoice has not been issued to the customer at the period-end date.

The allowance for doubtful accounts was determined based on consideration of trends in actual and forecasted credit quality of clients, including delinquency and payment history, type of client, such as a government agency or commercial sector client, and general economic conditions and particular industry conditions that may affect a client’s ability to pay.

Transaction Price Allocated to the Remaining Unsatisfied Performance Obligations

The Company’s remaining unsatisfied performance obligations (“RUPO”) as of December 31, 2019 represent a measure of the total dollar value of work to be performed on contracts awarded and in progress. The Company had $5.0 billion in RUPO as of December 31, 2019.

RUPO will increase with awards of new contracts and decrease as the Company performs work and recognizes revenue on existing contracts. Projects are included within RUPO at such time the project is awarded and agreement on contract terms has been reached. The difference between RUPO and backlog relates to unexercised option years that are included within backlog and the value of Indefinite Delivery/Indefinite Quantity (“IDIQ”) contracts included in backlog for which task orders have not been issued.

RUPO is comprised of: (a) original transaction price, (b) change orders for which written confirmations from our customers have been received, (c) pending change orders for which the Company expects to receive confirmations in the ordinary course of business, and (d) claim amounts that the Company has made against customers for which it has determined that it has a legal basis under existing contractual arrangements and a significant reversal of revenue is not probable, less revenue recognized to-date.

The Company expects to satisfy its RUPO as of December 31, 2019 over the following periods (in thousands):

	Within One Year	Within One to Two Years	Thereafter
Federal Solutions	$ 1,207,900	$ 451,278	$ 176,103
Critical Infrastructure	1,634,625	632,273	859,966
Total RUPO	$ 2,842,525	$ 1,083,551	$ 1,036,069

5. Leases

The Company has operating and finance leases for corporate and project office spaces, vehicles, heavy machinery and office equipment. Our leases have remaining lease terms of one year to 11 years, some of which may include options to extend the leases for up to five years, and some of which may include options to terminate the leases up to the seventh year. As of December 31, 2019, assets recorded under finance leases were $2.4 million and accumulated depreciation associated with finance leases was $0.7 million.

The components of lease costs for the year ended December 31, 2019 are as follows (in thousands):

	2019
Operating lease cost	$ 70,112
Short-term lease cost	11,988
Amortization of right-of-use assets	746
Interest on lease liabilities	77
Sublease income	(3,620)
Total lease cost	$ 79,303

Supplemental cash flow information related to leases for the year ended December 31, 2019 is as follows (in thousands):

	2019
Operating cash flows for operating leases	$ 62,714
Operating cash flows for financing activities	77
Financing cash flows from finance leases	863
Right-of-use assets obtained in exchange for new operating lease liabilities	299,503
Right-of-use assets obtained in exchange for new finance lease liabilities	$ 3,124

Supplemental balance sheet and other information related to leases as of December 31, 2019 is as follows (in thousands):

	2019
Operating Leases:	
Right-of-use assets	$ 233,415
Lease liabilities:	
Current	$ 49,994
Long-term	203,624
Total operating lease liabilities	$ 253,618
Finance Leases:	
Other noncurrent assets	$ 2,377
Accrued expenses and other current liabilities	$ 1,075
Other long-term liabilities	$ 1,202
Weighted Average Remaining Lease Term:	
Operating leases	6 years
Finance leases	3 years
Weighted Average Discount Rate:	
Operating leases	4.0%
Finance leases	4.5%

As of December 31, 2019, the Company has additional operating leases, primarily for office spaces, that have not yet commenced of $9.9 million. These operating leases will commence in 2020 with lease terms of 5 years to 7 years.

A maturity analysis of the future undiscounted cash flows associated with the Company's operating and finance lease liabilities as of December 31, 2019 is as follows (in thousands):

	Operating Leases	Finance Leases
2020	$ 58,412	$ 1,152
2021	54,491	870
2022	48,454	326
2023	41,424	48
2024	30,945	—
Thereafter	49,727	—
Total lease payments	283,453	2,396
Less: imputed interest	(29,835)	(119)
Total present value of lease liabilities	$ 253,618	$ 2,277

Rental expense for the years ended December 29, 2017, December 31, 2018 and December 31, 2019 was $73.3 million, $79.8 million and $ 82.1 million, respectively, and is recorded in "Indirect, general and administrative expenses" in the consolidated statements of income.

6. Equity-Based Compensation

The Company issues stock-based awards through the Shareholder Value Plan, Long-Term Growth Plan, Restricted Award Plan, and Incentive Award Plan. Through these plans the Company may issue stock options (including incentive and non-qualified stock options), stock appreciation rights, restricted stock, restricted stock units, an "other" stock or cash-based awards, or a dividend equivalent award. The compensation expense for these awards is recorded in Indirect, general and administrative expenses" in the Company's consolidated financial statements.

Stock-based compensation expense was $18.8 million, $16.3 million and $49.0 million for the years ended December 29, 2017, December 31, 2018 and December 31, 2019, respectively, net of recognized tax benefits of $0.2 million, $0.2 million and $16.7 million for the years ended 2017, 2018 and 2019, respectively. The tax benefit realized related to awards vested during the years ended 2017, 2018, and 2019 was $0.1 million, $0.2 million and $3.3 million, respectively. We recognize forfeitures as they occur.

With the adoption of the Incentive Award Plan on April 15, 2019, the Company has discontinued issuing awards under the other plans described above. Outstanding awards granted out of the discontinued plans will continue to vest and will settle in cash.

At December 31, 2019, the amount of compensation cost relating to non-vested awards not yet recognized in the consolidated financial statements is $16.5 million. The majority of these unrecognized compensation costs will be recognized by the 3rd quarter of fiscal 2020.

As discussed in "Note 1—*Description of Operations*", the Company consummated its IPO on May 8, 2019. Subsequent to the IPO, the fair value of a share of the Company's common stock is based on quoted prices on the NYSE. Please see "Note 19—*Fair Value of Financial Instruments*" for a description of how the fair value of a share of the Company's common stock was determined prior to the IPO.

Stock Appreciation Rights

Stock Appreciation Rights ("SARs") were issued under the Shareholder Value Plan ("SVP"). Outstanding awards provide a cash incentive based on the increase in the Company's share price over a three-year period, multiplied by a number of phantom share units. If at the end of a performance cycle the

Company's share price has not increased, then no award payment will be made. The awards issued under the SVP are time-vested cash-settled SARs. The SARs vest at the end of three years and expense is recognized on an accelerated basis over the vesting period. The grant date fair value of the award is determined by using the Black-Scholes option-pricing model. SARs are remeasured, using the Black-Scholes option-pricing model, to an updated fair value at each reporting period until the award is settled. The fair value of the grant on the vesting date is determined based on the 60-trading day weighted average closing price of the Company's common stock on the NYSE. Compensation cost is trued-up at each reporting period for changes in fair value pro-rated for the portion of the requisite service period rendered.

The following table presents the assumptions used in the Black-Scholes option-pricing model for SARs outstanding at the year-end measurement date:

	December 31, 2019
Dividend yield	0.0%
Expected volatility	31.0%
Risk-free interest rate	1.6%
Expected term	1.0

The following table presents the number of SARs granted, vested, and forfeited for the years ended December 29, 2017, December 31, 2018, and December 31, 2019:

	Number of Units	Weighted Average Grant-Date Fair Value
Unvested at December 30, 2016	3,170,565	$ 3.00
Granted	2,096,439	$ 3.00
Vested	(1,573,998)	$ 3.00
Forfeited	(297,631)	$ 3.00
Unvested at December 29, 2017	3,395,375	$ 3.00
Granted	1,708,746	$ 3.00
Vested	(1,322,805)	$ 3.00
Forfeited	(364,662)	$ 3.00
Unvested at December 31, 2018	3,416,654	$ 3.00
Granted	—	$ —
Vested	(1,547,142)	$ 3.00
Forfeited	(391,884)	$ 3.00
Unvested at December 31, 2019	1,477,628	$ 3.00

Long-Term Growth Units

Long-Term Growth Units awards were issued under the Long-Term Growth Plan. Outstanding awards provide a cash incentive based on performance conditions. The grant date fair value of the award is based on fair value of the Company's common stock on the grant day. These awards vest at the end of three years and expense is recognized on an accelerated basis over the vesting period subject to the probability of meeting the performance requirements and adjusted for the number of shares expected to be earned. Awards are remeasured to an updated fair value at each reporting period until the award is settled. The updated fair value is based on the 60-trading day weighted average closing price of the Company's common stock on the NYSE on the last day of the reporting period. Compensation cost is trued-up at each reporting period for changes in fair value and expected shares pro-rated for the portion of the requisite service period rendered.

The following table presents the number of Long-Term Growth Units granted, vested, and forfeited (at target shares) for the years ended December 29, 2017, December 31, 2018, and December 31, 2019:

	Number of Units	Weighted Average Grant-Date Fair Value
Unvested at December 30, 2016	331,986	$ 19.65
Granted	174,270	$ 20.33
Vested	(176,781)	$ 19.33
Forfeited	(21,594)	$ 20.09
Unvested at December 29, 2017	307,881	$ 20.18
Granted	144,777	$ 22.67
Vested	(136,221)	$ 20.00
Forfeited	(16,656)	$ 20.27
Unvested at December 31, 2018	299,781	$ 20.23
Granted	—	$ —
Vested	(137,760)	$ 20.33
Forfeited	(34,584)	$ 21.50
Unvested at December 31, 2019	127,437	$ 21.45

Restricted Award Units

Restricted Award Units awards were issued under the Restricted Award Plan. Outstanding awards provide a cash incentive based on the fair value of the Company's common stock on the vesting date. The grant date fair value of the award is based on the fair value of the Company's common stock on the grant date. These awards vest and expense is recognized on an accelerated basis over the respective vesting periods. Awards are remeasured to an updated fair value at each reporting period until the award is settled. The updated fair value is based on the 60-trading day weighted average closing price of the Company's common stock on the NYSE on the last day of the reporting period. Compensation cost is trued-up at each reporting period for changes in fair value pro-rated for the portion of the requisite service period rendered.

The following table presents the number of Restricted Award Units granted, vested, and forfeited for the years ended December 29, 2017, December 31, 2018, and December 31, 2019:

	Number of Units	Weighted Average Grant-Date Fair Value
Unvested at December 30, 2016	534,355	$ 19.85
Granted	306,843	$ 20.33
Vested	(135,982)	$ 19.53
Forfeited	(45,771)	$ 19.90
Unvested at December 29, 2017	659,445	$ 20.14
Granted	262,140	$ 22.67
Vested	(264,408)	$ 20.00
Forfeited	(67,827)	$ 20.34
Unvested at December 31, 2018	589,350	$ 21.31
Granted	—	$ —
Vested	(281,805)	$ 20.33
Forfeited	(58,101)	$ 21.31
Unvested at December 31, 2019	249,444	$ 22.40

The following table presents the amount paid for cash settled awards, by award type, for the years ended December 29, 2017, December 31, 2018, and December 31, 2019 (in thousands):

	December 29, 2017	December 31, 2018	December 31, 2019
Stock Appreciation Rights	$ 170	$ 4,576	$ 5,261
Long-Term Growth	8,246	1,095	1,108
Restricted Award Units	2,635	4,439	5,537
Total	$ 11,051	$ 10,110	$ 11,906

Restricted Stock Units

Restricted Stock Units awards are issued under the Incentive Award Plan and are settled by the issuance of the Company's common stock. Outstanding awards have been granted based on either service or service and performance conditions. The fair value of the award is based on the closing price of the Company's common stock on the grant date. Awards vest over three-year periods, either annually or cliff. Expense is recognized on an accelerated basis for awards with service conditions only and on a straight-line basis for awards that include performance conditions. Expense recognition of awards with performance criteria are subject to the probability of meeting the performance conditions and adjusted for the number of shares expected to be earned. Compensation cost for awards with performance conditions are trued-up at each reporting period for changes in the expected shares pro-rated for the portion of the requisite service period rendered.

The following table presents the number of shares of restricted stock units granted (at target shares for awards with performance conditions) for the year ended December 31, 2019:

	December 31, 2019	Weighted Average Grant-Date Fair Value
Restricted Stock Units (service condition)	270,544	$ 34.11
Restricted Stock Units (service and performance condition)	327,675	$ 34.02

The number of units granted for awards with performance conditions in the above table is based on performance against the target amount. The number of shares ultimately issued, which could be greater or less than target, will be based on achieving specific performance conditions related to the awards.

The following table presents the number and weighted average grant-date fair value of restricted stock units (at target shares for awards with performance conditions) at December 31, 2019:

	Number of Units	Weighted Average Grant-Date Fair Value
Outstanding at December 31, 2018	-	$ -
Granted	598,219	34.06
Vested	(74,704)	34.02
Forfeited	(16,875)	34.02
Outstanding at December 31, 2019	506,640	$ 34.07

For the year ended December 31, 2019, 74,704 shares of restricted stock units were issued, and 27,962 shares of common stock related to employee statutory income tax withholding were retired.

The following table presents the number of shares of restricted stock outstanding (at target shares for awards with performance conditions) at December 31, 2019:

	December 31, 2019	Weighted Average Grant-Date Fair Value
Restricted Stock Units (service condition)	189,090	$ 34.15
Restricted Stock Units (service and performance condition)	317,550	$ 34.02

7. Goodwill

The following table summarizes the changes in the carrying value of goodwill by reporting segment for fiscal years ended December 31, 2018 and December 31, 2019 (in thousands):

	December 29, 2017	Acquisitions	Foreign Exchange	December 31, 2018
Federal Solutions	$ 422,439	$ 244,402	$ —	$ 666,841
Critical Infrastructure	74,347	—	(4,250)	70,097
Total	$ 496,786	$ 244,402	$ (4,250)	$ 736,938

	December 31 , 2018	Acquisitions	Foreign Exchange	December 31, 2019
Federal Solutions	$ 666,841	$ 308,564	$ —	$ 975,405
Critical Infrastructure	70,097	—	1,923	72,020
Total	$ 736,938	$ 308,564	$ 1,923	$ 1,047,425

For the years ended December 31, 2018 and December 31, 2019, the Company performed a quantitative analysis for all reporting units. It was determined that the fair value of all reporting units exceeded their carrying values. As a result, no goodwill impairments were identified for those periods.

8. Intangible Assets

The gross amount and accumulated amortization of acquired identifiable intangible assets with finite useful lives included in "Intangible assets, net" on the consolidated balance sheets were as follows (in thousands except for years):

	December 31, 2018			December 31, 2019			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Amortization Period *(in years)*
Backlog	$ 80,754	$ (58,295)	$ 22,459	$ 109,255	$ (87,510)	$ 21,745	3
Customer relationships	121,629	(38,974)	82,655	228,529	(67,809)	160,720	7
Leases	670	(561)	109	670	(580)	90	5
Developed technology	87,839	(15,174)	72,665	110,939	(40,749)	70,190	4
Trade name	3,600	(2,100)	1,500	8,200	(5,667)	2,533	1
Non-compete agreements	—	—	—	3,600	(925)	2,675	3
In process research and development	—	—	—	1,800	—	1,800	n/a
Other intangibles	—	—	—	275	(170)	105	10
Total intangible assets	$ 294,492	$ (115,104)	$ 179,388	$ 463,268	$ (203,410)	$ 259,858	

The aggregate amortization expense of intangible assets was $5.6 million, $37.4 million and $88.3 million for the years ended December 29, 2017, December 31, 2018 and December 31, 2019, respectively.

Estimated amortization expense in each of the next five years and beyond is as follows (in thousands):

2020	$	86,574
2021		81,591
2022		36,100
2023		23,549
2024		9,098
Thereafter		21,146
	$	258,058

9. Property and Equipment, Net

Property and equipment consisted of the following at December 31, 2018 and December 31, 2019 (in thousands):

	2018	2019	Useful lives (years)
Building and leasehold improvements	$ 54,348	$ 81,065	1-15
Furniture and equipment	81,705	91,720	3-10
Computer systems and equipment	148,255	164,161	3-10
Construction equipment	12,074	11,765	5-7
	296,382	348,711	
Less: Accumulated depreciation	(204,533)	(225,960)	
Property and equipment, net	$ 91,849	$ 122,751	

Depreciation expense of $29.4 million, $32.4 million and $37.3 million was recorded for the years ended December 29, 2017, December 31, 2018 and December 31, 2019, respectively.

10. Sale-Leasebacks

During fiscal 2011, the Company consummated two sale-leaseback transactions associated with the sale of two office buildings from which the Company recognized a total gain in the consolidated statements of income of $106.7 million and a total deferred gain of $107.8 million. The current and long-term portion of the deferred gain had been recorded in “Accrued expenses and other current liabilities” and “Deferred gain resulting from sale-leaseback transactions” on the consolidated balance sheet as of December 31, 2018, respectively, and was being recognized ratably over the minimum lease terms to which they relate, as an offset to rental expense in “Indirect, general and administrative expenses” in the consolidated statements of income. Amortization of the deferred gain was $7.3 million for each of the years ended December 29, 2017 and December 31, 2018.

The deferred gain balance of $53.3 million as of December 31, 2018 was recognized as an adjustment to beginning accumulated deficit, net of a deferred tax asset adjustment of $0.7 million, during January 2019 in connection with the adoption of the new leasing standard. See “Note 5—*Leases*”.

11. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following at December 31, 2018 and December 31, 2019 (in thousands):

	2018	2019
Salaries and wages	$ 50,991	$ 46,685
Employee benefits	214,008	259,081
Self-insurance liability	29,682	29,997
Project cost accruals	183,362	217,729
Other accrued expenses	81,657	86,371
Total accrued expenses and other current liabilities	$ 559,700	$ 639,863

12. Debt and Credit Facilities

Long-term debt consisted of the following at December 31, 2018 and December 31, 2019 (in thousands):

	2018	2019
Revolving credit facility	$ 180,000	$ —
Senior notes	250,000	250,000
Debt issuance costs	(836)	(647)
Long-term debt	$ 429,164	$ 249,353

In November 2017, the Company entered into an amended and restated Credit Agreement. The Company incurred approximately $2.0 million of costs in connection with this amendment. Under the agreement, the Company's revolving credit facility was increased from $500 million to $550 million and the term of the agreement was extended through November 2022. The borrowings under the Credit Agreement bear interest, at the Company's option, at either the Base Rate (as defined in the Credit Agreement), plus an applicable margin, or LIBOR plus an applicable margin. The applicable margin for Base Rate loans is a range of 0.125% to 1.00% and the applicable margin for LIBOR loans is a range of 1.125% to 2.00%, both based on the leverage ratio of the Company at the end of each fiscal quarter. The rates at December 31, 2018 and December 31, 2019 were 4.253% and 3.02%, respectively. Borrowings under this Credit Agreement are guaranteed by certain of the Company's operating subsidiaries. Letters of credit commitments outstanding under this agreement aggregated approximately $49.8 million and $43.7 million at December 31, 2018 and December 31, 2019, respectively, which reduced borrowing limits available to the Company.

On July 1, 2014, the Company finalized a private placement whereby the Company raised an aggregate amount of $250.0 million in debt repayable as follows (in thousands):

Tranche	Debt Amount	Maturity Date	Interest Rate
Senior Note, Series A	$ 50,000	July 15, 2021	4.44%
Senior Note, Series B	100,000	July 15, 2024	4.98%
Senior Note, Series C	60,000	July 15, 2026	5.13%
Senior Note, Series D	40,000	July 15, 2029	5.38%

The Company incurred approximately $1.1 million of debt issuance costs in connection with the private placement. On August 10, 2018, the Company finalized an amended and restated intercreditor agreement related to this private placement to more closely align certain covenants and definitions with the terms under the 2017 amended and restated Credit Agreement and incurred approximately $0.5 million of additional issuance costs. These costs are presented as a direct deduction from the debt on the face of the balance sheet. Interest expense related to the Senior Notes approximated

$12.4 million for the years ended December 29, 2017, December 31, 2018 and December 31, 2019. The amortization of debt issuance costs and interest expense are recorded in “Interest expense” on the consolidated statements of income. The Company made interest payments related to the Senior Notes of approximately $12.4 million during the periods ended December 29, 2017, December 31, 2018 and December 31, 2019. Interest payable of approximately $5.7 million is recorded in “Accrued expenses and other current liabilities” on the consolidated balance sheets at December 31, 2018 and December 31, 2019, respectively, related to the Senior Notes.

The Credit Agreement and private placement includes various covenants, including restrictions on indebtedness, liens, acquisitions, investments or dispositions, payment of dividends and maintenance of certain financial ratios and conditions. The Company was in compliance with these covenants at December 31, 2018 and December 31, 2019.

During the year ended December 31, 2019, the Company’s term loan of $150 million was paid off.

The Company also has in place several secondary bank credit lines for issuing letters of credit, principally for foreign contracts, to support performance and completion guarantees. Letters of credit commitments outstanding under these bank lines aggregated approximately $223.0 million and $197.3 million at December 31, 2018 and December 31, 2019, respectively.

Using a discounted cash flow technique that incorporates a market interest yield curve with adjustments for duration, optionality, and risk profile, the Company has determined that the fair value (Level 2; see “Note 19—*Fair Value of Financial Instruments*” below) of its debt approximates the carrying value.

Amortization of debt issuance costs for all of the Company’s debt and credit facilities for the years ended December 29, 2017, December 31, 2018 and December 31, 2019 was $0.5 million, $0.7 million and $1.0 million, respectively.

13. Other Long-term Liabilities

Other long-term liabilities consisted of the following at December 31, 2018 and December 31, 2019 (in thousands):

	2018	2019
Self-insurance liability	$ 99,813	$ 102,521
Deferred rent	15,966	—
Reserve for uncertain tax positions	9,890	14,427
Finance lease obligations	935	1,202
Other long-term liabilities	1,259	7,554
Total other long-term liabilities	$ 127,863	$ 125,704

Refer to “Note 14—*Income Taxes*” for further discussion of the Company’s reconciliation of the beginning and ending balances of uncertain tax positions.

14. Income Taxes

Historically, the Company had elected to be taxed under the provisions of Subchapter “S” of the Internal Revenue Code for federal tax purposes. As a result, income was not subject to U.S. federal income taxes or state income taxes in those states where the “S” Corporation status is recognized. Therefore, previously, no provision or liability for federal or state income tax had been provided in the consolidated financial statements except for those states where the “S” Corporation status was not recognized, or where states imposed a tax on “S” Corporations. The provision for income tax in the historical periods prior to the IPO consists of these state taxes and taxes from certain foreign jurisdictions where the Company is subject to tax.

In connection with the Company's IPO on May 8, 2019, the "S" Corporation status was terminated, and the Company is now treated as a "C" Corporation under the Internal Revenue Code. The termination of the "S" Corporation status was treated as a change in tax status for Accounting Standards Codification 740, Income Taxes. These rules require that the deferred tax effects of a change in tax status to be recorded to income from continuing operations on the date the "S" Corporation status terminates. The termination of the "S" Corporation election has had a material impact on the Company's results of operations, financial condition, and cash flows as reflected in the December 31, 2019 consolidated financial statements. Income tax expense decreased in fiscal 2019 primarily due to a tax benefit recorded for the revaluation of our deferred tax assets and liabilities as a result of our conversion from "S" Corporation to a "C" Corporation. Going forward, the effective tax rate will increase, and net income will decrease as compared to the Company's "S" Corporation tax years, since the Company is now subject to both U.S. federal and state corporate income taxes on its earnings.

The US government enacted comprehensive tax legislation on December 22, 2017, which is commonly referred to as the Tax Cuts and Jobs Act ("TCJA"). The TCJA significantly revised the U.S. corporate income tax regime by, among other things, lowering the U.S. corporate tax rate from 35% to 21% effective January 1, 2018. The TCJA also repealed the deduction for domestic production activities, limited the deductibility of certain executive compensation, and implemented a modified territorial tax system with the introduction of the Global Intangible Low-Taxed Income ("GILTI") tax rules. The TCJA also imposes a one-time transition tax on deemed repatriation of historical earnings of foreign subsidiaries. As a Subchapter "S" corporation the TCJA had a limited effect on the Company's 2018 effective tax rate. The Company calculated that as a "C" corporation in 2019, the provisions of TCJA, except for the statutory rate, did not have a material impact on the income tax provision. Under GAAP, the Company is allowed to make an accounting policy election of either: (i) treating taxes due on future U.S. inclusions in taxable income related to GILTI as a current-period expense when incurred (the "period cost " method); or (ii) factoring such amounts into the Company's measurement of its deferred taxes (the "deferred" method). For taxable income inclusions due to the GILTI tax rules, the Company has elected the period cost method and has included the impact in the estimated annual effective tax rate as of December 31, 2019.

For US corporate income tax purposes, the Company will apportion its 2019 taxable income ratably between the "S" Corporation and "C" Corporation periods, as allowed by law. This allocation of income will effectively result in a blended income tax rate for the 2019 year, as only the C corporation earnings will be subject to both U.S. federal and state corporate income tax while the "S" Corporation earnings will be subject to tax in those states that tax "S" Corporations or do not recognize "S" Corporation status.

The following table presents the components of our income from continuing operations before income taxes (in thousands):

	2017	2018	2019
United States earnings	$ 85,913	$ 205,418	$ 6,762
Foreign earnings	47,088	54,385	60,480
	$ 133,001	$ 259,803	$ 67,242

The income tax expense (benefit) attributable to income from continuing operations for the years ended December 29, 2017, December 31, 2018 and December 31, 2019 consists of the following (in thousands):

	2017	2018	2019
Current			
Federal	$ -	$ -	$ 22,865
State	1,579	1,536	$ 10,428
Foreign	14,482	20,253	20,159
Total current income tax expense	16,061	21,789	53,452
Deferred			
Federal	—	—	(97,299)
State	(569)	2,329	(27,432)
Foreign	5,972	(3,751)	1,393
Total deferred tax expense (benefit)	5,403	(1,422)	(123,338)
Total income tax expense (benefit)	$ 21,464	$ 20,367	$ (69,886)

Income tax expense (benefit) was different from the amount computed by applying the United States federal statutory rate to pre-tax income from continuing operations as a result of the following (in thousands):

	2017		2018		2019	
Income before income tax expense (benefit)	$ 133,001		$ 259,803		$ 67,242	
Tax at federal statutory tax rate	46,550	35%	54,559	21%	14,121	21%
S- corporation exclusion	(25,109)	(19)%	(39,539)	(15)%	(4,875)	(7)%
State taxes, net of federal tax benefit	1,010	1%	3,865	1%	3,223	5%
Change in tax status	—	—	—	—	(93,878)	(140)%
Change in valuation allowance	1,438	1%	(2,215)	(1)%	4,502	7%
Change in uncertain tax positions	(34)	0%	629	0%	4,118	6%
Foreign tax rate differential	(907)	(1)%	4,168	2%	4,886	7%
Foreign tax credits	—	—	—	—	(1,313)	(2)%
Transaction costs	—	—	—	—	1,052	1%
Other permanent items, net	—	—	—	—	1,182	2%
Noncontrolling interests	(4,960)	(4)%	(3,599)	(1)%	(2,282)	(3)%
Other, net	3,476	3%	2,499	1%	(622)	(1)%
Total income tax expense (benefit)	$ 21,464	16%	$ 20,367	8%	$ (69,886)	(104)%

The effective tax rate in 2019 decreased to (104%) from 8% in 2018. During fiscal 2019, the Company recorded $93.9 million of deferred tax benefit related to the remeasurement of its U.S. deferred tax assets and liabilities due to the change in tax status from an S Corporation to a C Corporation. This is subject to change based upon additional analysis performed with the filing of the return. The $93.9 million was recorded net of a $6.3 million charge for a valuation allowance primarily related to foreign tax credits. This tax benefit was partially offset by the impact in the percentage of pre-tax earnings subject to taxation as a result of our conversion from "S" Corporation to a "C" Corporation.

The effective tax rate for the year ended December 31, 2019 differs from the federal statutory tax rate primarily due to the impact of the change in tax status from "S" Corporation to "C" Corporation, change in uncertain tax positions, jurisdictional mix of income, and change in valuation allowance. The effective tax rate for 2017 and 2018 differs from the federal statutory rate primarily as a result of the "S" Corporation status.

The components of deferred tax assets and liabilities consists of the following at December 31, 2018 and December 31, 2019 (in thousands):

	2018	2019
Deferred tax assets		
Project and non-project reserves	$ 2,326	$ 34,225
Employee compensation and benefits	1,609	59,624
Revenue and cost recognition	—	33,588
Insurance accruals	962	19,204
Net operating losses	14,855	16,400
Lease liabilities	205	68,447
Tax credit carryforwards	377	8,969
Other	2,240	3,318
Valuation allowance	(6,668)	(17,358)
Total deferred tax assets	15,906	226,417
Deferred tax liabilities		
Intangible assets	(2,529)	(29,543)
Right of use assets	—	(63,032)
Revenue and cost recognition	(10,570)	—
Other	(3,367)	(13,063)
Total deferred tax liabilities	(16,466)	(105,638)
Net deferred tax (liability) asset	$ (560)	$ 120,779

The Company assesses the realizability of its deferred tax assets each reporting period through an analysis of potential sources of taxable income, including prior year taxable income available to absorb a carryback of tax losses, reversals of existing taxable temporary differences, tax planning strategies, and forecasts of taxable income. The Company considers all negative and positive evidence, including the weight of the evidence, to determine if valuation allowance against deferred tax assets are required. A valuation allowance is recorded against deferred tax assets to reflect the amount of deferred tax assets that is determined to be more-likely-than-not to be realized.

The tax cost, net of applicable credits, have been provided on the undistributed earnings of the Company's foreign subsidiaries. The Company does not assert any earnings to be permanently reinvested.

As of December 31, 2018, and December 31, 2019, the Company's valuation allowance against deferred tax assets is $6.7 million and $17.4 million, respectively. This valuation allowance represents the portion of deferred tax assets primarily related to foreign net operating loss carryforwards, foreign tax credit carryforwards and capital loss carryforwards for which the Company has determined are not more-likely-than-not to be realized. From December 31, 2018 to December 31, 2019, the Company's valuation allowance increased by $10.7 million. Of this increase, $8.1 million relates to deferred tax assets recorded for foreign tax credit carryforwards. Due to the change in tax status, the Company determined it was more beneficial to claim foreign tax credits than foreign tax deductions. However, the valuation allowance is generated because the Company does not and will not have sufficient foreign source income to support the foreign tax credit carryforwards.

As of December 31, 2019, the Company had net operating loss carryforwards ("NOLs") of $29.7 million, $28.2 million, and $41.5 million for U.S. Federal, U.S. states, and foreign jurisdictions, respectively. The utilization of the U.S. federal and U.S. state NOLs are subject to certain annual limitations. Of these amounts, $29.7 million, $26.6 million and $35.5 million in U.S. federal, U.S. states and foreign jurisdictions, respectively, do not expire. The remaining amounts of NOLs in U.S. states and in foreign jurisdictions will expire if not used between 2020 and 2040.

As of December 31, 2019, the Company has foreign tax credit carryforwards of $8.5 million. The Company has provided a valuation allowance of $8.5 million as the Company considers that these credits will not be realized. These foreign tax credits start expiring in the year 2029.

The Company conducts business globally and, as a result, the Company or one or more of its subsidiaries file income tax returns in the U.S. federal jurisdiction, various U.S. states, and foreign jurisdictions. The Company is subject to examination by tax authorities in several jurisdictions, including major jurisdictions such as Canada, Mexico, Qatar, Saudi Arabia and the United States.

A reconciliation of the beginning and ending balances of unrecognized tax benefits is as follows (in thousands):

	2017	2018	2019
Beginning of year	$ 7,827	$ 7,137	$ 7,845
Increases—current year tax positions	1,134	1,094	7,531
Increases—prior year tax positions	319	1,301	1,379
Decreases—prior year tax positions	(1,629)	(1,656)	(991)
Settlements	(361)	—	(124)
Lapse of statute of limitations	(153)	(31)	(114)
End of year	$ 7,137	$ 7,845	$ 15,526

At December 31, 2018, and December 31, 2019, there are $9.9 million and $13.9 million of unrecognized tax benefits that if recognized would affect the effective tax rate.

The Company recognizes interest and penalties related to unrecognized tax benefits as part of its income tax expense. During the years ended December 31, 2018 and December 31, 2019, the Company recognized approximately $0.1 million and $1.3 million, respectively, in interest and penalties. The amount of interest and penalties accrued was $1.9 million, $2.0 million, and $3.4 million for 2017, 2018, and 2019, respectively.

As of December 31, 2019, the Company's U.S. federal income tax returns for tax years 2016 and forward remain subject to examination. U.S. states and foreign income tax returns remain subject to examination based on varying local statutes of limitations.

The Company does not anticipate a material change within twelve months as a result of concluding various tax audits and closing tax years. Although the Company believes its reserves for its tax positions are reasonable, the final outcome of tax examination could be materially different, both favorably and unfavorably. It is reasonably possible that these examinations may conclude in the next 12 months and that the unrecognized tax benefits the Company has recorded in relation to these tax years may change compared to the liabilities recorded for these periods. However, it is not currently possible to estimate the amount, if any, of such change.

15. Contingencies

The Company is subject to certain lawsuits, claims and assessments that arise in the ordinary course of business. Additionally, the Company has been named as a defendant in lawsuits alleging personal injuries as a result of contact with asbestos products at various project sites. Management believes that any significant costs relating to these claims will be reimbursed by applicable insurance and, although there can be no assurance that these matters will be resolved favorably, management believes that the ultimate resolution of any of these claims will not have a material adverse effect on our consolidated financial position, results of operations, or cash flows. A liability is recorded when it is both probable that a loss has been incurred and the amount of loss or range of loss can be reasonably estimated. When using a range of loss estimate, the Company records the liability using the low end of the range. The Company records a corresponding receivable for costs covered under its insurance policies. Management judgment is required to determine the outcome and the estimated amount of a loss related to such matters. Management believes that there are no claims or assessments outstanding which would materially affect the consolidated results of operations or the Company's financial position.

On or about March 1, 2017, the Peninsula Corridor Joint Powers Board, or the JPB, filed a lawsuit against Parsons Transportation Group, Inc., or PTG, in the Superior Court of California, County of San Mateo, in connection with a positive train control project on which PTG was engaged prior to termination of its contract by the JPB. PTG had previously filed a lawsuit against the JPB for breach of contract and wrongful termination. The JPB seeks damages in excess of $100.0 million, which the Company is currently disputing. In addition to filing a complaint for breach of contract and wrongful termination, the Company has denied the allegations raised by the JPB and, accordingly, filed affirmative defenses. The Company is currently defending against the JPB's claims and the parties are still engaged in discovery. The Company also has a professional liability insurance policy to the extent the JPB proves any errors or omissions occurred. At this time, the Company is unable to determine the probability of the outcome of the litigation or determine a potential range of loss, if any. The Company has also filed a third-party claim against a subcontractor for indemnification in connection with this matter.

In September 2015, a former Parsons employee filed an action in the United States District Court for the Northern District of Alabama against us as a qui tam relator on behalf of the United States (the "Relator") alleging violation of the False Claims Act. The United States government did not intervene in this matter as it is allowed to do so under the statute. The Company filed a motion to dismiss the lawsuit on the grounds that the Relator did not meet the applicable statute of limitations. The District Court granted the motion to dismiss. The Relator's attorney appealed the decision to the United States Court of Appeals of the Eleventh Circuit, which ultimately ruled in favor of the Relator, and the Company petitioned the United States Supreme Court to review the decision. The Supreme Court reviewed the decision and accepted the position of the Relator. The case was thus remanded to the United States District Court for the Northern District of Alabama. The defendants, including Parsons, will file appropriate pleadings opposing the allegations. At this time, the Company is unable to determine the probability of the outcome of the litigation or determine a potential range of loss, if any.

On or about October 4, 2019, LBH Engineers, LLC ("LBH") filed a lawsuit against Parsons, PTG, and various other parties in the US District Court of for the Northern District of Georgia, in connection with an alleged infringement of LBH's patent. LBH seeks damages and costs incurred by LBH, a post-judgment royalty, treble damages if the infringement is found to be willful, among other damages, which the Company and the other defendants are currently disputing. At this time, the Company is unable to determine the probability of the outcome of the litigation or determine a potential range of loss, if any.

Federal government contracts are subject to audits, which are performed for the most part by the Defense Contract Audit Agency ("DCAA"). Audits by the DCAA and other agencies consist of reviews of our overhead rates, operating systems and cost proposals to ensure that we account for such costs in accordance with the Cost Accounting Standards ("CAS"). If the DCAA determines we have not accounted for such costs in accordance with the CAS, the DCAA may disallow these costs. The disallowance of such costs may result in a reduction of revenue and additional liability for the Company. Historically, the Company has not experienced any material disallowed costs as a result of government audits. However, the Company can provide no assurance that the DCAA or other government audits will not result in material disallowances for incurred costs in the future. All audits of costs incurred on work performed through 2010 have been closed, and years thereafter remain open.

Although there can be no assurance that these matters will be resolved favorably, management believes that their ultimate resolution will not have a material adverse impact on the Company's consolidated financial position, results of operations, or cash flows.

16. Retirement and Other Benefit Plans

The Company's principal retirement benefit plan is the ESOP, a stock bonus plan, established in 1975 to cover eligible employees of the Company and certain affiliated companies. Contributions of treasury stock to ESOP are made annually in amounts determined by the Company's board of directors and are held in trust for the sole benefit of the participants. Shares allocated to a participant's account are fully vested after six years of credited service, or in the event(s) of reaching age 65, death or disability while an active employee of the Company. As of December 31, 2018, all 78,172,809 outstanding shares of the Company's common stock were held by the ESOP and recorded at their redemption value of $1.9 billion. As of December 31, 2019, the total shares of the Company's common stock outstanding were 100,669,694, of which 78,896,806 were held by the ESOP.

A participant's interest in their ESOP account is redeemable upon certain events, including retirement, death, termination due to permanent disability, a severe financial hardship following termination of employment, certain conflicts of interest following termination of employment, or the exercise of diversification rights. Prior to the IPO, participants' interests were redeemable in cash based on share prices established by the ESOP Trustee. Subsequent to the IPO and during the 180-day lock-up period, participants' interests were redeemable in cash based on quoted prices of a share of the Company's common stock on the NYSE. Subsequent to the 180-day lock-up period, distributions from the ESOP of participants' interests are made in the Company's common stock based on quoted prices of a share of the Company's common stock on the NYSE. A participant will be able to sell such shares of common stock in the market, subject to any requirements of the federal securities laws.

Prior to the end of the 180-day lock-up period. under the terms of the ESOP plan, for participants who held shares that were not readily tradeable, the Company was obligated to redeem eligible participants' interests in their ESOP accounts for cash upon an employee's election. At December 31, 2018, the Company presented all shares held by the ESOP as temporary equity on the consolidated balance sheet at redemption value as they included a cash redemption feature that was not solely within the Company's control. At the conclusion of the 180-day lock-up period ESOP distributions are no longer made in cash and are now made in shares of the Company's common stock. At December 31, 2019, shares held by the ESOP have been reclassified from temporary equity to permanent equity on the consolidated balance sheet.

Total ESOP contribution expense was approximately $40.6 million, $45.2 million and $55.5 million for the years ended December 29, 2017, December 31, 2018 and December 31, 2019, respectively, and is recorded in "Direct costs of contracts" and "Indirect, general and administrative expense" in the consolidated statements of income (loss).

At December 31, 2018 and December 31, 2019, 78,172,809 shares and 78,896,806 shares of the Company's stock were held by the ESOP, respectively, which were recorded at redemption value of $1.9 billion at December 31, 2018 and within permanent equity post lock-up period at December 31, 2019. On April 3, 2019, the board of directors of the Company declared a cash dividend to the Company's sole existing shareholder at that time, the ESOP, in the amount of $2.00 per share, or $52.1 million in the aggregate (the "IPO Dividend"). The IPO Dividend was paid on May 10, 2019. On April 15, 2019, the board of directors of the Company declared the Stock Dividend in a ratio of two shares of common stock for every one share of common stock then held by the Company's shareholder. The record date of the Stock Dividend was May 7, 2019, the day immediately prior to the consummation of the Company's IPO on May 8, 2019, and the payment date of the Stock Dividend was May 8, 2019. Purchasers of the Company's common stock in the Company's public offering were not entitled to receive any portion of the Stock Dividend. During the years ended December 29, 2017 and December 31, 2018, the Company did not declare any dividends.

The Company also maintains a defined contribution plan (the "401(k) Plan"). Substantially all domestic employees are entitled to participate in the 401(k) Plan, subject to certain minimum requirements. The Company's contributions to the 401(k) Plan for the years ended December 29, 2017, December 31, 2018 and December 31, 2019 amounted to $15.8 million, $17.1 million and $25.2 million, respectively.

As part of an acquisition in 2014, the Company acquired a defined contribution pension plan, a defined benefit pension plan, and supplemental retirement plan. For the defined contribution pension plan, the Company contributes a base amount plus an additional amount based upon a predetermined formula. At December 31, 2018 and December 31, 2019, the defined benefit pension plan was in a net asset position of $1.7 million and $2.1 million, respectively, which is recorded in "Other noncurrent assets" on the consolidated balance sheet.

17. Investments in and Advances to Joint Ventures

The Company participates in joint ventures to bid, negotiate and complete specific projects. The Company is required to consolidate these joint ventures if it holds the majority voting interest or if the Company meets the criteria under the consolidation model, as described below.

The Company performs an analysis to determine whether its variable interests give the Company a controlling financial interest in a VIE for which the Company is the primary beneficiary and should, therefore, be consolidated. Such analysis requires the Company to assess whether it has the power to direct the activities of the VIE and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE.

The Company analyzed all of its joint ventures and classified them into two groups: (1) joint ventures that must be consolidated because they are either not VIEs and the Company holds the majority voting interest, or because they are VIEs and the Company is the primary beneficiary; and (2) joint ventures that do not need to be consolidated because they are either not VIEs and the Company holds a minority voting interest, or because they are VIEs and the Company is not the primary beneficiary.

Many of the Company's joint venture agreements provide for capital calls to fund operations, as necessary; however, such funding is infrequent and is not anticipated to be material.

Letters of credit outstanding described in 'Note 12—*Debt and Credit Facilities*" that relate to project ventures are approximately $76.8 million and $55.0 million at December 31, 2018 and December 31, 2019, respectively.

In the table below, aggregated financial information relating to the Company's joint ventures is provided because their nature, risk and reward characteristics are similar. None of the Company's current joint ventures that meet the characteristics of a VIE are individually significant to the consolidated financial statements.

Consolidated Joint Ventures

The following represents financial information for consolidated joint ventures included in the consolidated financial statements as or and for the years ended December 31, 2018 and December 31, 2019 (in thousands):

	2018	2019
Current assets	$ 287,227	$ 255,167
Noncurrent assets	2,689	2,860
Total assets	289,916	258,027
Current liabilities	199,833	193,583
Total liabilities	199,833	193,583
Total joint venture equity	$ 90,083	$ 64,444

	2017	2018	2019
Revenue	$ 446,506	$ 540,345	$ 473,486
Costs	426,245	376,628	435,947
Net income	$ 20,261	$ 163,717	$ 37,539
Net income attributable to noncontrolling interests	$ 14,211	$ 17,099	$ 16,594

The assets of the consolidated joint ventures are restricted for use only by the particular joint venture and are not available for the Company's general operations.

2018 includes reversal of a provisions related to a lawsuit against a joint venture in which the Company is the managing partner. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Annual Report on Form 10-K for a description of this matter, which was resolved in favor of the Company on June 13, 2018.

Unconsolidated Joint Ventures

The Company accounts for its unconsolidated joint ventures using the equity method of accounting. Under this method, the Company recognizes its proportionate share of the net earnings of these joint ventures as "Equity in earnings (loss) of unconsolidated joint ventures" in the consolidated statements of income. The Company's maximum exposure to loss as a result of its investments in unconsolidated VIEs is typically limited to the aggregate of the carrying value of the investment and future funding commitments.

The following represents the financial information of the Company's unconsolidated joint ventures as presented in their unaudited financial statements as or and for the years ended December 31, 2018 and December 31, 2019 (in thousands):

	2018	2019
Current assets	$ 707,457	$ 801,335
Noncurrent assets	876,385	564,160
Total assets	1,583,842	1,365,495
Current liabilities	560,306	655,495
Noncurrent liabilities	813,269	507,131
Total liabilities	1,373,575	1,162,626
Total joint venture equity	$ 210,267	$ 202,869
Investments in and advances to unconsolidated joint ventures	$ 63,560	$ 68,620

	2017	2018	2019
Revenue	$ 2,114,903	$ 1,773,037	2,081,341
Costs	1,988,569	1,661,232	1,903,582
Net income	$ 126,334	$ 111,805	177,759
Equity in earnings of unconsolidated joint ventures	$ 40,086	$ 36,915	41,721

The Company received net distributions from its unconsolidated joint ventures of $31.8 million, $41.9 million and $38.9 million for the years ended December 29, 2017, December 31, 2018 and December 31, 2019, respectively.

18. Related Party Transactions

The Company often provides services to unconsolidated joint ventures and revenues include amounts related to recovering overhead costs for these services. For the years ended December 29, 2017, December 31, 2018 and December 31, 2019, revenues included $112.1 million, $144.7 million and $157.3 million, respectively, related to services the Company provided to unconsolidated joint ventures.

For the years ended December 29, 2017, December 31, 2018 and December 31, 2019, the Company incurred approximately $81.8 million, $111.1 million and $119.1 million, respectively, of reimbursable costs. Amounts included in the consolidated balance sheets related to services the Company provided to unconsolidated joint ventures is as follows (in thousands):

	2018	2019
Accounts receivable	$ 38,742	37,425
Contract assets	2,648	6,955
Contract liabilities	$ 10,861	4,509

19. Fair Value of Financial Instruments

The authoritative guidance on fair value measurement defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (referred to as an “exit price”). At December 31, 2018 and December 31, 2019, the Company’s financial instruments include cash, cash equivalents, accounts receivable, accounts payable, and other liabilities. The fair values of these financial instruments approximate their carrying values due to their short-term maturities.

Investments measured at fair value are based on one or more of the following three valuation techniques:

- *Market approach*—Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- *Cost approach*—Amount that would be required to replace the service capacity of an asset (i.e., replacement cost); and
- *Income approach*—Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models and lattice models).

In addition, the guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities;

Level 2 Pricing inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the derivative instrument; and

Level 3 Prices or valuations that require inputs that are both significant to the fair value measurements and unobservable.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth assets associated with the pension plan in "Note 16—*Retirement and Other Benefits Plans*" that are accounted for at fair value by Level within the fair value hierarchy.

Fair value as of December 31, 2018 (in thousands):

	Level 1	Level 2	Level 3	Total
Mutual funds	$ 2,539	$ —	$ —	$ 2,539
Fixed income	—	10,168	—	10,168
Cash and cash equivalents	361	—	—	361
	$ 2,900	$ 10,168	$ —	$ 13,068

Fair value as of December 31, 2019 (in thousands):

	Level 1	Level 2	Level 3	Total
Mutual funds	2,987	—	—	2,987
Fixed income	—	10,447	—	10,447
Cash and cash equivalents	334	—	—	334
	3,321	10,447	—	13,768

As described in "Note 16—*Retirement and Other Benefits Plans*", the Company acquired a defined contribution pension plan, a defined benefit pension plan, and supplemental retirement plans. At December 31, 2018 and December 31, 2019, the Company measured the mutual funds held within the defined benefit pension plan at fair value using unadjusted quoted prices in active markets that are accessible for identical assets. The Company measured the fixed income securities using market bid and ask prices. The inputs that are significant to the valuation of fixed income securities are generally observable, and therefore have been classified as Level 2.

The following table sets forth redeemable common stock associated with the ESOP in "Note 16—R*etirement and Other Benefits Plans"* that is accounted for at fair value by Level within the fair value hierarchy.

Fair value as of December 31, 2018 (in thousands):

	Level 1	Level 2	Level 3	Total
Redeemable Common Stock	$ —	$ —	$ 1,876,309	$ 1,876,309
	$ —	$ —	$ 1,876,309	$ 1,876,309

As described in "Note 16—*Retirement and Other Benefits Plans*", the Company was obligated to redeem eligible participants' interests in their ESOP accounts for cash upon an employee's election until the conclusion of the 180-day lock-up period on November 3, 2019. Prior to the conclusion of the 180-day lock-up period, all shares held by the ESOP were redeemable in the future for cash at the option of the holder once vesting and eligibility requirements had been met. At December 31, 2018, 78,172,809 shares of the Company's common stock were held by the ESOP which the Company recorded at their redemption values of $1.9 billion and presented as temporary equity on the consolidated balance sheet. The redemption value was based on a share price established by the ESOP trustee, taking into account, among other things, the advice of a third-party valuation consultant for the ESOP trustee, as well as the ESOP trustee's knowledge of the Company. The share price valuation was determined using a combination of income- and market-based methods that utilized unobservable Level 3 inputs, including significant assumptions such as forecasted revenue and operating margins, working capital requirements, and weighted average cost of capital. At December 31, 2019, all outstanding shares of common stock are included in permanent equity in the consolidated balance sheet.

The following table presents a reconciliation of the beginning and ending balances of the fair value measurements using significant unobservable inputs (Level 3) (in thousands):

	2018	2019
Balance at beginning of year	$ 1,855,305	1,876,309
Purchases of treasury stock	(125,814)	(6,219)
Contributions of treasury stock to ESOP	47,043	—
Share price adjustment	99,775	883,436
Transfer to permanent equity	—	(2,753,526)
Balance at end of year	$ 1,876,309	—

With respect to equity-based compensation, we estimate the fair value of SARs using the Black-Scholes option-pricing model. Like all option-pricing models, the Black-Scholes option-pricing model requires the use of subjective assumptions, including (i) the expected volatility of the market price of the underlying stock, and (ii) the expected term of the award, among others. Accordingly, changes in assumptions and any subsequent adjustments to those assumptions can cause different fair values to be assigned to SARs. Fair value for cash settled awards (excluding SARs prior to vesting) is determined based on the 60-trading day weighted average closing price of the Company's common stock on the NYSE at the end of each reporting period and on the vesting date. For restricted stock units containing service conditions or service and performance conditions, fair value is based on the closing stock price of a share of the Company's common stock on the NYSE on the grant date.

20. Earnings Per Share

Basic earnings per common share is computed using the weighted average number of shares outstanding during the period and income available to shareholders.

Diluted EPS is computed similar to basic EPS, except the weighted average number of shares outstanding is increased to include the dilutive effects of outstanding stock options and other stock-based awards. There were no dilutive securities outstanding during 2017 and 2018.

The weighted average number of shares used to compute basic and diluted EPS were (in thousands):

	2017	2018	2019
Basic weighted average number of shares outstanding	83,574	80,014	92,419
Dilutive common share equivalents	—	—	334
Diluted weighted average number of shares outstanding	83,574	80,014	92,753

21. Segments Information

The Company operates in two reportable segments: Federal Solutions and Critical Infrastructure.

The Federal Solutions segment provides advanced technical solutions to the U.S. government, delivering timely, cost-effective hardware, software and services for mission-critical projects. The segment provides advanced technologies, supporting national security missions in cybersecurity, missile defense, and military facility modernization, logistics support, hazardous material remediation and engineering services.

The Critical Infrastructure segment provides integrated engineering and management services for complex physical and digital infrastructure around the globe. The Critical Infrastructure segment is a technology innovator focused on next generation digital systems and complex structures. Industry leading capabilities in engineering and project management allow the Company to deliver significant value to customers by employing cutting-edge technologies, improving timelines and reducing costs.

The Company defines its reportable segments based on the way the chief operating decision maker ("CODM"), currently its Chairman and Chief Executive Officer, evaluates the performance of each segment and manages the operations of the Company for purposes of allocating resources among the segments. The CODM evaluates segment operating performance using segment Revenue and segment Adjusted EBITDA attributable to Parsons Corporation.

The following table summarizes business segment information for the periods presented (in thousands):

	2017	2018	2019
Revenues:			
Federal Solutions	$ 1,079,906	$ 1,479,007	$ 1,887,907
Critical Infrastructure	1,937,105	2,081,501	2,066,905
Total revenues	$ 3,017,011	$ 3,560,508	$ 3,954,812

The Company defines Adjusted EBITDA attributable to Parsons Corporation as Adjusted EBITDA excluding Adjusted EBITDA attributable to noncontrolling interests. The Company defines Adjusted EBITDA as net income (loss) attributable to Parsons Corporation, adjusted to include net income (loss) attributable to noncontrolling interests and to exclude interest expense (net of interest income), provision for income taxes, depreciation and amortization and certain other items that are not considered in the evaluation of ongoing operating performance. These other items include net income (loss) attributable to noncontrolling interests, asset impairment charges, income and expense recognized on litigation matters, expenses incurred in connection with acquisitions and other non-recurring transaction costs and expenses related to our prior restructuring. The following table summarizes business segment Adjusted EBITDA and a reconciliation to net income attributable to Parsons Corporation for the periods presented (in thousands):

	2017	2018	2019
Adjusted EBITDA attributable to Parsons Corporation			
Federal Solutions	$ 95,354	$ 121,986	$ 169,100
Critical Infrastructure	99,402	106,851	138,851
Adjusted EBITDA attributable to Parsons Corporation	194,756	228,837	307,951
Adjusted EBITDA attributable to noncontrolling interests	14,891	17,407	17,096
Depreciation and amortization	(35,198)	(69,869)	(125,700)
Interest expense, net	(13,333)	(18,132)	(22,429)
Income tax (expense) benefit	(21,464)	(20,367)	69,886
Litigation-related expenses (a)	(10,026)	129,674	—
Amortization of deferred gain resulting from sale-leaseback transactions (b)	7,283	7,253	—
Equity-based compensation (c)	(19,016)	(16,487)	(65,744)
Transaction-related costs (d)	(1,190)	(12,942)	(34,353)
Restructuring (e)	—	—	(3,424)
Other (f)	(5,166)	(5,938)	(6,155)
Net income including noncontrolling interests	$ 111,537	$ 239,436	$ 137,128
Net income attributable to noncontrolling interests	(14,211)	(17,099)	(16,594)
Net income attributable to Parsons Corporation	$ 97,326	$ 222,337	$ 120,534

(a) Fiscal 2017 reflects post-judgment interest expense recorded in "(Interest and other expense) gain associated with claim on long-term contract" in our results of operations related to a judgment entered against the Company in 2014 in connection with a lawsuit against a joint venture in which the Company is the managing partner. Fiscal 2018 reflects a reversal of an accrued liability, with $55.1 million recorded to revenue and $74.6 million recorded to other income in our results of operations. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Annual Report on Form 10-K for a description of this matter, which was resolved in favor of the Company on June 13, 2018.

(b) Reflects recognized deferred gains related to sales-leaseback transactions described in “Note 10— *Sale-Leasebacks*.”

(c) Reflects equity-based compensation costs primarily related to cash-settled awards. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Annual Report on Form 10-K for a further discussion of these awards.

(c) Reflects costs incurred in connection with acquisitions, IPO, and other non-recurring transaction costs, primarily fees paid for professional services and employee retention.

(d) Reflects costs associated with and related to our corporate restructuring initiatives.

(e) Includes a combination of gain/loss related to sale of fixed assets, software implementation costs, and other individually insignificant items that are non-recurring in nature.

Asset information by segment is not a key measure of performance used by the CODM.

The following table presents revenues and property and equipment, net by geographic area (in thousands):

	2017	2018	2019
Revenues:			
North America	$ 2,374,138	$ 2,870,494	$ 3,249,054
Middle East	621,796	671,925	689,067
Rest of World	21,077	18,089	16,691
Total revenues	$ 3,017,011	$ 3,560,508	$ 3,954,812
Property and equipment, net			
North America	$ 80,852	$ 86,847	$ 117,606
Middle East	6,726	5,002	5,145
Total property and equipment, net	$ 87,578	$ 91,849	$ 122,751

North America revenue includes $2.1 billion, $2.6 billion and $3.0 billion of United States revenue for the years ended December 29, 2017, December 31, 2018 and December 31, 2019, respectively. North America property and equipment, net includes $76.2 million, $79.9 million and $109.9 million of property and equipment, net in the United States at December 29, 2017, December 31, 2018 and December 31, 2019, respectively.

The geographic location of revenue is determined by the location of the customer. The prior reporting of revenue by geographic location has been conformed to the current presentation.

The following table presents revenues by business lines (in thousands):

	2017	2018	2019
Revenues:			
Federal Solutions			
Cyber & Intelligence	$ 184,771	$ 255,447	$ 351,828
Defense	291,358	431,059	577,109
Mission Solutions	291,933	360,969	317,802
Engineered Systems	311,844	431,532	497,793
Geospatial	—	—	143,375
Federal Solutions revenues	1,079,906	1,479,007	1,887,907
Critical Infrastructure			
Connected Communities	602,975	656,513	619,220
Mobility Solutions	1,102,725	1,183,863	1,120,563
Industrial	231,405	241,125	327,122
Critical Infrastructure revenues	1,937,105	2,081,501	2,066,905
Total revenues	$ 3,017,011	$ 3,560,508	$ 3,954,812

Revenue for the year ended December 28, 2018 included $55.1 million related to the settlement of a claim that was resolved in favor of the Company in the Mobility Solutions business line of our Critical Infrastructure segment. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Annual Report on Form 10-K for a description of this matter, which was resolved in favor of the Company on June 13, 2018. Excluding the claim settlement, revenue for the year ended December 31, 2018 for the Critical Infrastructure segment was $2.0 billion and for the Mobility Solutions revenue business line revenue was $1.1 billion.

22. Quarterly Information - Unaudited

The following tables present selected quarterly financial information (in thousands except per share data).

	Fiscal Quarter Ended							
	March 30, 2018	June 29, 2018(1)	September 28, 2018	December 31, 2018	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019
Federal Solutions revenue	$ 291,335	$ 341,065	$ 443,725	$ 402,882	$ 422,812	$ 478,497	$ 486,175	$ 500,423
Critical Infrastructure revenue	463,344	559,667	532,432	526,058	481,593	511,245	537,102	536,965
Total revenue	754,679	900,732	976,157	928,940	904,405	989,742	1,023,277	1,037,388
Operating income	38,891	86,912	55,113	24,092	23,046	(8,706)	53,449	24,274
Net income attributable to Parsons Corporation	25,287	148,381	41,222	7,447	9,741	40,259	56,812	13,722
Federal Solutions Adjusted EBITDA attributable to Parsons Corporation	21,549	33,947	45,556	20,934	40,599	35,700	50,359	42,442
Critical Infrastructure Adjusted EBITDA attributable to Parsons Corporation	25,361	16,929	38,006	26,555	27,676	40,525	33,976	36,674
Adjusted EBITDA attributable to noncontrolling interests	3,920	1,759	5,002	6,726	3,749	(20)	4,655	8,712
Total Adjusted EBITDA (2)	$ 50,830	$ 52,635	$ 88,564	$ 54,215	$ 72,024	$ 76,205	$ 88,990	$ 87,828
Earnings per share:								
Basic	$ 0.31	$ 1.83	$ 0.52	$ 0.10	$ 0.12	$ 0.44	$ 0.57	$ 0.14
Diluted	$ 0.31	$ 1.83	$ 0.52	$ 0.10	$ 0.12	$ 0.44	$ 0.57	$ 0.14

(1) Includes reversal of an accrued liability, with $55.1 million recorded to revenue and 74.6 million recorded to other income in our results of operations related to a lawsuit against a joint venture in which the Company is the managing partner. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Annual Report on Form 10-K for a description of this matter, which was resolved in favor of the Company on June 13, 2018.

(2) The following table presents a reconciliation of net income attributable to Parsons Corporation to Adjusted EBITDA. For more information on our use of Adjusted EBITDA, how we use this metric, why we present this metric and the material limitations on usefulness of this metric, see "Note 21—*Segments Information*" in the "Other Information" table located in "Selected Consolidated Financial Data".

	March 30, 2018	June 29, 2018	September 28, 2018	December 31, 2018	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019
Net income attributable to Parsons Corporation	$ 25,287	$ 148,381	$ 41,222	$ 7,447	$ 9,741	$ 40,259	$ 56,812	$ 13,722
Interest expense, net	3,258	3,270	5,589	6,015	7,815	6,151	4,482	3,981
Income tax expense (benefit)	5,353	9,019	4,154	1,841	1,886	(53,496)	(15,453)	(2,823)
Depreciation and amortization	9,009	14,048	23,599	23,213	30,591	31,074	31,027	33,008
Net income attributable to noncontrolling interests	3,815	1,657	4,844	6,783	3,645	(114)	4,481	8,582
Litigation related expenses (a)	2,330	(132,004)	-	-	-	-	-	-
Amortization of deferred gain resulting from sale-leaseback transactions (b)	(1,813)	(1,829)	(1,798)	(1,813)	-	-	-	-
Stock-based compensation (c)	3,100	5,049	5,049	3,289	3,850	43,311	(1,657)	20,240
Transaction related costs (d)	125	4,930	2,456	5,431	9,355	7,715	9,891	7,392
Restructuring (e)	-	-	-	-	2,218	353	309	544
Other (f)	366	114	3,449	2,009	2,923	952	(902)	3,182
Adjusted EBITDA	$ 50,830	$ 52,635	$ 88,564	$ 54,215	$ 72,024	$ 76,205	$ 88,990	$ 87,828

(a) Fiscal 2017 reflect the post-judgment interest expense recorded in "(Interest and other expenses associated with claim on long-term contract" in our results of operations related to a lawsuit against a joint venture in which the Company is the managing partner. In fiscal 2018, the Company reversed the accrued liability with an offset of $55.1 million to revenue and $74.6 million to other income. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Annual Report on Form 10-K for a description of this matter, which was resolved in favor of the Company on June 13, 2018

(b) Reflects amortization of the deferred gain on prior sale-leaseback transactions in fiscal 2011. See "Note 10—Sale-Leasebacks" in the notes to our consolidated financial statements included elsewhere in this prospectus.

(c) Reflects equity-based compensation costs primarily related to cash-settled awards. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Annual Report on Form 10-K for a further discussion of these awards.

(d) Reflects costs incurred in connection with acquisitions and other non-recurring transaction costs, including primarily fees paid for professional services and employee retention.

(e) Reflects costs associated with and related to our corporate restructuring initiatives.

(f) Includes a combination of gain/loss related to sale of fixed assets, software implementation costs, and other individually insignificant items that are non-recurring in nature.

23. Subsequent Events

None.

PARSONS CORPORATION AND SUBSIDIARIES
Schedule II—Valuation and Qualifying Accounts

Description	Balance at beginning of period	Additions	Deductions	Other and foreign exchange impact	Balance at end of period
2017					
Allowance for doubtful accounts	40,368	12,530	(2,730)	2,743	52,911
Valuation allowance on deferred tax assets	7,444	3,456	(2,168)	150	8,882
2018					
Allowance for doubtful accounts	52,911	5,254	(6,085)	(1,378)	50,702
Valuation allowance on deferred tax assets	8,882	452	(2,633)	-33	6,668
2019					
Allowance for doubtful accounts	50,702	2,794	(10,661)	(1,002)	41,833
Valuation allowance on deferred tax assets	6,668	10,817	(32)	(94)	17,359

Exhibit 4.1

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

Description of Capital Stock

General

The following summary of the terms of the capital stock of Parsons Corporation ("we", "us", "our" and "Parsons") is based upon our certificate of incorporation and bylaws. The summary is not complete, and is qualified in its entirety by reference to our certificate of incorporation and bylaws, each previously filed with the Securities and Exchange Commission and incorporated by reference as exhibits to the Annual Report on Form 10-K, of which this Exhibit 4.1 is a part. We encourage you to read our certificate of incorporation, our bylaws and the applicable provisions of the Delaware General Corporation Law ("DGCL") for additional information.

Under our certificate of incorporation, the total number of shares of all classes of stock that we have authority to issue is 1,100,000,000, consisting of 100,000,000 shares of preferred stock, par value $1.00 per share, and 1,000,000,000 shares of common stock, par value $1.00 per share.

Common Stock

Voting Rights

Holders of our common stock are entitled to one vote per share of common stock. Holders of shares of common stock vote together as a single class on all matters (including the election of directors) submitted to a vote of stockholders. All matters, except the election of directors or as otherwise provided, are decided by the vote of a majority in interest of the stockholders present and entitled to vote. The persons receiving the greatest number of votes shall be the persons elected as directors. We have not provided for cumulative voting for the election of directors in our certificate of incorporation.

Dividend Rights

Subject to preferences that may apply to shares of preferred stock outstanding at the time, the holders of outstanding shares of our common stock are entitled to receive dividends out of funds legally available if our board of directors, in its discretion, determines to issue dividends and only then at the times and in the amounts that our board of directors may determine. Any dividend or distributions paid or payable to the holders of shares of common stock shall be paid pro rata, on an equal priority, pari passu basis.

Rights to Receive Liquidation Distributions

Upon our dissolution, liquidation or winding-up, the assets legally available for distribution to our stockholders shall be distributable ratably among the holders of our common stock, subject to prior satisfaction of all outstanding debt and liabilities and the preferential rights and payment of liquidation preferences, if any, on any outstanding shares of preferred stock.

Preferred Stock

Under the terms of our certificate of incorporation our board of directors is authorized to direct us to issue shares of preferred stock in one or more series without stockholder approval. Our board of directors has the discretion to determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, of each series of preferred stock.

The purpose of authorizing our board of directors to issue preferred stock and determine its rights and preferences is to eliminate delays associated with a stockholder vote on specific issuances. The issuance of preferred stock could adversely affect the voting power of holders of our common stock and the likelihood that such holders will receive dividend payments and payments upon liquidation. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions, future financings and other corporate purposes, could have the effect of making it more difficult for a third party to acquire, or could discourage a third party from seeking to acquire, a majority of our outstanding voting stock. There are currently no shares of preferred stock outstanding, and we have no present plans to issue any shares of preferred stock.

Anti-Takeover Provisions

Delaware Takeover Statute

We are subject to Section 203 of the DGCL. This statute regulating corporate takeovers prohibits a Delaware corporation from engaging in any business combination with any interested stockholder for three years following the date that the stockholder became an interested stockholder, unless:

- prior to the date of the transaction, the Board approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;

- the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding (a) shares owned by persons who are directors and also officers and (b) shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

- on or subsequent to the date of the transaction, the business combination is approved by the Board and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock which is not owned by the interested stockholder.

Section 203 defines a business combination to include:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, transfer, pledge or other disposition involving the interested stockholder of 10% or more of the assets of the corporation;
- subject to exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;
- any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; or
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

In general, Section 203 defines an interested stockholder as an entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling or controlled by such entity or person.

Classified Board of Directors and Removal of Directors

Our certificate of incorporation provides that our board of directors be comprised of three classes of directors, with the classes as nearly equal in number as possible and each class serving three-year staggered terms. The classification of directors has the effect of making it more difficult for stockholders to change the composition of our board.

Our certificate of incorporation and our bylaws provide that a director may be removed only for cause. Any vacancy on our board of directors, including a vacancy resulting from an enlargement of our board of directors, may be filled only by vote of a majority of our directors then in office.

Stockholder Action; Special Meeting of Stockholders

Our certificate of incorporation provides that any action required or permitted to be taken by our stockholders must be effected at a duly called annual or special meeting of such stockholders and may not be effected by any consent in writing by such stockholders. Our certificate of incorporation and our bylaws also provide that, except as otherwise required by law, special meetings of our stockholders can only be called by our board of directors or a board committee authorized with the power to call such meetings.

Authorized But Unissued Shares

The authorized but unissued shares of our common stock and preferred stock are available for future issuance without stockholder approval, subject to any limitations imposed by the listing standards of the New York Stock Exchange. These additional shares may be used for a variety of corporate finance transactions, acquisitions and employee benefit plans. The existence of authorized but unissued and unreserved common stock and preferred stock could make more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

The foregoing provisions of our certificate of incorporation and bylaws could discourage potential acquisition proposals and could delay or prevent a change in control. These provisions are intended to enhance the likelihood of continuity and stability in the composition of our board of directors and in the policies formulated by our board of directors and to discourage certain types of transactions that may involve an actual or threatened change of control. These provisions are designed to reduce our vulnerability to an unsolicited acquisition proposal. However, such provisions could have the effect of discouraging others from making tender offers for our shares and, as a consequence, they also may inhibit fluctuations in the market price of our common stock that could result from actual or rumored takeover attempts. Such provisions also may have the effect of preventing changes in our management or delaying or preventing a transaction that might benefit you or other minority stockholders.

Choice of Forum

Our certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for: (1) any derivative action or proceeding brought on our behalf; (2) any action asserting a claim of breach of a fiduciary duty by any of our directors, officers, employees or stockholders owed to us or our stockholders; (3) any action asserting a claim against us arising pursuant to any provision of the DGCL, our certificate of incorporation or our bylaws, or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware; or (4) any action asserting a claim governed by the internal affairs doctrine. Our certificate of incorporation also provides that any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of and to have consented to this choice of forum provision. It is possible that a court of law could rule that the choice of forum provision contained in our certificate of incorporation is inapplicable or unenforceable if it is challenged in a proceeding or otherwise. This choice of forum provision has important consequences for our stockholders. Our certificate of incorporation provides that the Court of Chancery of the State of Delaware will be the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees."

These provisions do not apply to violations of the federal securities laws of the United States.

Listing

Our common stock is listed for trading on the New York Stock Exchange under the symbol "PSN."

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is American Stock Transfer & Trust Company, LLC.

Exhibit 10.3

PARSONS EMPLOYEE STOCK OWNERSHIP PLAN

2019 AMENDMENT AND RESTATEMENT

TABLE OF CONTENTS

Page

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PARSONS EMPLOYEE STOCK OWNERSHIP PLAN

2019 AMENDMENT AND RESTATEMENT

ARTICLE I
GENERAL

Nature of Plan

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(a) The Plan, formerly known as The Ralph M. Parsons Company Employee Stock Ownership and Retirement Plan, was originally effective as of December 28, 1974. It was amended several times, and on January 1, 1984 it became known as The Parsons Corporation Employee Stock Ownership Plan. The Plan has been amended several times since then, including amendment and restatement in 1989, 1993, 1995, 1997, 1999, 2004, 2006 and 2012. Effective as of January 1, 2002, the Plan became known as the Parsons Employee Stock Ownership Plan. The Plan is hereby again amended and republished in its entirety in this 2019 Restatement, generally effective as of the IPO Date, except as otherwise provided herein, by applicable law, or by any resolution or other instrument adopting a particular provision. In the event the IPO Date does not occur, this amended and restated Plan will not become effective, and the Plan, as in effect prior to the Board of Directors' approval of this amended and restated Plan document, shall remain in the effect.

(b) Neither the Plan nor any Predecessor Plan shall be deemed to have terminated as a result of the consolidation of such Predecessor Plan with this Plan. The rights of an Employee terminating employment after the IPO Date, shall be governed by the terms of the Plan, as in effect on the date of such termination.

(c) The rights of an Employee under a Predecessor Plan which is merged with and into this Plan shall be governed by the terms of this Plan, as in effect from time to time on and after the effective date of the merger of such Predecessor Plan with and into the Plan. It is intended, however, that neither this amendment and republication nor any prior amendment and republication will enlarge the rights of Participants in the Plan or a Predecessor Plan, as the case may be, whose employment with a Company terminated prior to the IPO Date or the effective date of a merger of a Predecessor Plan with and into the Plan, as the case may be, except as required by applicable law or as expressly provided herein.

(d) The Plan is a combination stock bonus plan qualified under Section 401(a) of the Code and an employee stock ownership plan, as defined by Section 4975(e)(7) of the Code, designed to invest primarily in Company Stock.

(e) The Plan is designed to enable Eligible Employees indirectly to participate in stock ownership of the Company through participation in the Plan and the Accounts maintained thereunder to the extent that the assets of the Plan and such Accounts are invested in Company Stock and to the extent that distributions with respect to such Stock, whether in Stock or cash, represent the value of such Stock.

(f) The funding policy of the Plan and Trust is as set forth in Article V.

(g) All Trust assets acquired under the Plan as a result of Company contributions, income and other additions to the Trust shall be administered, distributed, forfeited and otherwise governed by the provisions of the Plan.

<u>Effective Date</u>

. The original effective date of this Plan is December 28, 1974, and the general effective date of this 2019 Amendment and Restatement is the IPO Date, except as otherwise specifically stated.

<u>Defined Terms</u>

. All capitalized terms used in this Plan shall have the meaning set forth in Article II, unless the context clearly indicates otherwise.

ARTICLE II
<u>DEFINITIONS</u>

<u>Account</u>

. "Account" shall mean each of the following accounts (including any subaccounts established from time to time under each such account) maintained to record the interest of a Participant:

(a) ESOP Account;

(b) PAYSOP Account; and

(c) Retirement Account.

<u>Affiliated Company</u>

. "Affiliated Company" shall mean (except as modified by Section 11.5 for purposes of Article XI) (a) any corporation which is included in a controlled group of corporations (within the meaning of Section 414(b) of the Code), of which a Member Company is a member, other than such Member Company, (b) any trade or business which is under common control with a Member Company (within the meaning of Section 414(c) of the Code), other than such Member Company, (c) any member of an affiliated service group (within the meaning of Section 414(m) of the Code) that includes a Member Company, other than such Member Company; and (d) any other entity required to be aggregated with the Company pursuant to regulations under Section 414(o) of the Code.

<u>Anniversary Date</u>

. "Anniversary Date" shall mean the last day of each Plan Year.

<u>Approved Absence</u>

. "Approved Absence" shall mean a leave of absence approved for an Employee under the uniform leave of absence policy maintained by the Company employing such Employee.

<u>Beneficiary</u>

. "Beneficiary" shall mean the person or estate of a deceased Participant, entitled to benefits hereunder upon the death of a Participant as designated pursuant to Section 9.3.

<u>Board of Directors</u>

. "Board of Directors" shall mean the board of directors of the Sponsor, as such board may be constituted from time to time.

Break in Service

. “Break in Service” or “Break” shall mean with respect to an Employee whose employment with all Companies terminates:

(a) the calendar year in which his or her employment terminates if such termination occurs prior to March 1 of such year and the Employee does not return to employment with a Company prior to November 1 of such year.

(b) each calendar year following the calendar year in which his or her employment terminates, except for a calendar year in which the Employee returns to employment with a Company prior to November 1 of such calendar year.

Notwithstanding the foregoing, no Employee shall have a Break in Service with respect to a calendar year if he or she completes more than five hundred (500) Hours of Service during such calendar year. For purposes of this Section 2.7, an Employee who leaves work on an Approved Absence and returns to work on or before the end of such Approved Absence shall not be deemed to have terminated employment; if such person does not return to work by the end of an Approved Absence, he or she shall be treated as having terminated employment immediately prior to leaving work on such Approved Absence.

Solely for purposes of determining whether a Break in Service for eligibility or vesting purposes has occurred in a computation period, an individual who is absent from work for maternity or paternity reasons shall receive credit for the Hours of Service which would otherwise have been credited to such individual but for such absence, or in any case in which such Hours cannot be determined, eight (8) Hours of Service per day of such absence, except that the total number of Hours of Service to be credited shall not exceed five hundred one (501). For purposes of this paragraph, an absence from work for maternity or paternity reasons means an absence (1) by reason of the pregnancy of the individual, (2) by reason of a birth of a child of the individual, (3) by reason of the placement of a child with the individual in connection with the adoption of such child by such individual, or (4) for purposes of caring for such child for a period beginning immediately following such birth or placement. The Hours of Service credited under this Section shall be credited (1) in the computation period in which the absence begins if the crediting is necessary to prevent a Break in Service in that period, or (2) in all other cases, in the following computation period.

Notwithstanding the foregoing, a period of absence from employment shall not be regarded as maternity or paternity leave if the Employee shall fail to comply with a request by the Company to furnish the Plan Administrator such timely information as may be reasonably required to establish that the absence from employment was for a reason set forth above and the number of days for which there was such an absence.

In addition, in the case of an individual who is absent from work during an approved leave of absence granted to an Employee pursuant to the Family and Medical Leave Act, the twelve (12) consecutive month period beginning on the first anniversary of the first day of such absence shall not constitute a Break in Service if the Employee returns to work for the Company at the end of such leave of absence. Uniformed services Employees will not incur a Break in Service because of their military leave in accordance with the terms set forth in Section 16.6.

Code

. “Code” shall mean the Internal Revenue Code of 1986, as it may be amended from time to time, and the regulations thereunder. Reference to a specific section of the Code shall be deemed also to refer to any applicable regulations under such section, and also shall include any comparable provisions of future legislation that amend, supplement or supersede that specific section.

Committee

. “Committee” shall mean the Policy and Advisory Committee described in Article XII.

Company

. “Company” shall mean the Sponsor or any Affiliated Company.

Company Stock

. “Company Stock” shall mean the stock issued by the Sponsor or any Affiliated Company that is an “employer security” within the meaning of Section 409(1) of the Code.

Compensation

. “Compensation” means all amounts received in cash by an Employee from a Company including salary, wages, shift differential, overtime pay, vacation, holiday and sick pay, and any differential wage payments under Section 3401(h) of the Code, if any, commissions, or jury or military duty pay. Compensation shall include amounts that would be received in cash and included in gross income by the Employee but for an election to defer and contribute such amounts pursuant to a flexible benefit program or other arrangement described in Section 125 of the Code or a cash or deferred arrangement under Section 402(g) of the Code and qualified transportation fringe benefits described in Section 132(f)(4) of the Code. Severance pay is also “Compensation” if it is paid within the later of (i) 2½ months of separation from employment, or (ii) the end of the year that includes the date of severance, but only to the extent that, absent a severance, such amounts would have been paid to the Employee as an active Employee as regular compensation for services during the Employee’s regular working hours.

However, Compensation shall not include amounts included in the Employee's gross income with respect to bonuses, the grant or exercise of stock options or stock appreciation rights, grant of restricted stock, grant or settlement of restricted stock units, lapse of restrictions on restricted stock, dividends paid on restricted stock, dividends paid on Company Stock held by the Plan, amounts included in the Employee’s gross income in respect of group term life insurance exceeding $50,000, automobile allowances, moving expense allowances, tax differentials, cost of living differentials and other expense reimbursements.

In addition to other applicable limitations set forth in the Plan, and notwithstanding any other provision of the Plan to the contrary, the annual Compensation of each Employee taken into account under the Plan shall not exceed $220,000 ($280,000 for the 2019 Plan Year), as adjusted by the Internal Revenue Service for increases in the cost of living in accordance with Section 401(a)(17)(B) of the Code. The cost-of-living adjustment in effect for a calendar year applies to any period, not exceeding 12 months, over which Compensation is determined (“determination period”) beginning in such calendar year. If a determination period consists of fewer than 12 months, the OBRA ‘93 annual compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is 12.

Computation Period

. "Computation Period" shall mean the initial period of 12 consecutive calendar months commencing on the date the Employee first performs an Hour of Service following or coinciding with his or her employment or re-employment with a Company, and successive computation periods shall be each calendar year starting with the calendar year in which the initial computation period ends.

Early Retirement Date or Early Retirement

. "Early Retirement Date" or "Early Retirement" shall mean the date that is the later of (a) the date upon which the termination of employment with all Companies of a Participant who is 100% vested in his or her ESOP Account occurs and (b) the first day of the month in which the Participant attains age sixty-two (62).

Eligible Employee

.

(a) "Eligible Employee" shall mean an Employee who is employed by a Member Company as an active employee on a full- or part-time basis (without regard to his or her or her treatment under the Fair Labor Standards Act or any successor provision thereto), including any such Eligible Employee who is on sick leave or vacation; provided that the Employee's salary or wages are subject to employment taxes under Section 3121(b) of the Code.

(b) The term "Eligible Employee" shall also include (i) any citizen or resident of the United States who is an Employee of a corporation which is a "domestic subsidiary," as defined in Section 407 of the Code, of a Company which is a "domestic parent corporation" within the meaning of Section 407 of the Code, and which has been specifically designated as such for purposes of the Plan by resolution of the Board of Directors, and (ii) any citizen or resident of the United States who is an Employee of a corporation which is a "foreign subsidiary," as defined in Section 3121(1)(8) of the Code, of a Company which is a "domestic corporation" within the meaning of Section 406 of the Code, provided the Company has entered into an agreement under Section 3121(1) of the Code with respect to such foreign subsidiary; unless such individual would otherwise be an Employee under the Plan.

(c) The term "Eligible Employee" shall exclude any:

(1) Employee who is on an Approved Absence,

(2) Employee who is covered by a collective bargaining agreement to which any Company is a party if there is evidence that retirement benefits were the subject of good faith bargaining between the Company and the collective bargaining representative, unless the collective bargaining agreement provides for participation in this Plan,

(3) Employee who is employed by Parsons Infrastructure and Technology Services Division of Parsons Infrastructure & Technology Group Inc., or, prior to January 1, 2007, by the Parking Division of Parsons Facility Management Company,

(4) "leased employee," within the meaning of Section 414(n) of the Code,

(5) Employee who is working on an as-needed basis or at irregular intervals as a casual employee,

(6) an individual recorded on the books and records of a Member Company as an independent contractor, a worker provided by a temporary staffing agency, or an individual with respect to whom a written agreement governing the relationship between such person and a Member Company provides in substance that such person shall not be an Eligible Employee hereunder, or

(7) any Employee who was a member of the board of directors of The Ralph M. Parsons Company on January 1, 1974.

(d) The preceding provisions of this Section shall be given effect notwithstanding any classification or reclassification of an individual as an employee or common law employee of a Member Company or as a member of any other category of individuals not excluded under the preceding provisions of this Section by reason of action taken by any tax, or other governmental authority. In the event that an individual rendering services to a Member Company in an excluded category is classified or reclassified by reason of action taken by any tax, or other governmental authority, or by a Member Company, such individual shall continue to be excluded under this Plan unless specifically included hereunder by the terms of an amendment to this Plan or by the terms of a written instrument executed by such individual and a Member Company.

<u>Employee</u>

. "Employee" shall mean any individual employed by a Company.

<u>ERISA</u>

. "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as it may be amended from time to time.

<u>ESOP Account</u>

. "ESOP Account" shall mean a Participant's account, including subaccounts, if any, established from time to time, representing his or her interest in the ESOP Fund.

<u>ESOP Fund</u>

. "ESOP Fund" shall mean that portion of the Trust Fund to which are allocated assets attributable to all ESOP Accounts, contributions under Section 4.1 and the proceeds of any Exempt Loan.

<u>ESOP Suspense Subfund</u>

. "ESOP Suspense Subfund" shall mean the subfund established under Section 6.2 as part of the ESOP Fund to hold Company Stock purchased with the proceeds of an Exempt Loan pending the allocation of such Stock to individual ESOP Accounts.

<u>Exempt Loan</u>

. "Exempt Loan" shall mean any loan that satisfies the provisions of the term "Loan" as described in Treasury Regulations Section 54.4975-7(b)(1)(ii) and as defined below. "Loan" refers to a loan made to an ESOP by a disqualified person or a loan to an ESOP which is guaranteed by a disqualified person. It includes a direct loan of cash, a purchase-money transaction, and an assumption of the obligation of an ESOP. "Guarantee" includes an unsecured guarantee and the use of assets of a disqualified person as collateral for a loan, even though the use of assets may not be a guarantee under applicable state law. An amendment of a loan in order to qualify as an exempt loan is not a refinancing of the loan or the making of another loan. A “Non-Exempt Loan” shall mean any loan that fails to satisfy the “Loan” provisions described above.

2.22 Fair Market Value. "Fair Market Value" shall mean, as of any given date, the value of a share of Company Stock determined as follows:

(a) If the Company Stock is (i) listed on any established securities exchange (such as the New York Stock Exchange, the NASDAQ Capital Market, the NASDAQ Global Market and the NASDAQ Global Select Market), (ii) listed on any national market system or (iii) quoted or traded on any automated quotation system, its Fair Market Value shall be the closing sales price for a share of Company Stock as quoted on such exchange or system for such date or, if there is no closing sales price for a share of Company Stock on the date in question, the closing sales price for a share of Company Stock on the last preceding date for which such quotation exists, as reported in *The Wall Street Journal* or such other source as the Committee deems reliable;

(b) If the Company Stock is not listed on an established securities exchange, national market system or automated quotation system, but the Company Stock is regularly quoted by a recognized securities dealer, its Fair Market Value shall be the mean of the high bid and low asked prices for such date or, if there are no high bid and low asked prices for a share of Company Stock on such date, the high bid and low asked prices for a Share on the last preceding date for which such information exists, as reported in *The Wall Street Journal* or such other source as the Committee deems reliable; or

(c) If the Company Stock is neither listed on an established securities exchange, national market system or automated quotation system nor regularly quoted by a recognized securities dealer, its Fair Market Value shall be established pursuant to Section 5.6.

Forfeiture

. “Forfeiture” shall mean the unvested portion of a Participant’s Account that is forfeited on the earlier of (a) the date the Participant receives a complete distribution of his or her vested Account or (b) the date on which he or she has five consecutive Breaks in Service.

Highly Compensated Employee

.

(a) “Highly Compensated Employee” shall mean any Employee who

(1) was a 5% owner (as defined in Section 416(i)(1) of the Code) at any time during the Plan Year or the preceding Plan Year, or

(2) for preceding Plan Year, received compensation (within the meaning of Section 415(c)(3) of the Code) from a Company in excess of the limit described in Section 414(q)(1)(B) of the Code (as adjusted in the same time and in the same manner as under Section 415(d) of the Code) during the preceding Plan Year and was in the “top-paid group” of Employees (as defined in regulations under Section 414(q)(3) of the Code) for such preceding year.

(b) Determination of a Highly Compensated Employee shall be in accordance with the following definitions and special rules:

(1) An Employee shall be treated as a 5% owner for any Plan Year if at any time during such Year such Employee was a 5% owner.

(2) A former Employee shall be treated as a Highly Compensated Employee if such Employee was a Highly Compensated Employee when such Employee incurred a severance, or such Employee was a Highly Compensated Employee at any time after attaining age fifty-five (55).

(3) Sections 414(b), (c), (m), and (o) of the Code shall be applied before the application of this Section.

(4) To the extent permissible under Section 414(q) of the Code, the Committee may determine which Employees shall be categorized as Highly Compensated Employees by applying a simplified method prescribed by the Internal Revenue Service.

2.25 Hour of Service.

(a) "Hour of Service" shall mean, with respect to an Employee:

(1) Each hour for which the Employee is paid, or entitled to payment for the performance of duties for a Company. These hours shall be credited to the Employee for the computation period in which the duties are performed.

(2) Each hour for which an Employee is paid, or entitled to payment, by a Company on account of a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty or leave of absence. No more than five hundred one (501) Hours of Service shall be credited under this paragraph for any single continuous period (whether or not such period occurs in a single computation period).

(3) Each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by a Company. The same Hours of Service shall not be credited both under Paragraph (1) or (2), as the case may be, and under this Paragraph (3).

(b) Hours of Service under subsections (a)(2) and (3) shall be determined and credited in accordance with Paragraphs (b) and (c) of Department of Labor Regulation Section 2530.200b-2 or any successor Regulation thereto.

(c) An "Hour of Service" shall include service performed for an Affiliated Company prior to the date such Company becomes an Affiliated Company, as required by Section 414(a) of the Code.

IPO Date

. "IPO Date" shall mean the first date upon which Company Stock is traded on any securities exchange or an interdealer quotation system.

Lock-up Period

. "Lock-up Period" shall mean the 180 days after the date set forth on the final prospectus used in the Company's initial public offering.

Member Company

. "Member Company" shall mean the Sponsor or each Affiliated Company that, as a whole or only with respect to certain units or divisions thereof, has adopted the Plan or a portion thereof, with the permission of the Board of Directors. Notwithstanding the foregoing, in no event may, effective April 1, 1992, Parsons International Limited, a Delaware Corporation, or, effective January 1, 1995, Parsons International, a California corporation, or effective January 1, 2005, De Leuw Cather International Limited, a Delaware corporation, be considered Member Companies under this Plan. A Member Company shall automatically terminate its status as such when it ceases to be an Affiliated Company unless the Board of Directors expressly provides otherwise.

Normal Retirement Date

. "Normal Retirement Date" shall mean the first day of the month in which the Participant attains age sixty-five (65).

Participant

. "Participant" shall mean any Employee (or former Employee) who has satisfied the requirements for participation under Article III or on whose behalf Accounts are maintained under this Plan.

PAYSOP Account

. "PAYSOP Account" shall mean a Participant's Account, including subaccounts, if any, established thereunder from time to time, representing his or her interest in the PAYSOP Fund.

PAYSOP Fund

. "PAYSOP Fund" shall mean that portion of the Trust Fund to which are allocated assets attributable to all PAYSOP Accounts and contributions.

Plan

. "Plan" shall mean the Parsons Employee Stock Ownership Plan and includes the Trust Agreement.

Plan Administrator

. "Plan Administrator" shall mean the Sponsor.

Plan Year

. "Plan Year" shall mean each calendar year.

Predecessor Plan

. "Predecessor Plan" shall mean each retirement plan that has merged into this Plan.

Retirement Account

. "Retirement Account" shall mean a Participant's account, including subaccounts, if any, established under this Plan which held amounts from Predecessor Plans attributable to employer contributions and were not transferred to the Parsons Corporation Retirement Savings Plan in 1997.

Retirement Fund

. "Retirement Fund" shall mean that portion of the Trust Fund attributable to all Retirement Accounts.

Sponsor

. "Sponsor" shall mean Parsons Corporation.

Spouse

. "Spouse" or "Surviving Spouse" shall mean the spouse or surviving spouse of the Participant, provided that a former spouse will be treated as the Spouse or Surviving Spouse to the extent provided under a qualified domestic relations order described in Section 414(p) of the Code.

Trading Day

. "Trading Day" shall mean each day that the New York Stock Exchange is open for trading following the IPO Date.

Trust

. "Trust" shall mean the Parsons Corporation Employee Stock Ownership Trust, created by the Trust Agreement entered into between the Sponsor and the Trustee.

Trust Agreement

. "Trust Agreement" shall mean the agreement by and between the Sponsor and the Trustee, as amended, and which shall constitute a part of the Plan.

Trustee

. "Trustee" shall mean each person serving as Trustee under the Trust Agreement. Any person serving as Trustee may also serve as a member of the Committee, as a member of the Board of Directors, or as an officer, employee or director of a Company or in any other fiduciary or other capacity with respect to either the Plan or a Company.

Trust Fund

. "Trust Fund" shall mean all cash and securities and all other assets deposited with or acquired by the Trustee in its capacity as such hereunder, together with accumulated income.

Valuation Date

. "Valuation Date" is defined as follows:

(a) For purposes of Section 7.5 and Article VIII, the "Valuation Date" shall mean the Trading Day prior to the date on which the Participant's distribution application is scanned as received and entered into the system by the Committee or its agent.

(b) For purposes of Article IX, the "Valuation Date" shall mean the Trading Day immediately preceding the date of distribution of the deceased Participant's Account (or, if such day is not a Trading Day, then the immediately prior Trading Day).

(c) For all other purposes of the Plan, the "Valuation Date" shall mean the Anniversary Date.

(d) If the Company Stock ceases to be publicly traded on an established securities exchange, the "Valuation Date" for all purposes under this Plan shall mean the Anniversary Date.

(e) Notwithstanding the foregoing, if the Plan purchases or sells Company Stock from or to any disqualified persons, as defined in Section 4975(e)(2) of the Code, then that Company Stock will be valued as of the date of the transaction as required by Treasury Regulation Section 54.4975-11(d)(5).

Year of Cumulative Service

. "Year of Cumulative Service" shall mean, with respect to an Employee:

(a) the calendar year in which such Employee is hired or rehired by a Company if the date of hire or rehire is prior to September 1 of such calendar year; or the calendar year in which the entity employing the Employee becomes a Company, so long as the entity becomes a Company prior to September 1 of such calendar year and the Employee is an employee of such entity as of such date; provided that for Employees hired or rehired after 1993 or for entities becoming a Company after December 31, 1993, the calendar year of hire or rehire or acquisition, as the case may be, shall be counted as a "Year of Cumulative Service" in accordance with subsection (c);

(b) the calendar year in which such Employee's employment with all Companies terminates if the date of termination occurs after April 30 of such calendar year; provided that, for Employees with fewer than three Years of Cumulative Service as of January 1, 1994, the calendar year of employment termination shall be counted as a "Year of Cumulative Service" in accordance with subsection (c);

(c) any calendar year in which the Employee completes 1,000 or more Hours of Service; provided, that, an Employee shall not receive credit for more than one Year of Cumulative Service under this section 2.46 with respect to any calendar year; and

(d) Additional Service.

(1) Notwithstanding the foregoing and solely for vesting purposes, an Employee who was a participant in the Engineering-Science Companies Employees' Pension Plan prior to January 1, 1984, or the Brian Watt Associates, Inc. Employee Retirement Plan prior to February 2, 1985, shall receive credit for services performed during such periods but not for more than one year of service with respect to any calendar year.

(2) Notwithstanding the foregoing and solely for vesting purposes, a Participant shall (i) receive Years of Cumulative Service for past service performed for Saudi Arabian Parsons Limited or Parsons International Corporation LLC and (ii) be treated as employed by the Company and shall continue to accrue Hours of Service and Years of Cumulative Service under the Plan for any period of time that the Participant is employed by Saudi Arabian Parsons Limited or Parsons International Corporation LLC.

(3) Notwithstanding the foregoing and solely for vesting purposes, the Committee may, in its sole discretion but in a nondiscriminatory manner, credit an Employee with service performed for a predecessor employer.

ARTICLE III
PARTICIPATION IN THE PLAN

Commencement of Participation

. Except as provided in Section 3.2, an Eligible Employee shall become a Participant in the Plan in accordance with the following rules:

(a) An Eligible Employee hired in any calendar year, or employed by an entity on the date such entity becomes a Member Company in any calendar year, shall become a Participant in the Plan on the January 1 coinciding with or immediately preceding the date such Employee completes 1,000 Hours of Service in a Computation Period, provided he or she is an Eligible Employee on the last day of such Computation Period.

(b) If an Employee, who is not an Eligible Employee, has completed the requisite Hours of Service with the Company in a Computation Period and subsequently becomes an Eligible Employee, such Eligible Employee shall become a Participant as of the January 1 coinciding with or immediately preceding the date he or she became an Eligible Employee.

Re-employment as Eligible Employees

.

(a) In the case of an Employee who was not a Participant as of the date of his or her termination of employment, if such Employee is re-employed as an Eligible Employee following the occurrence of a Break in Service, he or she shall become a Participant in the Plan on the January 1 coinciding with or immediately preceding the date he or she completes 1,000 Hours of Service in a Computation Period, provided he or she is an Eligible Employee on the last day of such Computation Period.

(b) In the case of an Eligible Employee who was a Participant as of the date of his or her termination of employment, if such individual is re-employed by a Member Company as an Eligible Employee, he or she shall become a Participant as of his or her date of rehire.

Former Participants

. Employees who have commenced participation in the Plan, but cease active participation because their employer, though still a Company, is not or has ceased to be a Member Company, shall continue to accrue Years of Cumulative Service, but shall no longer be entitled to additional contributions under the Plan or allocations of Forfeitures unless hired or rehired by a Member Company.

ARTICLE IV
COMPANY CONTRIBUTIONS

Contributions to ESOP Fund

.

(a) Subject to Article XI, the Member Companies shall contribute in cash or Company Stock to the ESOP Fund for each Plan Year such sum as the Board of Directors may, in its sole discretion, determine. In any Plan Year, the contribution on behalf of the Eligible Employees of a Member Company, when expressed as a percentage of the aggregate Compensation of such Eligible Employees, will be in the same proportion as the contribution on behalf of Eligible Employees of another Member Company. The contribution under this Section 4.1 for any given Plan Year shall be fixed by resolution of the Board of Directors and shall be paid to the Trustee not later than the due date (including any extensions thereof) for filing the federal income tax return of the Member Companies for their fiscal year ending with or within the Plan Year.

(b) Some or all of a contribution under subsection (a) made in cash or property other than Company Stock may be applied to repay any outstanding Exempt Loan. The Committee may, subject to any pledge or similar agreement, direct or determine the proportions by which contributions are applied to repay each of the one or more Exempt Loans.

(c) Some or all of a contribution under subsection (a) made in cash or property other than Company Stock may be applied to purchase the shares of Company Stock including shares allocated to the Accounts of any Participant (or Beneficiary) in order to make a distribution under Articles VII, VIII or IX to such Participant (or Beneficiary).

Company Not Responsible for Adequacy of Trust Fund

. Except as required by applicable law, neither the Board of Directors, any Company, any member of the Committee nor any Trustee shall be responsible for the adequacy of the Trust Fund to meet and discharge any or all payments and liabilities hereunder.

Conditions of Contributions

. All contributions by a Company to the ESOP Fund are conditioned on the qualification of the Plan under Section 401 of the Code and their deductibility under Section 404 of the Code.

ARTICLE V
TRUST FUND

Plan Assets

. The Sponsor has entered into the Trust Agreement providing for the establishment of a single Trust to hold the assets of the Plan. All Company contributions shall be paid over to the Trustee and held pursuant to the provisions of the Plan and the Trust Agreement.

Division of Assets

. Assets of the Trust Fund shall be held in separate funds which initially shall consist of the ESOP Fund, PAYSOP Fund and Retirement Fund and thereafter shall consist of such funds as the Committee may establish from time to time. Individual Participant interests in the Trust Fund shall be reflected in the Accounts maintained for each Participant. Notwithstanding the foregoing, the Trust Fund shall be treated as a single trust for purposes of investment and administration, and nothing contained herein shall require a physical segregation of assets for any fund or for any Account maintained under the Plan.

Investment of Trust Fund

.

(a) The Plan was established and continues to be maintained for the purpose of providing an opportunity for Participants to acquire an ownership stake in the Sponsor in order to align the interests of Participants and the Companies. The Company believes that its success as an entity and the performance of the Company Stock will be enhanced and facilitated in the long run by such alignment. Accordingly, investment in Company Stock is intended to be a permanent feature of the Plan.

(b) The ESOP Fund shall be invested primarily in Company Stock except for cash or cash equivalent investments for the limited purposes of making Plan distributions to participants or paying Plan administrative expenses, or pending the investment of contributions or other cash receipts in Company Stock. Neither any Company nor the Committee nor any

Trustee shall have any responsibility or duty to time any transaction involving Company Stock, in order to anticipate market conditions or changes in stock value, nor shall any such person have any responsibility or duty to sell Company Stock held in the ESOP Fund (or otherwise to provide investment management for Company Stock held in the ESOP Fund) in order to maximize return or minimize loss. The Committee may direct the Trustee to have the Plan enter into one or more Exempt Loans to finance the acquisition of Company Stock. Company contributions in cash, and other cash received by the Trustee, may be used to make distributions from the Plan or to acquire shares of Company Stock from Company shareholders or directly from the Company.

(c) The PAYSOP Fund shall be invested primarily in Company Stock except for cash or cash equivalent investments for the limited purpose of making Plan distributions to Participants or paying Plan administrative expenses, or pending the investment of contributions or other cash receipts in Company Stock. Neither any Company nor the Committee nor any Trustee shall have any responsibility or duty to time any transaction involving Company Stock, in order to anticipate market conditions or changes in stock value, nor shall any such person have any responsibility or duty to sell Company Stock held in the PAYSOP Fund (or otherwise to provide investment management for Company Stock held in the PAYSOP Fund) in order to maximize return or minimize loss.

Exempt Loan

.

(a) Notwithstanding anything contained herein to the contrary, proceeds of an Exempt Loan shall be used, within a reasonable time after receipt by the Trust, only for the following purposes:

(1) to acquire Company Stock;

(2) to repay the same Exempt Loan; or

(3) to repay any previous Exempt Loan.

(b) An Exempt Loan shall be repaid only from amounts loaned to the Trust and the proceeds of such loans, from Member Company contributions in cash and earnings attributable thereto, from any collateral given for the loan, and from dividends paid on shares of unallocated Company Stock acquired with proceeds of the loan.

(c) No Company Stock acquired with the proceeds of an Exempt Loan may be subject to a put, call, or other option, or buy-sell or similar arrangement while held by the Plan and when distributed by the Plan whether or not the Plan is then an employee stock ownership plan within the meaning of Section 4975(e)(7) of the Code.

(d) In addition, and in accordance with Treasury Regulations Sections 54.4975-7 and 54.4975-11, the following provisions shall apply to an Exempt Loan under the Plan:

(1) An Exempt Loan must be for a specific term, and must not be payable at the demand of any person.

(2) An Exempt Loan must be primarily for the benefit of the Plan participants and their beneficiaries.

(3) The Plan must not obligate itself to acquire securities from a particular security holder as an indefinite time determined upon the happening of an event, such as the death of the holder.

(4) The only assets of the Plan that may be given as collateral on an Exempt Loan are qualifying employer securities acquired with the proceeds of the loan and those securities that were used as collateral on a prior Exempt Loan repaid with the proceeds of the current Exempt Loan.

(5) The interest rate of an Exempt Loan must not be in excess of a reasonable rate of interest and should consider the following factors: the amount and duration of the loan, the security and guarantee involved (if any), the credit standing of the Plan and the guarantor (if any), and the interest rate prevailing for comparable loans.

(6) At the time an Exempt Loan is made, the interest rate for the loan and the price of securities to be acquired with the loan proceeds should not be such that the Plan assets might be drained off.

(7) No person entitled to payment under an Exempt Loan shall have any rights to assets of the Plan other than collateral given for the loan, contributions (other than contributions of employer securities) made to repay such Exempt Loan, and the earnings attributable to such collateral and the investment of such contributions.

(8) The payments made with respect to an Exempt Loan by the Plan during a Plan Year must not exceed and amount equal to the sum of such contributions and earnings received during or prior to the year less such payments in prior years. Such contributions and earnings must be accounted for separately in the books of account of the Plan until the loan is repaid.

(9) In the event of default upon an Exempt Loan, the value of Plan assets transferred in satisfaction of the loan must not exceed the amount of default. If the lender is a Disqualified Person, a loan must provide for a transfer of Plan assets upon default only upon and to the extent of the failure of the Plan to meet the payment schedule of the loan.

(10) In the event that the Plan holds different classes of stock and securities acquired with the proceeds of an Exempt Loan available for distribution consist or more than one class, a distributee must receive substantially the same proportion of each such class of stock.

(11) If a portion of a Participant's Account is forfeited, qualifying employer securities will be forfeited only after other assets. If interests in more than one class of qualifying employer securities have been allocated to the Participant's Account, the Participant must be treated as forfeiting the same proportion of each such class of stock.

Securities Law Limitation

. The Committee shall not be required to engage in any transaction, including without limitation, directing the purchase or sale of Company Stock, which it determines in its sole discretion might tend to subject itself, its members, the Plan, any Company, or any Participant to a liability under federal or state securities laws.

Accounting and Valuations

.

(a) The fair value of the assets of the Trust Fund shall be determined as of each Anniversary Date, or such other more frequent dates as the Committee may determine, in accordance with generally accepted commercial methods and practices. Valuations of employer securities which are not readily tradable on an established market, will be made by an independent appraiser who meets the requirements similar to the requirements prescribed under Section 170(a)(1) of the Code. The value of the Company Stock which is readily tradeable on an established market as of any given date shall be equal to the Fair Market Value of such Company Stock on such date.

(b) Except as provided in Section 6.6, as of such dates specified by the Committee, but no less frequently than as of each Anniversary Date, each Participant's Accounts shall be credited (debited) with the allocable share of the net income (loss) of the portion of the Trust Fund valued as of the date of such allocation. For this purpose the net income (loss) of the Trust Fund shall include any income with respect to securities in the ESOP Suspense Subfund acquired with the proceeds of an Exempt Loan. In determining net income, interest paid under any installment contract for the acquisition of Company Stock by the Trust or on any Exempt Loan shall not be taken into account.

(c) The Committee shall establish accounting procedures for the purpose of making the allocations, valuations and adjustments to Participants' Accounts provided for in the Plan. From time to time, the Committee may modify its accounting procedures for the purpose of achieving equitable and non-discriminatory allocations among the Accounts of Participants in accordance with the provisions of the Plan.

Trustee

. The Board of Directors may at any time, in accordance with the terms of the Trust Agreement, remove an incumbent Trustee and designate a successor Trustee.

ARTICLE VI
ALLOCATION OF CONTRIBUTIONS TO THE ESOP FUND

Allocation of Contributions

.

(a) In addition to net income or loss allocated in accordance with Article V and Forfeitures allocated in accordance with Article VII, the ESOP Account maintained for Eligible Employees will be credited as of each Anniversary Date with his or her allocable share of contributions under Section 4.1 in Company Stock or any other form.

(b) The allocation of contributions of each Member Company shall be made to the ESOP Accounts of those Participants who were Eligible Employees of a Member Company during the Plan Year in the same proportion that the Compensation for the Plan Year of such Participant while an Eligible Employee of such Member Company bears to the total Compensation for the Plan Year of all Participants while Eligible Employees of such Member Company entitled to an allocation under this Section 6.1 for that Plan Year.

(c) Each ESOP Account will be debited for its share of cash payments for the acquisition of Company Stock or for repayment of Exempt Loans or other debt, including principal and interest, incurred for the acquisition of Company Stock, as Company Stock is allocated to such Account in accordance with Section 6.3. Allocations of Company Stock shall be expressed in terms of number of whole and fractional interests in shares.

(d) A subaccount under each Participant's ESOP Account shall be maintained to reflect his or her non-forfeitable interest in any Trust assets (including Company Stock) attributable to dividends on Company Stock allocated to his or her ESOP Account (other than dividends distributed under the provisions of Section 6.6).

(e) One or more other subaccounts may be established under each Employee's ESOP Account to differentiate between contributions and earnings thereon and for such other purposes as the Committee deems appropriate.

Suspense Subfund

. Company Stock acquired by the ESOP Fund through an Exempt Loan shall be added to and maintained in the ESOP Suspense Subfund and shall thereafter be released from the ESOP Suspense Subfund and allocated to ESOP Accounts of Participants as provided in Sections 6.3 and 6.4. The Company Stock acquired with each Exempt Loan shall be accounted for and allocated separately in accordance with the provisions of this Article VI.

Release from ESOP Suspense Subfund

. Company Stock acquired for the ESOP Fund through an Exempt Loan shall be released from the ESOP Suspense Subfund as the Exempt Loan is repaid, in accordance with the provisions of this Section 6.3.

(a) For each Plan Year until the Exempt Loan is fully repaid, the number of shares of Company Stock released from the ESOP Suspense Subfund shall equal the number of unreleased shares immediately before such release for the current Plan Year multiplied by the "Release Fraction." As used herein, the Release Fraction shall be a fraction the numerator of which is the amount of principal and interest paid on the Exempt Loan for such current Plan Year and the denominator of which is the sum of the numerator plus the principal and interest to be paid on such Exempt Loan for all future years during the duration of the term of such Loan (determined without reference to any possible extensions or renewals thereof). Notwithstanding the foregoing, in the event such Loan shall be repaid with the proceeds of a subsequent Exempt Loan (the "Substitute Loan"), such repayment shall not operate to release all such Company Stock in the ESOP Suspense Subfund, but, rather, such release shall be effected pursuant to the foregoing provisions of this Section 6.3 on the basis of payments of principal and interest on such Substitute Loan.

(b) If required by any pledge or similar agreement, then in lieu of applying the provisions of subsection (a) with respect to such loan or Substitute Loan, shares shall be released from the ESOP Suspense Subfund as the principal amount of an Exempt Loan is repaid (and without regard to interest payments), provided the following three conditions are satisfied:

(1) The Exempt Loan must provide for annual payments of principal and interest at a cumulative rate that is not less rapid at any time than level annual payments of such amounts for ten years.

(2) The interest portion of any payment is disregarded only to the extent it would be treated as interest under standard loan amortization tables.

(3) If the Exempt Loan is renewed, extended or refinanced, the sum of the expired duration of the Exempt Loan and the renewal, extension or new Exempt Loan period must not exceed ten years.

(c) If at any time there is more than one Exempt Loan outstanding, then separate accounts may be established under the ESOP Suspense Subfund for each such Loan. Each Exempt Loan for which a separate account is maintained may be treated separately for purposes of the provisions governing the release of shares from the ESOP Suspense Subfund under this Section 6.3 and for purposes of the provisions governing the application of Member Company contributions to repay an Exempt Loan under Section 4.1.

(d) It is intended that the provisions of this Section 6.3 shall be applied and construed in a manner consistent with the requirements and provisions of Treasury Regulation § 54.4975-7(b)(8), and any successor regulation thereto. All Company Stock released from the ESOP Suspense Subfund during any Plan Year shall be allocated among Participants as prescribed by Section 6.4.

<u>Allocation of Shares Released from ESOP Suspense Subfund</u>

.

(a) Shares of Company Stock released from the ESOP Suspense Subfund for a Plan Year in accordance with Section 6.3 shall be held in the ESOP Fund on an unallocated basis until allocated by the Committee as of the Anniversary Date for that Plan Year. All Company Stock in the ESOP Fund, other than Company Stock held in the ESOP Suspense Subfund as of an Anniversary Date, must be allocated to ESOP Accounts as of such Anniversary Date.

(b) The allocation of such shares shall be made among the ESOP Accounts of those Participants who were Eligible Employees at any time during the Plan Year and the number of shares allocable to such Participant's ESOP Account shall be made in the proportion that the Compensation for such Plan Year of each such Participant while an Eligible Employee bears to the total Compensation for the Plan Year of all such Participants while Eligible Employees.

<u>Stock Dividends, Splits, Recapitalizations, Etc.</u>

Any Company Stock received by the Trustee as a result of a stock split, stock dividend, or as a result of a reorganization or other recapitalization of a Company shall be allocated as of the day on which the Company Stock is received by the Trustee based on the accounts of Participants on the dividend record date, in the same manner as the Company Stock to which it is attributable is then allocated.

Cash Dividends

.

(a)The Sponsor declared a cash dividend on April 3, 2019 with respect to all outstanding shares as of the April 3, 2019 record date (the "IPO Dividend"), which IPO Dividend is conditioned upon the occurrence of the IPO Date. For the avoidance of doubt, the IPO Dividend does not apply to shares of Company Stock that were distributed in required minimum distributions pursuant to Section 401(a)(9) of the Code prior to April 3, 2019. The IPO Dividend shall be held unallocated by the Trustee, invested in short-term investments selected by the Trustee pending use of such proceeds for purposes of making cash distributions under Articles VIII and IX of the Plan. In the event that, following the expiration of the Lock-Up Period, any portion of the IPO Dividend remains in cash, the Trustee shall use such remaining portion of the IPO Dividend to purchase additional shares of Company Stock in the public market at such times as the Trustee deems appropriate following the expiration of the Lock-Up Period but prior to the next occurring Anniversary Date. The IPO Dividend will be allocated in the form of shares of Company Stock, consisting of the shares acquired by the Trustee in accordance with this Section 6.6 from the IPO Dividend, to the Participant's Accounts as of the next Anniversary Date as an earning of the Trust Fund, with such allocation being made based on Participant's Accounts as of April 3, 2019, even if such Participants have taken a distribution of all or a portion of such Accounts after such date. To the extent that a Participant received a distribution of his or her Accounts between April 3, 2019 and the next occurring Anniversary Date, then the Trustee shall distribute to such Participant his or her allocable share of the IPO Dividend on the portion of the Account so distributed in the same form as provided to other Participants and such distribution shall be made as soon as practical following the Anniversary Date.

(b)Cash dividends on shares of Company Stock other than the IPO Dividend allocated to Participants' Accounts may be paid currently to Participants, as determined by the Trustee, in its sole discretion. If such dividends are to be paid to the Participant, then the dividend may be paid in cash directly by a Company, or may be distributed by the Trustee after receipt from the Company within 180 days after the end of the Plan Year of receipt by the Trustee. If cash dividends are not paid currently to Participants, then such cash dividends shall be held unallocated by the Trustee and invested in short-term investments selected by the Trustee until allocated to the Participant's Accounts as of the next Anniversary Date as an earning of the Trust Fund as provided in Article V, with such allocation being made based on Participants' Accounts as of the dividend record date. Notwithstanding the foregoing the Trustee may use such cash dividend for purposes of satisfying cash distributions of fractional shares. To the extent that a Participant received a distribution of his or her Account between the dividend record date and the Anniversary Date, then the Trustee shall distribute to such Participant his or her allocable share of the dividend on the portion of the Account so distributed and such distribution shall be made as soon as practical following the Anniversary Date. Dividends on shares of unallocated stock, including shares of stock acquired with the proceeds of an Exempt

Loan and held in the ESOP Suspense Fund shall either be applied to payment of the Exempt Loan or held in the ESOP Suspense Fund.

(c) If, prior to the expiration of the Lock-Up Period, the Trust has insufficient cash from the IPO Dividend to fund all requested distributions, then, with respect to any distribution election received after the date the Trustee determines it will no longer have sufficient cash from the IPO Dividend to fund all requested distributions during the Lock-Up Period, the Sponsor shall automatically, and without further action by the Sponsor or the Trustee, repurchase such number of shares of Company Stock held by the Trust as is subject to any such election (the "Lock-Up Repurchase Obligation"). The Lock-Up Repurchase Obligation shall be executed effective as of the Valuation Date with respect to any such election and the price to be paid by the Sponsor for any shares purchased from the Trustee pursuant to this subsection (c) shall be equal to the Fair Market Value of the Company Stock on such Valuation Date, which repurchase price shall be equal to "adequate consideration" as defined by Section 3(18) of ERISA.

Allocation of Amounts Transferred From Defined Benefit Plans

. In the case of any amounts contributed under Section 4.1(a) representing amounts transferred from terminated defined benefit pension plans, such amounts shall be either allocated in their entirety in respect of the plan year in which such amounts were transferred to this Plan, subject to the limitations of Article XI, or they shall be allocated to a special suspense fund and allocated from such fund among accounts of participants no less rapidly than ratably over a period not to exceed seven years. Notwithstanding the foregoing, in the year of transfer, the amount allocated shall not be less than the lesser of the maximum allowable under Article XI or one-eighth of the amount attributable to the shares of Company Stock acquired with the transferred amount.

ARTICLE VII
VESTING AND DIVERSIFICATION RULE

No Vested Rights Except as Herein Specified

. No Participant shall have any vested right or interest, or any right to payment, of any assets of the Trust Fund, except as herein provided. Neither the making of any allocation nor the credit to any Account of a Participant in the Trust Fund shall vest in any Participant any right, title or interest in or to any assets of the Trust Fund.

Full Vesting of Participants' Accounts

.

(a) An Employee shall at all times be fully vested in his or her PAYSOP Account and the subaccount of his or her ESOP and Retirement Account attributable to cash dividends received by the Trust on Company Stock allocated to such Account.

(b) He or she shall be fully vested in the balance of his or her Accounts upon the earliest to occur of:

(1) the day he or she becomes fully vested under the following schedule:

Years of Cumulative Service	**Vested Percentage of Employee's Account**
Less than 2 years	0
2 years but less than 3	20
3 years but less than 4	40
4 years but less than 5	60
5 years but less than 6	80
6 or more years	100

(2) the first day of the month in which he or she becomes sixty-five (65) years of age, provided that such Participant is then employed by a Company or the Participant is on an Approved Absence;

(3) his or her death while:

(i) employed by a Company;

(ii) on qualified military service (as defined in Section 414(u) of the Code); or

(iii) on an Approved Absence;

(4) the date of his or her termination of employment with all Companies under circumstances entitling him to receive a benefit under Section 8.2(b) on account of permanent disability; or

(5) the date on which he or she is required to be fully vested under the applicable provisions of the Code on account of the termination, partial termination or the complete discontinuance of contributions to the Plan.

<u>Termination Prior to Full Vesting</u>

.

(a) If a Participant's employment with all Companies terminates prior to the date on which his or her interest in his or her Accounts becomes fully vested in accordance with Section 7.2, the unvested portion of the amount in said Participant's Accounts shall be forfeited as of the last day of the calendar year in which the Participant sustains five (5) consecutive Breaks in Service and shall be treated as provided in Section 7.4. The vested portion of such a Participant's Accounts shall be distributed as provided in Section 8.2.

(b) In the case of a Participant described in Section 8.2(b) or 8.2(c) who receives a distribution on account of a disability or hardship, respectively, before incurring five (5) consecutive Breaks in Service and also resumes employment with a Company before five (5) such consecutive Breaks in Service occur, the undistributed forfeitable portion shall be placed in a subaccount of the Account from which the amount was distributed and the vested portion of such subaccount at a subsequent date shall be determined by the formula:

X	=P(AB + (R x D)) - (R x D), where:
X	= the vested portion of the subaccount at the subsequent date
P	=non-forfeitable percentage under Section 7.2 at the subsequent date
AB	=the subaccount balance at the subsequent date
D	=the amount of the previous distribution
R	=the ratio of the subaccount balance at the subsequent date to the original subaccount balance

(c) If a portion of a Participant's ESOP Account or Retirement Account is forfeited, shares of Company Stock allocated to his or her ESOP Account from the ESOP Suspense Subfund shall be forfeited only after other assets are forfeited from each such Account.

<u>Treatment of Forfeitures</u>

. Any Forfeitures occurring pursuant to Section 7.3 and amounts forfeited under Section 8.5 shall be allocated among all other ESOP Accounts, but only among such ESOP Accounts of Participants who were Eligible Employees during the Plan Year, and each such allocation shall be made in the proportion that the Compensation for such Plan Year of each such Participant while an Eligible Employee bears to the total Compensation for the Plan Year of all such Participants while Eligible Employees. Any forfeiture attributable to a Retirement Account may, but need not, be applied to the acquisition of Company Stock.

<u>Diversification Rule</u>

.

(a) For the purpose of this Section 7.5 only, the following definitions shall apply:

(1) "Qualified Participant" shall mean a Participant who has attained age 55 and who has completed at least 10 years of participation in the Plan.

(2) "Qualified Election Period" shall mean the six Plan Year period beginning with the Plan Year in which the Participant first becomes a Qualified Participant.

(b) Each Qualified Participant shall be permitted to direct the Plan as to the diversification of 25 percent of the value of the vested portion of the Participant's ESOP Account (or any subaccounts under such Account) subject to the diversification rules in respect of Company Stock which was acquired by the Plan after December 31, 1986, in the manner provided under Paragraph (d) below, within 90 days (or, effective January 1, 2020, 150 days) after the last day of each Plan Year during the Participant's Qualified Election Period. Within 90 days (or, effective January 1, 2020, 150 days) after the close of the last Plan Year in the Participant's Qualified Election Period, a Qualified Participant may direct the Plan as to the diversification of 50 percent of the value of the vested portion of such ESOP Account.

(c) The Participant's direction shall be provided to the Committee in writing and shall specify which one, if any, of the available options set forth below that the Participant selects. The Participant's ESOP Account balance shall be based on its value on the Valuation Date.

(1) At the election of the Qualified Participant, the Plan shall distribute, in one lump sum distribution (notwithstanding Section 409(d) of the Code), the portion of the Participant's ESOP Account that is covered by the election within 180 days after the last day of the period during which the election can be made. Distributions shall be made in the form provided for under Section 8.3. This subsection (c)(1) shall apply notwithstanding any other provision of the Plan. However, those provisions that require the consent of the Participant, the Participant's Spouse, or both, to distribute a present value benefit in excess of $5,000 still apply. If the Participant and/or the Participant's Spouse do not consent, the Plan will retain the amount in question.

(2) At the election of the Qualified Participant, the Plan will transfer the portion of the Participant's ESOP Account that is distributable and that is covered by such election to another qualified plan of the Company which accepts such transfers, provided that such plan permits employee-directed investment among at least three investment options (each of which must be diversified and have materially different risk and return characteristics) and that such plan does not invest in Company Stock to a substantial degree. Such transfer shall be in cash and shall be made no later than 180 days after the last day of the period during which the election can be made. Such transfer shall comply with the requirements of Sections 414(l), 411(d)(6) and 401(a)(11) of the Code.

(3) The Committee may establish at least three investment options under this Plan, to be selected at its discretion, for the purpose of diversification under this Section. If the Committee establishes such investment options, then, at the election of the Qualified Participant, may so elect that the Plan invest the portion of the Participant's ESOP Account that is distributable and that is covered by such election in any of the investment options established by the Committee, as the Participant directs. Each of the investment options must be diversified and have materially different risk and return characteristics. Such investment shall be made no later than 180 days after the last day of the period during which the election can be made.

ARTICLE VIII
RETIREMENT BENEFITS

Distribution Timing

. The Participant's vested Account shall be distributed to him or her in the manner provided in this Article. The Participant's vested Account balance shall be based on its value on the Valuation Date. A Participant shall not be entitled to a distribution of his or her Accounts prior to his or her termination of employment with all Companies and, except as provided in subsection 8.2(b), (c) or (d), attainment of his or her Early or Normal Retirement Date.

Method of Distribution

. The Participant's vested Account shall be distributed as soon as practicable in accordance with this Section 8.2, provided that no Participant shall receive any distribution of any part of his or her Accounts hereunder prior to his or her Normal Retirement Date without his or her written consent if the present value of such Accounts exceeds $5,000.

(a) Early and Normal Retirement.

(1) Timing. Payment of the Participant's vested Account shall be made following his or her termination of employment as soon as practicable after his or her Normal Retirement Date or Early Retirement Date, but in no event later than the sixtieth (60th) day after the close of the Plan Year in which the Participant (if he or she were then an Employee) attains the earlier of his or her Early Retirement Date or Normal Retirement Date.

(2) Form. The available forms shall depend on the value of the Participant's vested Account balance.

(i) Vested Account Balance of Less Than $20,001. If the value of the Participant's vested Account balance is less than $20,001, then it will be paid as soon as practicable, as the Participant elects, in either

(A) one lump sum payment; or

(B) a direct rollover.

(ii) Vested Account Balance Equals or Exceeds $20,001. If the value of the Participant's vested Account balance equals or exceeds $20,001, then it will be paid as soon as practicable in installments as described in subsection (e).

(b) Permanent Disability.

(1) Timing. A Participant who has terminated employment with all Companies but has neither commenced distribution of his or her entire vested Account nor attained Early Retirement Age or Normal Retirement Age may be entitled to receive a distribution if he or she has suffered a permanent disability at any time (including while an Employee, while on an Approved Absence or after termination of employment). Any such distribution shall be made as soon as practicable after the Committee receives proof of such disability.

(2) Form. The available forms shall depend on the value of the Participant's vested Account balance.

(i) Vested Account Balance of Less than $20,001. If the value of the Participant's vested Account balance is less than $20,001, then it will be paid as soon as practicable, as the Participant elects, in either

(A) one lump sum payment; or

(B) a direct rollover.

(ii) Vested Account Balance Equals or Exceeds $20,001. If the value of the Participant's vested Account balance equals or exceeds $20,001, then it will be paid as soon as practicable in installments as described in subsection (e).

(3) Determination of Disability. A permanent disability, for purposes of this Plan, shall mean the Participant has been determined by the Social Security Administration as eligible for Social Security disability benefits.

(c) Financial Hardship.

(1) Timing. A Participant who has terminated employment with all Companies but has a financial hardship prior to the distribution of his or her entire vested Account may be entitled to receive a distribution as soon as practicable after the Committee's determination of such hardship. Distribution will be made to a Participant prior to what would otherwise be the Participant's Normal Retirement Date, or, if applicable, Early Retirement Date, in accordance with this subsection (c).

(2) Form. The available forms shall depend on the value of the Participant's vested Account balance.

(i) Vested Account Balance of $20,000 or Less. If the value of the Participant's vested Account balance is $20,000 or less, then it will be paid as soon as practicable, as the Participant elects, in one lump sum payment.

(ii) Vested Account Balance Exceeds $20,000. If the value of the Participant's vested Account balance exceeds $20,000, then it will be paid as soon as practicable in installments as described in subsection (e).

(3) Determination of Financial Hardship. The Committee shall determine in its sole discretion whether a genuine financial hardship exists, but in so doing shall not find a genuine financial hardship to exist unless there exists probative evidence of severe want or deprivation which cannot reasonably be expected to be relieved by other resources reasonably available to the Participant. The Committee shall prescribe such rules as it deems appropriate in making determinations as to the existence of a hardship. In no event, however, shall the Committee find that sources reasonably available to relieve a hardship include a Participant's primary residence. Further, the Committee shall in every case find that sources reasonably available to a Participant for the relief of a hardship include business ventures and other investments or property (other than a primary residence), if any, that are reasonably liquid and susceptible to reasonably rapid sale.

(4) Notwithstanding subsection (c)(2), a Participant receiving installment distributions may halt such distributions by written notice given to the Trustee at least 30 days in advance of the first scheduled payment as of which distributions should cease. A Participant may, by a showing of hardship, resume such distributions subject to subsection (c)(3).

(d) Conflicts of Interest. If a Participant who has terminated employment with all Companies but has not received his or her complete distribution from the Plan becomes subject to a conflict of interest by reason of his or her beneficial interest in Company Stock held hereunder, his or her Account consisting of Company Stock shall, upon satisfactory proof to the Committee of such conflict, be distributed in a lump sum.

(e) Installments. Installment distributions shall be made subject to the following rules:

(1) Installment payments can only be made if the Participant's vested Account balance is at least $20,001.

(i) If the Participant's vested Account balance is at least $20,001 but less than or equal to $40,000, then it will be paid in a series of installments over two years or, if shorter, the life expectancy of the Participant and his or her Spouse, if any.

(ii) If the Participant's vested Account balance exceeds $40,000, then it will be paid in a series of installments over either three or five years, as the Participant elects, but in no case shall the number of yearly installments exceed the life expectancy of the Participant and his or her Spouse, if any.

(2) The first installment in a series shall be determined by multiplying the vested value of the Participant's Account by a fraction the numerator of which is one and the denominator of which is the number of scheduled installments in the series. The next installment is the remaining Account balance for the year multiplied by a fraction the numerator of which is one and the denominator of which is the denominator for the previous year reduced by one. Except if subsection (c)(4) is applicable, successive installments in a series, if any, are determined the same way.

(3) Any remaining undistributed balance of the Participant's Account shall be non-forfeitable, held in the Participant's Account and will continue to share in the net income of the Trust including any appreciation or depreciation in the value of Company Stock.

(f) Small Account Balances. Notwithstanding any other provision in this Plan to the contrary, a Participant who has a termination of employment (regardless of whether such termination is prior to the Participants Normal or Early Retirement Date) shall automatically receive an immediate distribution without his or her consent if the value of his or her vested Account balance is $5,000 or less.

(1) Vested Account Balance of $1,000 or Less. If the Participant's vested Account balance is $1,000 or less, distribution will be made as soon as administratively feasible in one lump sum payment unless it is at least $200 and the Participant timely elects to directly roll it over to an eligible retirement plan.

(2) Vested Account Value of $1,001 to $5,000. If the Participant's vested Account balance exceeds $1,000 but does not exceed $5,000 and the Participant does not

timely elect a lump sum distribution or a direct rollover, then it will be directly rolled over to an individual retirement account designated by the Committee.

Form of Distribution.

(a) Except as provided in subsection (b) or (c), distribution of a Participant’s Account shall be made in whole shares of Company Stock, with any fractional shares paid in cash.

(b) During the Lock-Up Period, distributions shall be made in cash only, and any election to receive distributions in the form of Company Stock that would otherwise have been paid during the Lock-Up Period shall be delayed until as soon as practicable after the expiration of the Lock-up Period.

(c) If the Company Stock is not publicly traded, then any distributions made in Company Stock shall be subject to an immediate automatic repurchase right in favor of the Company. The amount payable to a Participant pursuant to the automatic repurchase right set forth in the preceding sentence shall be paid by the Company either (1) in a single lump sum within 30 days following the date of the distribution made in Company Stock or (2) in substantially equal periodic payments (not less frequently than annually) over a period beginning not later than 30 days following the date of the distribution made in Company Stock and not exceeding 5 years; provided, that the Company provides adequate security and pays reasonable interest on any unpaid amounts following the commencement of such payments.

Benefit Commencement Deadline

. Notwithstanding the provisions of Articles VIII and IX of the Plan regarding distributions of Participants’ Account, the following additional rules shall apply to all such distributions.

(a) In no event shall any benefits under this Plan, including benefits upon retirement, termination of employment, hardship, conflict of interest or permanent disability (as determined under Section 8.2(b)(3)), be paid to a Participant prior to the “Consent Date” (as defined herein) unless the Participant consents in writing to the payment of such benefits prior to said Consent Date. As used herein, the term “Consent Date” shall mean the Participant’s 65th birthday. Notwithstanding the foregoing, the provisions of this Paragraph shall not apply (1) following the Participant’s death, or (2) with respect to a lump sum distribution of a Participant’s Account if its vested balance does not exceed $5,000.

(b) Unless the Participant elects otherwise pursuant to subsection (a) above, distributions of a Participant’s vested Account (or if such Account is to be paid in installments, the first of such installments) shall commence no later than the 60th day after the close of the Plan Year in which the latest of the following events occurs: (1) the Participant’s Normal Retirement Age; (2) the tenth anniversary of the year in which the Participant commenced participation in the Plan; or (3) the Participant’s termination of employment with all Companies.

(c) Notwithstanding any other provision of the Plan to the contrary but subject to subsection (d), below, the following provisions shall apply with respect to determining minimum distributions:

(1) The Participant's entire interest will be distributed, or begin to be distributed, to the Participant no later than the Participant's required beginning date.

(2) If the Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(i) If the Participant's Surviving Spouse is the participant's sole designated beneficiary, distributions to the Surviving Spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70½, if later.

(ii) If the Participant's Surviving Spouse is not the Participant's sole designated beneficiary (as defined in Section 8.4(c)(12) below), distributions to the designated beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.

(iii) If there is no designated beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(iv) If the Participant's surviving Spouse is the Participant's sole designated beneficiary and the Surviving Spouse dies after the Participant but before distributions to the Surviving Spouse begin, this provision shall apply as if the Surviving Spouse were the Participant.

For purposes of this subsection (c), distributions are considered to begin on the Participant's required beginning date (or, if subsection (c)(2)(iv) applies, the date distributions are required to begin to the Surviving Spouse). If annuity payments irrevocably commence to the Participant before the Participant's required beginning date (or to the Participant's Surviving Spouse before the date distributions are required to begin to the Surviving Spouse under subsection (c)(2)(iv), the date distributions are considered to begin is the date distributions actually commence.

(3) Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first distribution calendar year distributions will be made in accordance herewith. If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Section 401(a)(9) of the Code and the Treasury regulations.

(4) If the Participant's interest is paid in the form of annuity distributions under the Plan, payments under the annuity will satisfy the following requirements:

(i) The annuity distributions will be paid in periodic payments made at intervals not longer than one year;

(ii) The distribution period will be over a life (or lives) or over a period certain not longer than the period described in Section 8.4(c)(2);

(iii) Once payments have begun over a period certain, the period certain will not be changed even if the period certain is shorter than the maximum permitted;

(iv) Payments will either be non-increasing or increase only as follows:

(A) By an annual percentage increase that does not exceed the annual percentage increase in a cost-of-living index that is based on prices of all items and issued by the Bureau of Labor Statistics;

(B) To the extent of the reduction in the amount of the Participant's payments to provide for a survivor benefit upon death, but only if the beneficiary whose life was being used to determine the distribution period described above dies or is no longer the Participant's beneficiary pursuant to a qualified domestic relations order within the meaning of Section 414(p) of the Code;

(C) To provide cash refunds of employee contributions upon the participant's death; or

(D) To pay increased benefits that result from a plan amendment.

(5) The amount that must be distributed on or before the Participant's required beginning date (or, if the Participant dies before distributions begin, the date distributions are required to begin above) is the payment that is required for one payment interval. The second payment need not be made until the end of the next payment interval even if that payment interval ends in the next calendar year. Payment intervals are the periods for which payments are received. All of the Participant's benefit accruals as of the last day of the first distribution calendar year will be included in the calculation of the amount of the annuity payments for payment intervals ending on or after the Participant's required beginning date.

(6) Any additional benefits accruing to the Participant in a calendar year after the first distribution calendar year will be distributed beginning with the first payment interval ending in the calendar year immediately following the calendar year in which such amount accrues.

(7) If the Participant's interest is being distributed in the form of a joint and survivor annuity for the joint lives of the Participant and a non-spouse beneficiary, annuity payments to be made on or after the Participant's required beginning date to the designated beneficiary after the Participant's death must not at any time exceed the applicable percentage of the annuity payment for such period that would have been payable to the participant using the table set forth in Q&A-2 of section 1.401(a)(9)-6T of the Treasury

regulations. If the form of distribution combines a joint and survivor annuity for the joint lives of the Participant and a non-spouse beneficiary and a period certain annuity, the requirement in the preceding sentence will apply to annuity payments to be made to the designated beneficiary after the expiration of the period certain.

(8) Unless the Participant's Spouse is the sole designated Beneficiary and the form of distribution is a period certain and no life annuity, the period certain for an annuity distribution commencing during the Participant's lifetime may not exceed the applicable distribution period for the participant under the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the Treasury regulations for the calendar year that contains the Annuity Starting Date. If the Annuity Starting Date precedes the year in which the Participant reaches age 70, the applicable distribution period for the Participant is the distribution period for age 70 under the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the Treasury regulations plus the excess of 70 over the age of the Participant as of the Participant's birthday in the year that contains the Annuity Starting Date. If the Participant's Spouse is the Participant's sole designated beneficiary and the form of distribution is a period certain and no life annuity, the period certain may not exceed the longer of the Participant's applicable distribution period, as determined under this Section, or the joint life and last survivor expectancy of the Participant and the Participant's Spouse as determined under the Joint and Last Survivor Table set forth in section 1.401(a)(9)-9 of the Treasury regulations, using the Participant's and Spouse's attained ages as of the Participant's and Spouse's birthdays in the calendar year that contains the Annuity Starting Date.

(9) If the Participant dies before the date distribution of his or her or her interest begins and there is a designated beneficiary, the Participant's entire interest will be distributed, beginning no later than the time described herein, over the life of the designated beneficiary or over a period certain not exceeding:

(i) Unless the annuity starting date is before the first distribution calendar year, the life expectancy of the designated beneficiary determined using the beneficiary's age as of the beneficiary's birthday in the calendar year immediately following the calendar year of the Participant's death; or

(ii) If the annuity starting date is before the first distribution calendar year, the life expectancy of the designated beneficiary determined using the beneficiary's age as of the beneficiary's birthday in the calendar year that contains the annuity starting date.

(10) If the Participant dies before the date distributions begin and there is no designated beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(11) If the Participant dies before the date distribution of his or her or her interest begins, the Participant's Surviving Spouse is the participant's sole designated beneficiary, and the Surviving Spouse dies before distributions to the Surviving Spouse begin,

this Section 8.4(c)(2) will apply as if the Surviving Spouse were the Participant, except that the time by which distributions must begin will be determined without regard to Section 8.4(c)(2)(iv).

(12) For purposes of this Section 8.4(c), the following terms have the following meanings:

(i) “Designated beneficiary” means the individual who is designated as the beneficiary under the Plan and is the designated beneficiary under 401(a)(9) of the Code and Treasury Regulation Section 1.401(a)(9)-1, Q&A-4.

(ii) “Distribution calendar year” means a calendar year for which a minimum distribution is required. For distributions beginning before the Participant’s death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Participant’s required beginning date. For distributions beginning after the Participant’s death, the first distribution calendar year is the calendar year in which distributions are required to begin pursuant to this Section 8.4(c)(2).

(iii) “Life expectancy” means life expectancy as computed by use of the Single Life Table in section 1.401(a)(9)-9 of the Treasury Regulations.

(iv) “Required beginning date” means April 1 of the calendar year following the calendar year in which the Participant (A) attains age 70½ or (B) retires, whichever is later; except that, in the case of a Participant who is a five percent owner (as defined in Section 416 of the Code) of the Company with respect to the calendar year in which he or she attains age 70½, required beginning date means April 1 following the calendar year in which the Participant attains age 70½.

(d) With respect to the portion of a Participant’s vested Account consisting of Company Stock allocated to his or her ESOP account, where such stock was acquired by the Plan after December 31,1986 (“Post-1986 Amounts”), the following rules shall apply:

(1) If the Participant so elects, Post-1986 Amounts shall commence to be distributed to the Participant not later than 1 year after the close of the Plan Year-

(i) in which the Participant terminates employment with the Company by reason of attainment of Normal Retirement age, permanent disability (as determined under Section 8.2(b)(3), or death, or

(ii) which is the 5th Plan Year following the Plan Year in which the Participant otherwise separates from service, except that this clause shall not apply if the Participant is reemployed by the Company before distribution is required to begin under this clause.

(2) For the purposes of this paragraph (d), the Post-1986 Amounts allocated to a Participant’s ESOP Account shall not include any Company Stock acquired with

the proceeds of an Exempt Loan until the close of the Plan Year in which such loan is repaid in full.

(3) Unless the Participant elects a less rapid distribution period, the distribution upon a Participant's Post-1986 Amounts shall be in substantially equal periodic payments (not less frequently than annually) over a period not longer than the greater of:

(i) 5 years, or

(ii) in the case of a Participant with Post-1986 Amounts in excess of $500,000, 5 years plus 1 additional year (but not more than 5 additional years) for each $100,000 or fraction thereof by which such amount exceeds $500,000.

(4) The dollar amounts specified in subparagraph (3) above shall be adjusted at the same time and in the same manner by the Secretary of the Treasury as under Section 415(d) of the Code.

(5) This paragraph (d) is intended to accelerate the date of distribution of Post-1986 Amounts pursuant to Section 409(o) of the Code. Therefore, if such amounts should be distributed sooner under any other provision of this Plan, such provision overrides this paragraph (d).

(e) If it is not administratively practical to calculate and commence payments by the latest date specified in the rules of Paragraphs (a), (b), (c) and (d) above because the amount of the Participant's benefit cannot be calculated, or because the Committee is unable to locate the Participant after making reasonable efforts to do so, the payment shall be made as soon as is administratively possible (but not more than 60 days) after the Participant can be located and the amount of the distributable benefit can be ascertained.

(f) If any payee under the Plan is a minor or if the Committee reasonably believes that any payee is legally incapable of giving a valid receipt and discharge for any payment due him, the Committee may have such payment, or any part thereof, made to the person (or persons or institution) whom it reasonably believes is caring for or supporting such payee, or, if applicable, to any duly appointed guardian or committee or other authorized representative of such payee. Any such payment shall be a payment for the account of such payee and shall, to the extent thereof, be a complete discharge of any liability under the Plan to such payee.

<u>Forfeiture on Failure to Locate Participant or Beneficiary</u>

. In the event that a Participant or Beneficiary or other recipient of benefits cannot be located with reasonable efforts within five (5) years of the date when benefits are first eligible to be paid under the Plan, the amount representing the benefits which such person would otherwise have been entitled to receive shall be forfeited and used in the manner provided in Section 7.4. Notwithstanding the foregoing or anything to the contrary in this Plan, if any Participant, Beneficiary or other recipient of benefits shall make an appropriate claim for benefits subsequent to the forfeiture referred to in the preceding sentence, then such person shall be entitled to payment of such amount which was forfeited.

Direct Rollovers

(a) Notwithstanding any provisions of the Plan to the contrary that would otherwise limit a distributee's election under this Section, a distributee may elect, at the time and in the manner prescribed by the Plan Administrator, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

(b) Definitions.

(1) Eligible Rollover Distributions. An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include:

(i) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more;

(ii) any distribution to the extent such distribution is required under Section 401(a)(9) of the Code; and

(iii) and the portion of any distribution that is not includable in gross income (determined without regard to the exclusion for net realized appreciation with respect to employer securities and any amount that is distributed on account of hardship).

(2) Eligible Retirement Plan: An eligible retirement plan must accept the distributee's eligible rollover distribution and must be an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, an annuity plan described in Section 403(a) of the Code, an annuity contract described in Section 403(b) of the Code, an eligible plan under Section 457(b) of the Code that is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan, a qualified trust described in Section 401(a) of the Code or a Roth IRA described in Section 408A(b) of the Code. However, in the case of an eligible rollover distribution to either the Surviving Spouse or a non-spouse beneficiary, an eligible retirement plan is an individual retirement account, individual retirement annuity or a Roth IRA.

(3) Distributee: A distributee includes an employee or former employee. In addition, the employee's or former employee's Surviving Spouse, non-spouse beneficiary, and the employee's or former employee's Spouse or former Spouse who is the alternate payee under a Qualified Domestic Relations Order, as defined in Section 414(p) of the Code, are distributees with regard to interests of the Spouse or former Spouse.

(4) Direct Rollover: A direct rollover is a payment by the Plan to the eligible retirement plan specified by the distributee.

(c) For purposes of the direct rollover provisions in this Section of the Plan, a portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions which are not included in gross income. However, such portion may be transferred only to an individual retirement account or annuity described in Section 408(a) or 408(b) of the Code, or to a qualified defined contribution plan described in section 401(a) or 403(b) of the Code or a Roth IRA that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

ARTICLE IX
DEATH BENEFITS

Death Before Termination of Employment

. Upon the death of a Participant prior to his or her termination of employment with all Companies, the entire interest of the decedent in the Trust Fund shall be distributed in a lump sum as soon as practicable after the decedent's death, but in no event later than five years after the date of such death. The amount distributed shall be the value of the decedent's vested Account balance on the Valuation Date. If the Beneficiary is a Spouse, and such Spouse dies before payments begin, subsequent distributions shall be made as if the Spouse had been the Participant.

Death After Termination of Employment

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(a) Upon the death of a Participant after retirement, permanent disability or other severance, but prior to commencement of the distribution of his or her Account, the Committee shall direct the Trustee to make distribution of any vested balance remaining in the decedent's Accounts in a lump sum as soon as practicable after the decedent's death but in no event later than 5 years after the date of such death. The amount distributed shall be the value of the decedent's vested Account balance on the Valuation Date.

(b) If distribution has commenced prior to the date of the Participant's death, the remaining balance of the Participant's Account shall be distributed according to the method of distribution in effect as of the date of the Participant's death; provided, that the Beneficiary may elect to receive a lump sum. If paid in a lump sum, the amount distributed shall be the value of the decedent's vested Account balance on the Valuation Date.

(c) If the Beneficiary is a Spouse and such Spouse dies before payments begin, subsequent distribution shall be made as if the Spouse had been the Participant.

Designation of Beneficiary

.

(a) At any time, and from time to time, each Participant shall have the unrestricted right to designate the Beneficiary or Beneficiaries to receive the portion of his or her death benefit or to revoke any such designation. Each such designation shall be evidenced by a written instrument filed with the Committee before the Participant's death and signed by the Participant.

(b) Each married Participant shall be deemed to have selected his or her Spouse as his or her Beneficiary unless the Participant's Spouse has given spousal consent in the form required by the Committee. Any consent by a Spouse under the preceding sentence shall be effective only with respect to such Spouse. As an alternative, the Committee may, in its discretion, require a Participant to state on the applicable form provided for that purpose by the Committee that:

(1) the Participant is able to establish to the satisfaction of the Committee that he or she has no Spouse; or

(2) the Participant's Spouse cannot be located; or

(3) there are other circumstances under which consent of the Spouse is not required in accordance with applicable U.S. Treasury or Department of Labor regulations.

(c) If the deceased Participant shall have failed to designate a Beneficiary, does not have a Surviving Spouse, or if the Committee shall be unable to locate the designated Beneficiary after reasonable efforts have been made, or if such Beneficiary shall be deceased, distribution shall be made by payment of the deceased Participant's entire interest in the Trust Fund to his or her personal representative in a lump sum within one (1) year after his or her death. In the event the deceased Participant is not a resident of California at the date of his or her death, the Committee, in its discretion, may require the establishment of ancillary administration in California. If the Committee cannot locate a qualified personal representative of the deceased Participant, or if administration of the deceased Participant's estate is not otherwise required, the Committee, in its discretion, may pay the deceased Participant's interest in the Trust Fund to his or her heirs at law (determined in accordance with the laws of the State of California as they existed at the date of the Participant's death).

(d) Upon the dissolution of marriage of a Participant, any designation of the Participant's former spouse as a Beneficiary shall be treated as though the Participant's former spouse had predeceased the Participant unless

(i) the Participant executes another Beneficiary designation that complies with the rules of the Committee and clearly names such former spouse as a Beneficiary following such dissolution, or

(ii) a qualified domestic relations order presented to the Committee prior to distribution being made on behalf of the Participant explicitly requires the Participant to maintain the former spouse as the Beneficiary.

In any case in which the Participant's former spouse is treated under the Participant's Beneficiary designation as having predeceased the Participant, no heirs or other beneficiaries of the former spouse who are not also heirs or beneficiaries of the Participant shall receive benefits from the Plan as a Beneficiary of the Participant except as provided otherwise in the Participant's Beneficiary designation.

Incapacity of Participant or Beneficiary

. If any payee under the Plan is a minor, or if the Committee reasonably believes that any payee is legally incapable of giving a valid receipt and discharge for any payment due him, the Committee may have such payment, or any part thereof, made to the person (or persons or institution) whom it reasonably believes is caring for or supporting such payee, unless it has received due notice of claim therefor from a duly appointed guardian or committee of such payee. Any such payment shall be a payment for the account of such payee and shall, to the extent thereof, be a complete discharge of any liability under the Plan to such payee.

Additional Documents

. The Committee or Trustee, or both, may require the execution and delivery of such documents, papers and receipts as the Committee or Trustee may determine necessary or appropriate in order to establish the fact of death of the deceased Participant and of the right and identity of any Beneficiary or other person or persons claiming any benefits under this Plan.

ARTICLE X
CLAIMS PROCEDURES

General

. Claims for benefits under the Plan shall be administered in accordance with Section 503 of ERISA and the related Department of Labor regulations. The Committee (or its delegate) shall make all determinations as to the right of any Participant, Spouse, Beneficiary, alternate payee or other claimant (a "Claimant") to a benefit under the Plan. A Claimant who asserts a right to any benefit under the Plan he or she has not received, in whole or in part, must file a written claim with the Committee (or its delegate).

Initial Claim Determinations

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(a) Timing of Initial Notice for Claims. If a claim for benefits under the Plan, is wholly or partially denied, notice of the decision shall be furnished to the Claimant within a reasonable period of time, not to exceed 90 days after receipt of the claim by the Committee (or its delegate), unless special circumstances require an extension of time for processing the claim. If such an extension of time is required, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial 90-day period. In no event shall such extension exceed a period of 90 days from the end of such initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date on which the Committee (or its delegate) expects to render a decision.

(b) Content of Initial Notice. The Committee (or its delegate) shall provide every Claimant who is denied a claim for benefits, with a written notice setting forth, in a manner calculated to be understood by the Claimant, the following:

(1) the specific reason or reasons for the denial;

(2) specific reference to pertinent Plan provisions upon which the denial is based;

(3) a description of any additional material or information necessary for the Claimant to perfect the claim and an explanation of why such material or information is necessary; and

(4) an explanation of the Plan's claims review procedure and the time limits applicable to such procedures, including a statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA.

Request for Review

. The purpose of the claims review procedure is to provide a Claimant with a reasonable opportunity to appeal a denial of a claim to the Committee (or its delegate) for a full and fair review. To accomplish that purpose, the Claimant may:

(a) request review upon written application to the Committee (or its delegate);

(b) review and/or copy free of charge, pertinent Plan documents, records, and other information relevant to the Claimant's claim;

(c) submit issues and comments in writing; and

(d) submit documents, records and other information relating to the claim.

A Claimant (or his or her duly authorized representative) shall request a review by filing a written application for review with the Committee (or its delegate). Requests for review of claims under the Plan must be made within 60 days after receipt by the Claimant of written notice of the denial of his or her claim.

Decision on Review

. Decision on review of a denied claim shall be made in the following manner:

(a) Procedures. The decision on review shall be made by the Committee (or its delegate), who may, in its discretion, hold a hearing on the denied claim. The review shall take into account all comments, documents, records and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination.

(b) Timing of Review. Notice of the decision on review shall be furnished to the Claimant within a reasonable period of time, not to exceed 60 days after receipt of the request for review by the Committee (or its delegate), unless special circumstances due to matters beyond the control of the Committee (or its delegate) require an extension of time for processing the claim. If such an extension of time is required, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial 60-day period. In such event the Committee (or its delegate) shall have up to an additional 60 days from the end of such initial 60-day period in which to render a decision.

(c) Content of Notice on Review. The Committee (or its delegate) shall provide every Claimant whose appeal is denied, with a written notice setting forth, in a manner calculated to be understood by the Claimant, the following:

(1) the specific reason or reasons for the denial on review;

(2) specific reference to pertinent Plan provisions upon which the denial on review is based;

(3) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the Claimant's claim for benefits; and

(4) a statement describing any voluntary appeal procedures offered by the Plan and the Claimant's right to obtain the information about such procedures, and a statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA.

(d) Deemed Exhaustion. In the event that the Plan fails to follow claims procedures required by ERISA, the Claimant shall be deemed to have exhausted the administrative remedies available under the Plan and shall be entitled to pursue available remedies under ERISA Section 502(a), subject to Section 10.7.

Committee's Decision Binding

. Benefits under the Plan shall be paid only if the Committee (or its delegate) decides in its sole discretion that a Claimant is entitled to them. In determining claims for benefits, the Committee (or its delegate) has the authority to interpret the Plan, to resolve ambiguities, to make factual determinations, and to resolve questions relating to eligibility for and amount of benefits. Subject to applicable law, any decision made in accordance with the above claims procedures is final and binding on all parties and shall be given the maximum possible deference allowed by law. A misstatement or other mistake of fact shall be corrected when it becomes known and the Committee shall make such adjustment on account thereof as it considers equitable and practicable.

Conflicting Claims

. If the Committee is confronted with conflicting claims concerning a Participant's Accounts, the Committee may interplead the Claimants in an action at law, or in an arbitration conducted in accordance with the rules of the American Arbitration Association, as the Committee shall elect in its sole discretion. In either case, the attorneys' fees, expenses and costs reasonably incurred by the Committee in such proceeding shall be paid from the Participant's Accounts.

Judicial Proceeding

. No action at law or in equity shall be brought to recover benefits under the Plan until the appeal rights described in the Plan have been exercised and the Plan benefits requested in such appeal have been denied in whole or in part. If any judicial proceeding is undertaken to appeal the denial of a claim or bring any other action under ERISA other than a breach of fiduciary claim, the evidence presented may be strictly limited to the evidence timely presented to the Committee. Effective July 1, 2019, any such judicial proceeding must be filed by the earliest of: (a) one year after the Committee's final decision regarding the claim appeal, (b) two years after the Participant or other Claimant commenced payment of the Plan benefits at issue in the judicial proceeding, or (c) the statutory deadline for filing a lawsuit with respect to Plan benefits at issue as determined by applying the most analogous statute of limitations under California law. This provision shall not be interpreted to extend any otherwise applicable statute of limitations nor to bar the Plan or its fiduciaries from recovering overpayments of benefits or other amounts incorrectly paid to any person under the Plan at any time or bringing any legal or equitable action against any party.

ARTICLE XI
LIMITATION ON ALLOCATIONS

General Rule

.

Subject to Sections 11.3 through 11.6 and Section 414(v) of the Code, if applicable, the total Annual Additions that may be contributed or allocated to a Participant's accounts under this Plan for any Limitation Year shall not exceed the lesser of:

(a) Forty Thousand Dollars ($40,000), as that amount may be adjusted for cost of living increases in accordance with Section 415(d) of the Code; or

(b) One hundred percent (100%) of the Participant's Compensation, within the meaning of Section 415(c)(3) of the Code, for the Limitation Year. For purposes of this Section 11.1(b), the Participant's Compensation limit shall not apply to any contribution for medical benefits after separation from service (within the meaning of Section 401(h) of the Code or Section 419A(f)(2) of the Code) which is otherwise treated as an Annual Addition.

Annual Additions

. For purposes of Section 11.1, the term "Annual Additions" shall mean with respect to a Participant, for any Limitation Year with respect to this Plan and each other defined contribution plan, within the meaning of Section 415(k) of the Code, maintained by a Company ("Defined Contribution Plan"), the sum of the amounts determined under Sections 11.2(a), (b), (c) and (d):

(a) All amounts contributed or deemed contributed by a Member Company, except that the Annual Addition shall exclude the portion of the Member Company contribution (attributable to the Member Company employing such Participant) representing interest on an Exempt Loan (provided that no more than one-third of the Member Company contributions to the ESOP Fund deductible under Section 404(a)(9) of the Code for a Limitation Year are allocated to Highly Compensated Employees). Notwithstanding any provision in the Plan, in the case of shares of Company Stock released from the ESOP Suspense Subfund and allocated to the ESOP Account of a Participant for a particular Plan Year, the Company shall determine for such year that an Annual Addition will be calculated on the basis of the fair market value of shares of Company Stock so released and allocated if the Annual Addition as so calculated is lower than the Annual Addition calculated on the basis of Member Company contributions.

(b) All amounts contributed by the Participant.

(c) Forfeitures allocated to such Participant. For purposes of this Section 11.2, forfeitures shall not include Forfeitures of Company Stock acquired through the ESOP

Fund with the proceeds of an Exempt Loan, provided that no more than one-third of the Member Company contributions to the ESOP Fund deductible under Section 404(a)(9) of the Code for a Limitation Year are allocated to Highly Compensated Employees (as that term is defined in Section 414(q) of the Code).

(d) All amounts described in Sections 415(1) and 419A(d)(2) of the Code.

Other Defined Contribution Plans

. If any Company maintains any other Defined Contribution Plan then each Participant's Annual Additions under this Plan shall be aggregated with the Participant's Annual Additions under this Plan for the purposes of applying the limitations of Section 11.1.

Adjustments for Excess Annual Additions

. To the extent that the Annual Additions on behalf of any Participant in a Limitation Year to this Plan and all other Defined Contribution Plans exceed the limitations set forth in Sections 11.1 through 11.3, then excess Annual Additions shall be eliminated in the following sequence:

(a) The Participant's voluntary contributions, if any, to this Plan, and all other Defined Contribution Plans, including any earnings thereon, shall be returned to the Participant to the extent of any excess Annual Additions.

(b) If excess Annual Additions remain after the application of Section 11.4(a), then there shall be reduced, to the extent of such remaining excess Annual Additions, Company Contributions allocated to the Participant's Accounts under Article VI, including any earnings thereon.

(c) If excess Annual Additions remain after the application of Section 11.4(b), the amounts allocated to a Participant's PAYSOP Account under Section 7.2 shall be reduced to the extent of such remaining excess Annual Additions. If after the application of this Section 11.4(c), Company Stock remains unallocated for a Plan Year, such Company Stock must be held in a special suspense account under the PAYSOP Fund. Such Company Stock shall be allocated to PAYSOP Accounts in subsequent Plan Years in accordance with applicable Treasury Regulations.

(d) The amount by which an allocation is reduced under Section 11.4(b) shall be treated as a Forfeiture and reallocated proportionately to the appropriate Accounts of other Participants receiving allocations for the Limitation Year up to the limits set forth in Sections 11.1 through 11.3 on Annual Additions to such other Participant's Accounts. To the extent a contribution cannot be allocated to other Participant's Accounts, it may not be made.

Affiliated Company

. Notwithstanding any other provision of the Plan, for purposes of Article XI the status of a Company as an Affiliated Company shall be determined in accordance with the special rules set forth in Section 415(h) of the Code.

Compensation

. For the limited purpose of applying the provisions of this Article XI, "Compensation" means all wages, salaries, and fees for professional services and other amounts received for personal services actually rendered in the course of employment with the Company or an Affiliated Company (including, but not limited to commissions paid salesmen, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips and bonuses). "Compensation" for purposes of this Article XI shall include any elective deferral (as defined in Section 402(g)(3) of the Code) and any amount which is contributed or deferred by the Member Company at the election of the Employee and which is not includible in the gross income of the Employee by reason of Sections 125 or 457 of the Code or is a qualified transportation fringe benefit described in Section 132(f)(4) of the Code, but shall exclude the following:

(a) Contributions to a plan of deferred compensation which are not includible in the Employee's gross income for the taxable year in which contributed, or contributions under a simplified employee pension plan to the extent such contributions are deductible by the Employee, or any distributions from a plan of deferred compensation;

(b) Amounts realized from the exercise of a non-qualified stock option, or when restricted stock (or property) held by the Employee either becomes freely transferable or is no longer subject to a substantial risk of forfeiture;

(c) Amounts realized from the sale, exchange or other disposition of stock acquired under a qualified stock option;

(d) Other amounts which received special tax benefits, or contributions made by an Affiliate (whether or not under a salary reduction agreement) towards the purchase of an annuity described in Section 403(b) of the Code (whether or not the amounts are actually excludable from the gross income of the Employee);

(e) Any contribution for medical benefits (within the meaning of Section 419(f)(2) of the Code) after termination of employment which is otherwise treated as an Annual Addition; and

(f) Any amount otherwise treated as an Annual Addition under Section 415(1) of the Code.

ARTICLE XII
ADMINISTRATION

Named Fiduciary

. For purposes of Section 402(a) of ERISA, the Named Fiduciaries of this Plan shall be the Committee.

Policy Committee

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(a) This Plan shall be administered by the Committee, which consists of four (4) or more individuals who shall be appointed by the Chief Executive Officer of the Sponsor. In appointing Members of the Committee, the Chief Executive Officer of the Sponsor shall give due consideration to the appointee's knowledge and experience in matters materially bearing on the administration of the Plan in such fields as finance, human relations or employee benefits. Members of the Committee shall be subject only to such residual supervision and control as may be required by law to be exercised by the Board of Directors, and shall have full discretionary authority to control and manage the operation and administration of the Plan pursuant to its terms, including, without limitation, any discretionary authority more specifically set forth hereafter. Each Committee member shall continue as such until he or she resigns in the manner hereafter provided, his or her death or is removed by the Chief Executive Officer of the Sponsor. Any one or all of the members of the Committee may also serve as a Trustee of the Plan.

(b) The Committee may establish sub-committees of the Committee each an "Operating Committee". The members of the Committee may select at least two of its members who shall serve as an Executive Subcommittee of the Committee to act when the Committee is not in session and upon recommendations received from the Operating Committees relating to claims.

(c) When they deem such action appropriate to the most efficient administration of the Plan, the Committee members, upon their unanimous vote duly reflected in the minutes of the Committee and noticed to the Board of Directors within five (5) business days thereafter, may allocate their fiduciary responsibilities (other than trustee responsibilities and those delegated to the Executive Subcommittee) between or among themselves and may designate other persons to carry out such aspects of the administration of the Plan (not involving trustee responsibilities) as they may specify. As used herein the term "trustee responsibilities" shall have the meaning set forth in Section 405(c)(3) of ERISA.

(d) The Committee shall consult with the Board of Directors and the management of each Member Company to ensure that all payments into the Plan are made strictly in accordance with the terms of the Plan, all applicable resolutions of the Board of Directors related to the funding of the Plan, and any minimum funding requirements imposed by law, and not less frequently than once with respect to each taxable year, but, in any event, not later than the date in which the Company files its federal income tax return for such taxable year.

(e) No provisions elsewhere in this Plan shall be deemed to restrict, otherwise than as expressly contemplated by this Section, the discretionary authority of the Committee to control and manage the operation and administration of the Plan or to carry out its duties as herein set forth.

Committee Procedure

. The Board of Directors shall designate a Chairman of the Committee from among its members, and, if such designation has not been made, the members of the Committee shall elect such Chairman from among their number. The members of the Committee may also appoint a Secretary who need not be a member of the Committee. The Committee shall hold meetings upon such notice, at such time and at such place as it may determine. Notice of meeting shall not be required if waived in writing. A majority of the members of the Committee at the time in office shall constitute a quorum for the transaction of business. All resolutions or other actions taken by the Committee shall be by vote of a majority of those present at a meeting, or in writing by all of the members at the time in office, if they act without a meeting.

Notices

. All notices to be served upon the Committee pursuant to this Plan shall be deemed to have been served upon the Committee when delivered in writing to a member of the Committee in person or at the office of a Company or at such other place as may be designated by the Committee.

Reliance on Information

. The Committee, the Operating Committees, the Trustee, the Member Companies and their respective officers, directors, Employees, subcommittees and delegates shall be free of any liability, except as expressly imposed by law, for the directions, actions or omissions any agent, legal or other counsel, accountant or any other expert retained in connection with the administration of the Plan. The Committee, the Operating Committees, the Trustee, the Member Companies and their respective officers, directors, Employees and delegates shall be entitled to rely upon all certificates, reports and opinions furnished by such experts and shall be fully protected with respect to any action taken or suffered by them in good faith reliance upon any such certificates, reports and opinions; and all actions so taken or suffered shall be conclusive upon all persons having or claiming any interest in or under the Plan.

Authority

. The Committee shall have all discretionary authority necessary or appropriate to the administration or operation of the Plan, including, but not by way of limitation, the discretionary authority:

(a) to construe and interpret the provisions of the Plan and to determine any questions arising under the Plan or in connection with the administration or operation hereof;

(b) to determine all questions affecting the eligibility of any person to be or become a Participant in the Plan;

(c) to determine the Years of Cumulative Service of any Participant, or the vested percentage of any Participant, to determine the Compensation of any Employee, and to compute the value of any Participant's Account or any other sum payable under the Plan to any person;

(d) to establish rules and policies for the administration of the Plan, including rules and policies for determining the date of birth, Years of Cumulative Service and other matters concerning Participants and Beneficiaries;

(e) to authorize and direct all disbursements of sums under and in accordance with the provisions of the Plan;

(f) to make or cause to be made valuations and appraisals of Plan assets and to engage appropriate experts for such purpose;

(g) to perform any other duties contemplated by the Trust Agreement to be performed by the Committee;

(h) to direct the Trustee respecting investment of Plan assets; and

(i) to appoint one or more investment managers (within the meaning of Section 3(38) of ERISA) to manage all or any part of the Plan assets other than Company Stock, and to retain the services of such other advisers, including legal counsel, as the Committee may deem appropriate.

Expenses and Fees

. All costs and expenses incurred in the administration of the Plan, including the Trustee's, Operating Committee's and Committee's expenses, shall be borne by the Plan unless the Member Companies shall determine to pay such costs and expenses. Brokerage fees, commissions, stock transfer taxes and other similar charges and expenses incurred in connection with transactions relating to the acquisition or disposition of Plan assets or distributions from the Plan shall be borne by the Plan.

Resignation

. Any member of the Committee or an Operating Committee may resign at any time by giving written notice to the President of the Sponsor or, if earlier, the date of their termination of employment with all Companies. No bond or other security shall be required of any member of the Committee or an Operating Committee except as provided by law. No compensation shall be paid by the Plan to any member of the Committee or an Operating Committee for serving as such.

Liability of Committee

. The members of the Committee, and the Operating Committees and each of them, shall be free from all liability, joint or several, for their acts, omissions and conduct, and for the acts, omissions and conduct of their duly constituted counsel and agents, excepting, in each case, willful misconduct or breach of fiduciary duty in the administration of this Trust and Plan, and the Sponsor shall indemnify and save them, and each of them, harmless from the effects and consequences of their acts, omissions, and conduct in their official capacity, except to the extent that such effects and consequences shall result from their willful misconduct or breach of fiduciary duty. In no event may any legal or equitable action for benefits under the Plan be brought in a court of law or equity with respect to any claim for benefits more than one (1) year after the final denial (or deemed denial) of the claim.

Voting Rights of Company Stock

. All voting rights of Company Stock held by the Trust Fund, shall be exercised by the Trustee, in its sole discretion, in accordance with the following provisions of this Section:

(a) All Company Stock held in the ESOP Suspense Subfund and any other Company Stock not yet allocated to Participants' respective Accounts, shall be voted by the Trustee in its absolute discretion.

(b) All Company Stock that has been allocated and credited to the respective Accounts of Participants shall be voted in accordance with the respective written directions of Participants as given to the Trustee pursuant to such reasonable rules and procedures as the Trustee may prescribe, unless the Trustee concludes that the directions are not proper or are contrary to the terms of the Plan, the Trustee's fiduciary duties or ERISA. To the extent that a Participant fails to direct the Trustee as to the exercise of voting rights arising under any Company Stock credited to his or her Accounts, such voting rights shall be exercised as directed by the Trustee, in its sole discretion. All Participants shall be notified by the Trustee or the

Sponsor of each occasion for the exercise of such voting rights within a reasonable time before such rights are to be exercised. Such notification shall include all information distributed to stockholders by the Sponsor regarding the exercise of such rights.

(c) The foregoing provisions of this Section shall apply with the same force and effect to fractional shares (or fractional interests in shares) of Company Stock now or hereafter allocated to Participants' respective Accounts as to whole shares of Company Stock so allocated, provided, however, that the Trustee may, to the extent practicable, aggregate voting directions received from individual Participants with respect to fractional shares (or fractional interests in shares) of Company Stock allocated to their respective Accounts and treat them as a single combined voting instruction reflecting such aggregate voting directions.

(d) With respect to Accounts of deceased Participants, Beneficiaries of such Participants shall be entitled to direct the voting of Company Stock allocated and credited to the accounts of such Participants under the rules provided in subsection (b), and the provisions of subsection (b) relating to notification of voting rights and failure to vote such rights shall apply to such Beneficiaries.

ARTICLE XIII
AMENDMENT OR MERGER OF THE PLAN

Right to Amend

. The Sponsor by resolution of its Board of Directors shall have the right to amend the Plan and the Trust Agreement at any time and from time to time and in such manner and to such extent as it may deem advisable, as provided in this Section. Additionally, the Committee shall have the right to amend the Plan and the Trust Agreement as necessary to bring the Plan into conformity with legal requirements or to improve the administration of the Plan, provided that no such amendment involves an increase in cost of benefits provided by the Plan.

(a) No amendment shall have the effect of reducing any Participant's vested interest in the Trust Fund.

(b) No amendment, except to the extent and under the circumstances permitted from time to time by the law governing the requirements applicable to qualified plans within the meaning of Section 401 of the Code (or any successor statute), shall have the effect of diverting any part of the Plan assets for any purpose other than the exclusive benefit of Participants or their Beneficiaries and defraying reasonable expenses of administering the Plan.

(c) No amendment shall have the effect of substantially increasing the duties, responsibilities or liabilities of the Trustee unless the Trustee's' written consent thereto shall first have been obtained.

(d) No amendment to this Plan shall decrease a Participant's Accounts or eliminate an optional form of distribution except to the extent otherwise permitted by applicable statutes, regulations, or administrative pronouncements.

Merger and Consolidation

. Notwithstanding any other provision herein, the Plan shall not in whole or in part merge or consolidate with, or transfer its assets or liabilities to any other Plan unless each affected Participant in the Plan would (if the Plan then terminated) receive a benefit immediately after the merger, consolidation, or transfer which is equal to or greater than the benefit he or she would have been entitled to receive immediately before the merger, consolidation, or transfer (if the Plan had then terminated). When the Plan transfers assets and liabilities of a Participant it may, but need not, transfer all of a Participant's Account.

Adoption of Plan

. Any Company may, with the approval of the Board of Directors or the Committee, adopt the Plan as a whole company or as to any one or more divisions. Such entity shall give written notice of such adoption to the Committee and to the Trustee by its duly authorized officers. By its adoption of the Plan, a Member Company shall be deemed to appoint the Sponsor, the Committee and the Trustee its exclusive agents to exercise on its behalf all of the power and authority conferred by this Plan upon a Member Company until the Plan is terminated with respect to the Member Company and relevant Trust Fund assets have been distributed.

ARTICLE XIV
TERMINATION OF THE PLAN

Right to Terminate as a Member Company

. Each Member Company has adopted this Plan with the intention and expectation that it will be continued indefinitely and that such Company will continue to make its contributions as herein provided. However, continuance of the Plan is not assumed as a contractual obligation, and each such Member Company reserves the right to suspend or discontinue contributions to the Plan or to terminate its status as a Member Company under the Plan at any time.

Termination of Plan; Discontinuance of Contributions

.

(a) The Plan is intended as a permanent program, but the Sponsor, by resolution of its Board of Directors, shall have the right at any time to declare the Plan terminated completely as to the Sponsor, any Member Company or as to any division, facility or other operational unit thereof with or without notice to the applicable Participants. Discharge or layoff of Employees without such a declaration shall not result in a termination or partial termination of the Plan except to the extent required by law. In addition, subject to any management agreement with the Sponsor, each Member Company reserves the right to terminate its participation in the Plan.

(b) In the event of any termination or partial termination:

(1) the Committee shall direct the Trustee to liquidate the necessary portion of the Trust Fund and distribute it, less, to the extent permitted by law, the proportionate share of the expenses of termination, to the persons entitled thereto in proportion to their Accounts.

(2) provided that the Member Company or Affiliate does not maintain another defined contribution plan other than an employee stock ownership plan (as defined in

Section 4975(e)(7) of the Code), distributions of Participants' Accounts shall be made in one lump sum payment.

Effect of Termination

. To the extent required by the applicable provisions of the Code, upon termination or partial termination of the Plan, or upon the complete discontinuance of contributions to the Plan by all Companies, the interest of each affected Participant in his or her Accounts, to the extent then funded, shall be fully vested.

ARTICLE XV
TOP-HEAVY PROVISIONS

Application of Top-Heavy Rules

. Notwithstanding anything in this Plan to the contrary, if the Plan is classified as a "Top-Heavy Plan" under Section 416(g) of the Code, then the Plan shall meet the following requirements of this Article XV.

Minimum Contribution Requirement

.

(a) The Plan shall provide a minimum contribution allocation for each Employee who is not classified as a "Key Employee" and who is an Employee on the last day of the Plan Year without regard to the amount of service performed by the Employee during such Plan Year. Such minimum contribution allocation for such Plan Year for each Employee who is not a Key Employee shall be an amount equal to at least three percent (3%) of such Employee's Compensation for such Plan Year (excluding amounts deferred under a cash or deferred arrangement under Section 401(k) of the Code and any employer contributions taken into account under Section 401(k)(3) or 401(m) of the Code). The Employee's minimum contribution allocation under this Section 15.2 shall be calculated without regard to any Social Security benefits payable to the Employee.

(b) Notwithstanding the foregoing, if the contribution allocation for each Employee who is a Key Employee for the Plan Year is less than three percent (3%) of Compensation (including amounts deferred under a cash or deferred arrangement under Section 401(k) of the Code and any employer contributions taken into account under Section 401(k)(3) or 401(m) of the Code), the maximum contribution allocation for each Employee who is not a Key Employee shall be limited to not more than the highest contribution allocation for any Employee who is a Key Employee. The foregoing contribution allocation shall be determined by dividing the highest amount contributed for an Employee who is a Key Employee by his or her Compensation, not in excess of the dollar limitation in effect for the year under Section 401(a)(17) of the Code.

Minimum Vesting Requirement

. An Employee shall be fully vested in his or her Accounts, within the meaning of Section 411 of the Code and Section 203 of ERISA, upon his or her completion of three Years of Cumulative Service. In the event the Plan is a top-heavy plan for any Plan Year, then for subsequent Plan Years in which the Plan is not a top-heavy plan the preceding sentence shall not apply and the vesting schedule under Section 7.2 shall apply. The non-forfeitable percentage of any Employee as of the effective date of a change in vesting schedule, however, may not be less than the non-forfeitable percentage of such Employee immediately prior to such date and any Employee with three or more Years of Cumulative

Service must be permitted to elect to have his or her non-forfeitable percentage computed under the vesting schedule in effect prior to such change. The election may be made during a period which begins no later than the effective date of the change and ends no earlier than 60 days after the later of the changes effective date or the date Employees are issued written notice of the change. No opportunity to make an election need be afforded to any Employee whose non-forfeitable percentage, under the vesting schedule as changed, cannot at any time be less than such non-forfeitable percentage without regard to such change.

Impact on Maximum Allocations

. For any Plan Year in which the Plan is a Top-Heavy Plan, Section 11.4 shall be applied by substituting the number 1.0 for the number "1.25" wherever it appears therein, unless the requirements of both Sections 15.5(a) and 15.5(b) are satisfied.

(a) The requirements of this subsection (a) are satisfied if the Plan would not be a Top-Heavy Plan when Sections 15.6(a)(1) and 15.6(d) are applied by substituting "ninety percent (90%)" for "sixty percent (60%)" each place such term appears therein.

(b) The requirements of this subsection (b) are satisfied when Section 15.2 is applied by substituting "four percent (4%)" for "three percent (3%)" each place such term appears therein.

Definitions

.

(a) Top-Heavy Plan. The Plan shall be a "Top-Heavy Plan" for a Plan Year if, as of the Valuation Date last preceding or coinciding with the Determination Date:

(1) Except as provided in Section 15.6(a)(2), the aggregate value of the Account balances under the Plan for all Employees who are Key Employees exceeds sixty percent (60%) of the aggregate value of the Account balances under the Plan for all Employees; or

(2) The Plan is part of an "Aggregation Group" and such group is a "Top-Heavy Group." If the Plan is part of an Aggregation Group and such group is not a "Top-Heavy Group" then the Group shall not be considered top-heavy. Notwithstanding the foregoing, the Plan shall not be considered top-heavy if it would not be considered top-heavy under Section 416 of the Code.

(3) For purposes of this subsection (a), the following definitions shall apply. The term "Determination Date" shall mean, with respect to any Plan Year, the last day of the preceding Plan Year, or in the case of the first Plan Year, the first day of such year. The term.

(b) Key Employee. A "Key Employee" is any Employee (including a beneficiary of such Employee) who, subject to Section 416(i) of the Code or the Regulations thereunder, at any time during the Plan Year or any of the four preceding Plan Years is:

(1) An officer of a Company earning more than 50 percent times the dollar limitation in effect under Section 415(b)(1)(A) of the Code (but in no event shall more than 50 Employees or, if less, the greater of three or ten Percent of all Employees be taken into account under this Section 15.6(b)(1) as Key Employees);

(2) One of the ten (10) Employees earning more than the dollar limitation in effect under Section 415(c)(1)(A) of the Code and owning (or considered as owning within the meaning of Section 318 of the Code) the largest interests in a Member Company; provided, that, if two employees have the same interest in a Member Company, the Employee having greater Compensation will be deemed to have the greater interest;

(3) A person owning (or considered as owning within the meaning of Section 318 of the Code) more than five percent (5%) of the outstanding stock of a Member Company or stock possessing more than five percent (5%) of the total combined voting power of all stock of a Member Company; or

(4) A person who has an annual compensation from a Company of more than one hundred fifty thousand dollars ($150,000) and who would be described in Section 15.6(b)(3) if one percent (1%) were substituted for five percent (5%).

(5) Notwithstanding the foregoing, a Key Employee means any Employee or former Employee (including any deceased Employee) who at any time during the Plan Year that includes the determination date was an officer of the employer having annual Compensation greater than $130,000 (as adjusted under section 416(i)(1) of the Code for Plan Years beginning after December 31, 2002), a five percent (5%) owner of the Company, or a one percent (1%) owner of the Company having annual Compensation of more than $150,000. For this purpose, annual Compensation means Compensation within the meaning of Section 415(c)(3) of the Code. The determination of who is a Key Employee will be made in accordance with Section 416(i)(1) of the Code and the applicable regulations and other guidance of general applicability issued thereunder.

(c) Aggregation Group. “Aggregation Group” means a group of plans maintained by one or more Companies determined according to the following rules:

(1) The Aggregation Group shall include all such plans which are required to be included in the Aggregation Group as follows:

(i) Each plan of a Company in which a Key Employee is a Participant; and

(ii) Each other plan of a Company which enables any Plan described in (i), above, to meet the requirements of Section 401(a)(4) or 410 of the Code.

(2) If the Committee or its delegate elects, the Aggregation Group may include any other plan maintained by one or more Companies, provided the Aggregation Group satisfies the requirements of Sections 401(a)(4) and 410 of the Code.

(d) Top-Heavy Group. The Aggregation Group shall be a "Top-Heavy Group" for a Plan Year if, as of the last day of the preceding Plan Year, the sum of (1) the present value of the cumulative accrued benefits for Key Employees under any defined benefits plans included in the Aggregation Group, and (2) the Account balances of Key Employees under any defined contribution plans included in the Aggregation Group exceeds sixty percent (60%) of the sum of the total cumulative accrued benefits and Account balances for all participants under all the plans in the Aggregation Group. If the Aggregation Group is a Top-Heavy Group, each plan required to be included in the Aggregation Group is a Top-Heavy Plan. However, no plan included in the Aggregation Group at the election of the Committee shall be subject to the top-heavy rules of this Article XV solely on account of such election.

(e) Compensation. For purposes of this Article XV, the term Compensation has the meaning given such term by Section 415(c)(3) of the Code.

(f) Non-Key Employee. A "Non-Key Employee" is any Employee (including a former Employee) who is not a Key Employee.

Special Rules

.

(a) For purposes of determining the present value of the cumulative accrued benefit of any Employee, or the amount of the Account balance of any Employee, such present value or amount shall be increased for distributions made to the Participant during the one (1) year period ending on the Determination Date. However, if a distribution is made for a reason other than severance from service, death or disability, a five (5) year look back period shall be exchanged for the one (1) year period in the preceding sentence. The rules above shall also apply to distributions under a terminated plan that, if it had not been terminated, would have been required to be included in a Aggregation Group. Also, any rollover contribution or similar transfer initiated by the Employee and made after December 31, 1983 to a plan shall be taken into account with respect to the transferee plan for purposes of determining whether such plan is a Top-Heavy Plan (or whether any Aggregation Group which includes such plan is a Top-Heavy Group) in accordance with Section 416(g)(4)(A) of the Code.

(b) If any individual is a Non-Key Employee with respect to any plan for any plan year, but the individual was a Key Employee with respect to the plan for any prior plan year, any accrued benefit for the individual (and the Account balance of the individual) shall not be taken into account for purposes of this Article XV.

(c) If any individual has not performed services for the Company or an Affiliated Company (other than benefits under the Plan) at any time during the one (1) year period ending on the Determination Date, any accrued benefit for such individual (and the account balance of the individual) shall not be taken into account for purposes of this Article XV.

(d) In applying the foregoing provision of this Section, the accrued benefit of a Non-Key Employee shall be determined (i) under the method, if any, which is used for accrual purposes under all plans of the Company and any Affiliated Company, or (ii) if there is no such uniform method, as if such benefit accrued not more rapidly than the slowest accrual rate permitted under Section 414(b)(1)(C) of the Code.

ARTICLE XVI
MISCELLANEOUS

Annual Statement

. As soon as possible after each Anniversary Date each Participant will receive a written statement showing:

(a) the balance in each of his or her Accounts as of the preceding Anniversary Date;

(b) the amount of Company contributions (and Forfeitures) allocated to his or her Accounts for that Plan Year;

(c) the adjustments to his or her Accounts to reflect his or her share of dividends and the net income (or loss) of the Trust for that Plan Year; and

(d) the new balances in each of his or her Accounts, including the number of shares of Company Stock, as of that Anniversary Date.

No Right to Employment Hereunder

. The adoption and maintenance of this Plan shall not be deemed to constitute a contract of employment or otherwise between any Company and any Employee or Participant, or to be consideration for, or an inducement or condition of, any such employment. Nothing contained herein shall be deemed to give to any person the right to be retained in the service of any Member Company or to interfere with the right of the Member Company to discharge, with or without cause, any Employee or Participant at any time.

Limitation on Company Liability

. Any benefits payable under this Plan shall be paid or provided for solely from the Trust Fund and no Company assumes any liability or responsibility therefor. The Companies obligations hereunder are limited solely to the making of contributions to the Trust Fund as provided for in this Plan. No Company shall be responsible for any decision, act or omission of the Trustee or the Committee or an Operating Committee, or shall be responsible for the application of any monies or other property paid or delivered to the Trustee.

Exclusive Benefit

. Except to the extent and under the circumstances permitted from time to time by the law governing the requirements applicable to qualified plans within the meaning of Section 401 of the Code (or any successor provision), none of the assets held by the Trustee under this Plan shall ever revert to any Company or otherwise be diverted to purposes other than the exclusive benefit of the Plan Participants or their Beneficiaries and defraying reasonable expenses of administering the Plan. Notwithstanding the foregoing:

(a) Any contribution made by a Company by a mistake of fact may be returned to such Company within one year after such contribution is made.

(b) If a contribution by a Company is conditioned on qualification of the Plan under Section 401 of the Code, and the Plan does not qualify, then such contributions may be returned to such Company within one year after the denial of qualification.

(c) If a contribution by a Company is conditioned upon its deductibility under Section 404 of the Code, then, to the extent the deduction is disallowed, such contribution may be returned to such Company within one year after the disallowance of the deduction.

No Alienation

.

(a) Subject to the exceptions set forth pursuant to Section 401(a)(13) of the Code, no economic interest, expectancy, benefit, payment, claim or right of any Participant or Beneficiary hereunder shall be subject to any claims of any creditor of any Participant or Beneficiary nor to attachment, garnishment or other legal process initiated by, or to the lien of any bankruptcy trustee or receiver appointed for the estate of any such Participant or Beneficiary, nor shall any such Participant or Beneficiary have any right to alienate, commute, pledge, encumber or assign any such economic interest, expectancy, benefit, payment, claim or right, contingent or otherwise. In the event any person attempts to take any action contrary to this Section 16.6, such action shall be null and void and of no effect, and each Company, the Committee, the Operating Committee, and the Trustee shall disregard such action and shall not in any manner be bound thereby and shall suffer no liability on account of their disregard thereof.

(b) The preceding provisions of this Section 16.6 shall also apply to the creation, assignment, or recognition of a right to any benefit payable with respect to a Participant pursuant to a domestic relations order, unless such order is determined to be a domestic relations order, as defined in Section 414(p) of the Code, or any domestic relations order entered before January 1, 1986 if payments pursuant to such order commenced as of such date.

Rights Pursuant to USERRA

. To the extent required by applicable federal law, including the Uniformed Services Employment and Reemployment Rights Act of 1994, if a uniformed services Employee returns to employment after cumulative military service of up to 5 years and qualifies for reemployment under such applicable federal law, then the returning Employee (to the extent he or she would otherwise qualify for participation hereunder) shall have the right to receive Company Contributions, set forth in Article IV, that the Employee would have otherwise received absent this military service. The Company must make these Company Contributions within the later of either:

(a) 90 days of the Employee’s return to employment, or

(b) when such contributions are normally made for the Plan Year in which the Employee performs the military service.

Contributions will be based on the Compensation the Employee would have earned if he or she had not entered the military, or, if that determination is not reasonably certain, the Compensation earned during the 12-month period prior to entering the military. Upon re-employment, the Plan will credit a uniformed services Employee with the Hours of Service he or she missed while on that leave (for up to five years, as set forth above). The Employee may not share in any forfeiture allocations occurring during his or her or her period of military service.

Addresses

. Each Participant not actively employed by a Company and each Beneficiary entitled to receive benefits under the Plan must file with the Committee, in writing, his or her current post office address. Any communication, statement or notice addressed to such a person at his or her latest post office address as filed with the Committee will, on deposit in United States mail with postage prepaid, be binding upon such person for all purposes.

Data

. Each person entitled to benefits under the Plan must furnish to the Committee or any Operating Committee such documents, evidence, or information as it considers necessary or desirable for the purpose of administering the Plan, or to protect the Companies or the Trustee; and it shall be a condition of the Plan that each person must furnish such information promptly and sign such documents before any benefits become payable under the Plan.

Gender and Number

. Masculine gender shall include the feminine, and the singular shall include the plural unless the context clearly indicates otherwise.

Headings

. Article and Section headings are for convenient reference only and shall not be a part of the substance of this instrument or in any way enlarge or limit the contents of any Article.

Counterpart

. For purposes of the parties hereto, this document may be executed in any number of identical counterparts, each of which shall be a complete original in itself and may be introduced in evidence or used for any other purpose without the production of any other counterparts.

Governing Law

. This Plan and Trust shall be construed, administered and governed in all respects under applicable federal law and, to the extent that federal law is inapplicable, in accordance with the laws of the State of California. All contributions made hereunder shall be deemed to have been made in that State.

IN WITNESS WHEREOF, the Parsons Corporation has caused this instrument to be executed on this ____ day of ____________, 2019 by the undersigned officer duly authorized thereunto.

PARSONS CORPORATION

By:

Title:

Exhibit 10.12

PARSONS CORPORATION INCENTIVE AWARD PLAN
RESTRICTED STOCK UNIT AWARD

Parsons Corporation (the "Company"), pursuant to its Incentive Award Plan (the "Plan"), hereby grants to the participant listed below ("Participant"), an award of Restricted Stock Units ("RSUs" or the "Award") with respect to the number of shares of the Company's Common Stock (the "Shares") indicated below. This Award is subject to all of the terms and conditions as set forth in the Plan, this Grant Notice and in the Restricted Stock Unit Terms and Conditions attached hereto as Exhibit A (the "Terms and Conditions"), each of which are incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Grant Notice and the Terms and Conditions.

Participant:	
Grant Date:	
Total Number of RSUs:	
Distribution Schedule:	The RSUs shall be distributable in accordance with the Terms and Conditions.
Vesting Schedule:	The RSUs shall vest as set forth on Exhibit B to this Grant Notice.

Participant agrees to be bound by the terms and conditions of the Plan, the Terms and Conditions and this Grant Notice. Participant has reviewed the Terms and Conditions, the Plan and this Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of this Grant Notice, the Terms and Conditions and the Plan. Participant has been provided with a copy or electronic access to a copy of the prospectus for the Plan.

EXHIBIT A
TO
RESTRICTED STOCK UNIT GRANT NOTICE
TERMS AND CONDITIONS

1. INTRODUCTION

Pursuant to the Grant Notice to which these Terms and Conditions are attached, the Company has granted to Participant the right to receive the number of RSUs set forth in the Grant Notice, subject to all of the terms and conditions set forth in these Terms and Conditions, the Grant Notice and the Plan. In the event of any inconsistency between the terms of the Plan and these Terms and Conditions, the terms of the Plan will control.

2. AWARD OF RESTRICTED STOCK UNITS

In consideration of Participant's continued employment or service with the Company or any Subsidiary thereof and for other good and valuable consideration, the Company hereby grants to Participant the number of RSUs set forth in the Grant Notice. Prior to the actual issuance of any Shares, the Award represents an unsecured obligation of the Company, payable only from the general assets of the Company.

3. VESTING AND FORFEITURE.

(a) The RSUs will vest in accordance with the Vesting Schedule set forth in Exhibit B to the Grant Notice. Unless and until the RSUs have vested in accordance with the Vesting Schedule set forth in the Grant Notice, Participant will have no right to any distribution with respect to such RSUs.

(b) Unless otherwise provided in Exhibit B to the Grant Notice, in the event of Participant's Termination of Service prior to the vesting of all of the RSUs, any unvested RSUs will terminate automatically without any further action by the Company and be forfeited without further notice and at no cost to the Company.

(c) In addition, all of the RSUs, whether vested or unvested, will be forfeited in the event of the commission by Participant of an "Act of Misconduct" prior to payment of the vested RSUs. For purposes of the Award, an "Act of Misconduct" means the occurrence of one or more of the following events: (i) Participant uses for profit or discloses to unauthorized persons, confidential information or trade secrets of the Company or any of its Subsidiaries, or (ii) Participant breaches any contract with or violates any fiduciary obligation to the Company or any of its Subsidiaries.

4. DISTRIBUTION OF RSUS.

Shares of Common Stock shall be distributed to Participant (or in the event of Participant's death, to his or her estate) with respect to Participant's vested RSUs within 60 days following the date on which such RSUs vest as specified in the Vesting Schedule. All distributions of the RSUs shall be made by the Company in the form of whole shares of Common Stock. No fractional Shares shall be issued and in the event any fractional Shares result from any adjustment to the RSUs pursuant to the Plan, the resulting RSUs shall be rounded down to the nearest whole share.

5. TAX WITHHOLDING.

(a) The Company shall not be obligated to deliver any certificate representing Shares issuable with respect to the RSUs unless and until Participant or his or her legal representative shall have paid or otherwise satisfied in full the amount of all federal, state, local and foreign taxes (including Participant's social security, Medicare and any other employment tax obligation) required by Applicable Law to be withheld with respect to the taxable income of Participant resulting from the vesting of the RSUs, the distribution of the Shares issuable with respect thereto, or any other taxable event related to the Award (the "Tax Withholding Obligation").

(b) Participant's acceptance of this Award constitutes Participant's instruction and authorization to the Company to, and the Company shall, withhold a net number of vested Shares otherwise issuable pursuant to the RSUs having a then-current Fair Market Value not exceeding the amount necessary to satisfy the Tax Withholding Obligation of the Company and its Subsidiaries with respect to the vesting or distribution of the RSUs.

(d) To the maximum extent permitted by Applicable Law, the Company further has the authority to deduct or withhold such amount as is necessary to satisfy any Tax Withholding Obligation from other compensation payable to Participant with respect to any taxable event arising from vesting of the RSUs, the receipt of the Shares upon settlement of the RSUs or any other taxable event relating to the Award.

(e) Subject to Section 10.2 of the Plan, the applicable Tax Withholding Obligation will be determined based on Participant's Applicable Tax Withholding Rate. Participant's "Applicable Tax Withholding Rate" shall mean (i) if Participant is subject to Section 16 of the Exchange Act, the greater of (A) the minimum applicable statutory tax withholding rate or (B) with Participant's consent, the maximum individual tax withholding rate permitted under the rules of the applicable taxing authority for tax withholding attributable to the underlying transaction, or (ii) if Participant is not subject to Section 16 of the Exchange Act, the minimum applicable statutory tax withholding rate or such other higher rate approved by the Company; *provided*, *however*, that in no event shall Participant's Applicable Tax Withholding Rate exceed the maximum individual statutory tax rate in the applicable jurisdiction at the time of such withholding (or such other rate as may be required to avoid the liability classification of the applicable award under generally accepted accounting principles in the United States of America); provided, however, that the number of Shares tendered or withheld, if applicable, pursuant to clause (b) shall be rounded up to the nearest whole Share sufficient to cover the applicable Tax Withholding Obligation, to the extent rounding up to the nearest whole Share does not result in the liability classification of the RSUs under generally accepted accounting principles.

(f) The Company may elect to instruct any brokerage firm determined acceptable to the Company for such purpose to sell on Participant's behalf a whole number of shares from those Shares issuable to Participant upon settlement of the RSUs as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy Participant's Tax Withholding Obligation. Participant's acceptance of this Award constitutes Participant's instruction and authorization to the Company and such brokerage firm to complete the transactions described above. Any Shares to be sold at the Company's direction through a broker-assisted sale will be sold on the day the Tax Withholding Obligation with respect to the vesting or distribution of the RSUs arises or as soon thereafter as practicable. The Shares may be sold as part of a block trade with other participants of the Plan in which all participants receive an average price. Participant will be responsible for all broker's fees and other costs of sale, and Participant agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale. To the extent the proceeds of such sale exceed Participant's Tax Withholding Obligation with respect to the vesting or distribution of the RSUs, the Company agrees to pay such excess in cash to Participant as soon as practicable. Participant acknowledges that the Company or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy Participant's Tax Withholding Obligation.

6. AWARD NOT TRANSFERABLE.

This Award shall be subject to the restrictions on transferability set forth in Section 10.3 of the Plan. Subject to the foregoing restrictions on transfer, the Plan, the Grant Notice and these Terms and Conditions shall be binding upon Participant and his or her heirs, executors, administrators, successors and assigns.

7. RIGHTS AS STOCKHOLDER.

Neither Participant nor any person claiming under or through Participant shall have any of the rights or privileges of a stockholder of the Company in respect of any Shares issuable hereunder unless and until certificates representing such Shares (which may be in uncertificated form) will have been issued and recorded on the books and records of the Company or its transfer agents or registrars, and delivered to Participant (including through electronic delivery to a brokerage account). After such issuance, recordation and delivery, Participant shall have all the rights of a stockholder of the Company, including with respect to the right to vote the Shares and the right to receive any cash or share dividends or other distributions paid to or made with respect to the Shares.

8. CLAWBACKS.

The Award shall be subject to Section 10.5 of the Plan. In addition, if Participant has been designated as a covered employee under the Company's Executive Compensation Clawback Policy (the "Clawback Policy"), as may be amended, the Award will be subject to forfeiture and/or recovery under the Clawback Policy.

9. ADMINISTRATION.

The Administrator shall have the power to interpret the Plan, the Grant Notice and these Terms and Conditions and to adopt such rules for the administration, interpretation and application as are consistent therewith and to interpret, amend or revoke any such rules. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Terms and Conditions.

10. ADJUSTMENTS.

Participant acknowledges that the RSUs and the Shares subject to the RSUs are subject to adjustment, modification and termination in certain events as provided in the Plan.

11. NOTICES.

Any notice to be given under the Award to the Company shall be addressed to the Company in care of the Secretary of the Company at the Company's corporate headquarters or to the then-current email address for the Secretary of the Company, and any notice to be given to Participant shall be addressed to Participant at the most recent physical or email address for Participant listed in the Company's personnel records. Any notice shall be deemed duly given when sent via email or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

12. GOVERNING LAW; SEVERABILITY.

The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the Award without regard to conflicts of laws thereof or of any other jurisdiction. If any one or more provisions of this Award shall for any reason be held invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

13. ENTIRE AGREEMENT.

The Plan, the Grant Notice and these Terms and Conditions constitute the entire agreement of the parties and supersede in their entirety all oral, implied or written promises, statements, understandings, undertakings and agreements between the Company and Participant with respect to the Award.

14. AMENDMENT, SUSPENSION AND TERMINATION.

To the extent permitted by the Plan, the Award may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator, provided, that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of the Award shall materially and adversely affect any rights or obligations under this Award without the prior written consent of Participant.

15. NOT A CONTRACT OF EMPLOYMENT OR OTHER SERVICE RELATIONSHIP.

Nothing in this Award shall confer upon Participant any right to continue to serve as an employee or other service provider of the Company or any of its Subsidiaries. Participant understands and agrees that this Award does not alter the at-will nature of his or her employment relationship with the Company and is not a promise of continued employment for the vesting period of the Award or any portion of it.

16. GENERAL TAX PROVISIONS.

Notwithstanding any other provision of the Plan, these Terms and Conditions or the Grant Notice, the Plan, these Terms and Conditions and the Grant Notice shall be interpreted in accordance with, and incorporate the terms and conditions required by, Section 409A (together with any Treasury Regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the Grant Date, "Section 409A"). The Administrator may, in its discretion, adopt such amendments to the Plan, these Terms and Conditions or the Grant Notice or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate to comply with the requirements of Section 409A. For purposes of Section 409A (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), each payment that Participant may be eligible to receive under this Award shall be treated as a separate and distinct payment. Neither the time nor form of distribution of Shares with respect to the RSUs may be changed, except as may be permitted by the Administrator in accordance with the Plan and Section 409A of the Code and the Treasury Regulations thereunder.

17. TAX REPRESENTATIONS.

Participant has reviewed with Participant's own tax advisors the federal, state, local and foreign tax consequences of the Award. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. Participant understands that Participant (and not the Company) shall be responsible for Participant's own tax liability that may arise as a result of the Award.

EXHIBIT B
TO RESTRICTED STOCK UNIT GRANT NOTICE
VESTING SCHEDULE

1. VESTING SCHEDULE. The RSUs shall vest in three equal annual installments on each of December 31, [___], [___] and [___], subject to Participant not experiencing a Termination of Service prior to each such vesting date.

2. ACCELERATED VESTING. In the event of Participant's death or Disability, Participant will vest in such number of RSUs as is determined by multiplying (a) the number of RSUs scheduled to vest on the next occurring annual vesting date, by (b) (i) the number of months that have elapsed since the previous annual vesting date (or if no annual vesting date has yet occurred, since the Grant Date), divided by (ii) 12. Partial months shall be rounded up to the next whole calendar month for purposes of the numerator in this calculation. In the event the calculation results in a fractional RSU, any fractional RSU will be rounded up to the nearest whole RSU.

   The Award shall also be eligible for accelerated vesting as provided in Section 12.2 of the Plan.

   For purposes of this Award, "Disability" means Participant (a) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (b) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering employees of the Company or its Subsidiaries.

Exhibit 10.14

PARSONS CORPORATION INCENTIVE AWARD PLAN
RESTRICTED STOCK UNIT AWARD
[Q1 2020 SERVICE AWARD]
[2020 ANNUAL MEETING SERVICE AWARD]

Parsons Corporation (the "Company"), pursuant to its Incentive Award Plan (the "Plan"), hereby grants to the participant listed below ("Participant"), an award of Restricted Stock Units ("RSUs" or the "Award") with respect to the number of shares of the Company's Common Stock (the "Shares") indicated below. This Award is subject to all of the terms and conditions as set forth in the Plan, this Grant Notice and in the Restricted Stock Unit Terms and Conditions attached hereto as Exhibit A (the "Terms and Conditions"), each of which are incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Grant Notice and the Terms and Conditions.

Participant:	
Grant Date:	
Total Number of RSUs:	
Distribution Schedule:	The RSUs shall be distributable in accordance with the Terms and Conditions.
Vesting Schedule:	The RSUs shall vest as set forth on Exhibit B to this Grant Notice.

Participant agrees to be bound by the terms and conditions of the Plan, the Terms and Conditions and this Grant Notice. Participant has reviewed the Terms and Conditions, the Plan and this Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of this Grant Notice, the Terms and Conditions and the Plan. Participant has been provided with a copy or electronic access to a copy of the prospectus for the Plan.

EXHIBIT A
TO
RESTRICTED STOCK UNIT GRANT NOTICE
TERMS AND CONDITIONS

1. INTRODUCTION

Pursuant to the Grant Notice to which these Terms and Conditions are attached, the Company has granted to Participant the right to receive the number of RSUs set forth in the Grant Notice, subject to all of the terms and conditions set forth in these Terms and Conditions, the Grant Notice and the Plan. In the event of any inconsistency between the terms of the Plan and these Terms and Conditions, the terms of the Plan will control.

2. AWARD OF RESTRICTED STOCK UNITS

In consideration of Participant's service as a Director of the Company and for other good and valuable consideration, the Company hereby grants to Participant the number of RSUs set forth in the Grant Notice. Prior to the actual issuance of any Shares, the Award represents an unsecured obligation of the Company, payable only from the general assets of the Company.

3. VESTING AND FORFEITURE.

(a) The RSUs will vest in accordance with the Vesting Schedule set forth in Exhibit B to the Grant Notice. Unless and until the RSUs have vested in accordance with the Vesting Schedule set forth in the Grant Notice, Participant will have no right to any distribution with respect to such RSUs.

(b) Unless otherwise provided in Exhibit B to the Grant Notice, in the event of Participant's Termination of Service prior to the vesting of all of the RSUs, any unvested RSUs will terminate automatically without any further action by the Company and be forfeited without further notice and at no cost to the Company.

(c) In addition, all of the RSUs, whether vested or unvested, will be forfeited in the event of the commission by Participant of an "Act of Misconduct" prior to payment of the vested RSUs. For purposes of the Award, an "Act of Misconduct" means the occurrence of one or more of the following events: (i) Participant uses for profit or discloses to unauthorized persons, confidential information or trade secrets of the Company or any of its Subsidiaries, or (ii) Participant breaches any contract with or violates any fiduciary obligation to the Company or any of its Subsidiaries.

4. DISTRIBUTION OF RSUS.

Shares of Common Stock shall be distributed to Participant (or in the event of Participant's death, to his or her estate) with respect to Participant's vested RSUs as provided in Exhibit B. All distributions of the RSUs shall be made by the Company in the form of whole shares of Common Stock. No fractional Shares shall be issued and in the event any fractional Shares result from any adjustment to the RSUs pursuant to the Plan, the resulting RSUs shall be rounded down to the nearest whole Share (other than fractional Shares resulting from the payment of the RSUs in installments pursuant to Exhibit B, in which case any such fractional Shares shall be satisfied in cash based on the Fair Market Value of a Share on the date such Share would otherwise have been distributed to Participant).

5. <u>TAX WITHHOLDING</u>.

(a) The Company shall not be obligated to deliver any certificate representing Shares issuable with respect to the RSUs unless and until Participant or his or her legal representative shall have paid or otherwise satisfied in full the amount of all federal, state, local and foreign taxes (including Participant's social security, Medicare and any other employment tax obligation) required by Applicable Law to be withheld with respect to the taxable income of Participant resulting from the vesting of the RSUs, the distribution of the Shares issuable with respect thereto, or any other taxable event related to the Award (the "<u>Tax Withholding Obligation</u>").

(b) Participant's acceptance of this Award constitutes Participant's instruction and authorization to the Company to, and the Company shall, withhold a net number of vested Shares otherwise issuable pursuant to the RSUs having a then-current Fair Market Value not exceeding the amount necessary to satisfy the Tax Withholding Obligation of the Company and its Subsidiaries with respect to the vesting or distribution of the RSUs.

(c) To the maximum extent permitted by Applicable Law, the Company further has the authority to deduct or withhold such amount as is necessary to satisfy any Tax Withholding Obligation from other compensation payable to Participant with respect to any taxable event arising from vesting of the RSUs, the receipt of the Shares upon settlement of the RSUs or any other taxable event relating to the Award.

(d) Subject to Section 10.2 of the Plan, the applicable Tax Withholding Obligation will be determined based on Participant's Applicable Tax Withholding Rate. Participant's "<u>Applicable Tax Withholding Rate</u>" shall mean the greater of (i) the minimum applicable statutory tax withholding rate or (ii) with Participant's consent, the maximum individual tax withholding rate permitted under the rules of the applicable taxing authority for tax withholding attributable to the underlying transaction; *provided*, *however*, that in no event shall Participant's Applicable Tax Withholding Rate exceed the maximum individual statutory tax rate in the applicable jurisdiction at the time of such withholding (or such other rate as may be required to avoid the liability classification of the applicable award under generally accepted accounting principles in the United States of America); provided, however, that the number of Shares tendered or withheld, if applicable, pursuant to clause (b) shall be rounded up to the nearest whole Share sufficient to cover the applicable Tax Withholding Obligation, to the extent rounding up to the nearest whole Share does not result in the liability classification of the RSUs under generally accepted accounting principles.

6. <u>AWARD NOT TRANSFERABLE</u>.

This Award shall be subject to the restrictions on transferability set forth in Section 10.3 of the Plan. Subject to the foregoing restrictions on transfer, the Plan, the Grant Notice and these Terms and Conditions shall be binding upon Participant and his or her heirs, executors, administrators, successors and assigns.

7. <u>RIGHTS AS STOCKHOLDER</u>.

Neither Participant nor any person claiming under or through Participant shall have any of the rights or privileges of a stockholder of the Company in respect of any Shares issuable hereunder unless and until certificates representing such Shares (which may be in uncertificated form) will have been issued and recorded on the books and records of the Company or its transfer agents or registrars, and delivered to Participant (including through electronic delivery to a brokerage account). After such issuance, recordation and delivery, Participant shall have all the rights of a stockholder of the Company, including with respect to the right to vote the Shares and the right to receive any cash or share dividends or other distributions paid to or made with respect to the Shares.

8. CLAWBACKS.

The Award shall be subject to Section 10.5 of the Plan.

9. ADMINISTRATION.

The Administrator shall have the power to interpret the Plan, the Grant Notice and these Terms and Conditions and to adopt such rules for the administration, interpretation and application as are consistent therewith and to interpret, amend or revoke any such rules. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Terms and Conditions.

10. ADJUSTMENTS.

Participant acknowledges that the RSUs and the Shares subject to the RSUs are subject to adjustment, modification and termination in certain events as provided in the Plan.

11. NOTICES.

Any notice to be given under the Award to the Company shall be addressed to the Company in care of the Secretary of the Company at the Company's corporate headquarters or to the then-current email address for the Secretary of the Company, and any notice to be given to Participant shall be addressed to Participant at the most recent physical or email address for Participant listed in the Company's personnel records. Any notice shall be deemed duly given when sent via email or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

12. GOVERNING LAW; SEVERABILITY.

The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the Award without regard to conflicts of laws thereof or of any other jurisdiction. If any one or more provisions of this Award shall for any reason be held invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

13. ENTIRE AGREEMENT.

The Plan, the Grant Notice and these Terms and Conditions constitute the entire agreement of the parties and supersede in their entirety all oral, implied or written promises, statements, understandings, undertakings and agreements between the Company and Participant with respect to the Award.

14. AMENDMENT, SUSPENSION AND TERMINATION.

To the extent permitted by the Plan, the Award may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator, provided, that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of the Award shall materially and adversely affect any rights or obligations under this Award without the prior written consent of Participant.

15. NOT A CONTRACT FOR CONTINUED SERVICE.

Nothing in this Award shall confer upon Participant any right to continue to serve as a Director or other service provider to the Company or any of its Subsidiaries. Participant understands and agrees that this Award is not a promise of continued service for the vesting period of the Award or any portion of it.

16. GENERAL TAX PROVISIONS.

Notwithstanding any other provision of the Plan, these Terms and Conditions or the Grant Notice, the Plan, these Terms and Conditions and the Grant Notice shall be interpreted in accordance with, and incorporate the terms and conditions required by, Section 409A (together with any Treasury Regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the Grant Date, "Section 409A"). The Administrator may, in its discretion, adopt such amendments to the Plan, these Terms and Conditions or the Grant Notice or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate to comply with the requirements of Section 409A. For purposes of Section 409A (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), each payment that Participant may be eligible to receive under this Award shall be treated as a separate and distinct payment. Neither the time nor form of distribution of Shares with respect to the RSUs may be changed, except as may be permitted by the Administrator in accordance with the Plan and Section 409A of the Code and the Treasury Regulations thereunder. For purposes of these Terms and Conditions, all references to Participant's termination of service with the Company or termination as a member of the Board shall mean a "separation from service" as defined in Code Section 409A and Treasury Regulations Section 1.409A-1(h) without regard to the optional alternative definitions available thereunder. If Participant is a "specified employee" (as determined in accordance with Section 409A(a)(2)(B)(i) of the Code and Treasury Regulation Section 1.409A-1(i)) on the date of Participant's "separation from service", the delivery of any of Common Stock to be delivered upon such "separation from service" shall be delayed to the extent necessary to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, and such payment shall be paid or distributed to Participant on the earlier of (a) the expiration of the six-month period measured from the date of Participant's "separation from service" or (b) the date of Participant's death.

17. TAX REPRESENTATIONS.

Participant has reviewed with Participant's own tax advisors the federal, state, local and foreign tax consequences of the Award. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. Participant understands that Participant (and not the Company) shall be responsible for Participant’s own tax liability that may arise as a result of the Award.

EXHIBIT B
TO RESTRICTED STOCK UNIT GRANT NOTICE
DISTRIBUTION SCHEDULE

1. VESTING SCHEDULE. Except as provided in Section 2 below, the RSUs shall vest on the first anniversary of the Grant Date, subject to Participant not experiencing a Termination of Service prior to such vesting date.

2. ACCELERATED VESTING. In the event of a Change in Control or Participant's death or Termination of Service by reason of Participant's Disability, Participant will vest in all of the RSUs immediately prior to such Change in Control or upon Participant's, death or termination due to, Disability. For purposes of this Agreement, "Disability" means an illness or other incapacitation which the Board determines is not a Section 409A Disability, but precludes Participant from fully discharging his or her responsibilities as a member of the Board. For purposes of this Agreement, "Section 409A Disability" means a disability as defined in Treasury Regulation Section 1.409A-3(i)(4)(i).

   The Award shall also be eligible for accelerated vesting as provided in Section 12.2 of the Plan.

3. DISTRIBUTION SCHEDULE.

   (a) Except as provided in Section 3(b) below, shares of Common Stock shall be distributed to Participant (or in the event of Participant's death, to his or her estate) with respect to Participant's vested RSUs within ten (10) days following the vesting date of the RSUs as specified in this Exhibit B.

   (b) If Participant made a valid deferral election within the time period specified by the Company prior to the Grant Date electing deferred delivery of the shares of Common Stock to be issued pursuant to the RSUs (the "Deferral Election Form"), then, subject to Section 16 of the Terms and Conditions, such shares of Common Stock shall be distributed and paid to Participant (or in the event of Participant's death, to his or her estate) with respect to Participant's vested RSUs in accordance with the payment provisions of Article 5 of the Parsons Corporation Board of Directors Fee Deferral Plan for Outside Directors (as amended from time to time, the "Fee Deferral Plan") and Participant's Deferral Election Form; provided, however, that (a) in the event such payments are to be made in installments, the number of RSUs to be distributed and paid in each installment shall be equal to the total number of RSUs held by Participant divided by the total number of installments to be paid, (b) no interest shall be credited on any unpaid RSUs and any provisions of the Fee Deferral Plan that provide for the payment of interest or other investment income on the unpaid balance of the benefits payable under the Fee Deferral Plan shall not apply to the RSUs, (c) for purposes of Section 5.2(a) of the Fee Deferral Plan, the shares of Common Stock issuable with respect to Participant's RSUs shall be valued based on their Fair Market Value on the last day of the calendar year in which Participant's Termination of Service occurs, and (d) the RSUs and the shares of Common Stock issuable with respect to the RSUs shall be considered a separately identifiable and distinct "Subaccount" from any other Fee Deferrals (as defined in the Fee Deferral Plan, and whether payable in cash or Common Stock) for 2020 under Participant's 2020 Subaccount under the Fee Deferral Plan and, accordingly, may be subject to a different distribution election by Participant. To the extent necessary to implement the foregoing distribution and payment provisions, Article 5 of the Fee Deferral Plan and any defined terms used therein are hereby incorporated herein by reference, and the Fee Deferral Plan is hereby amended to the extent necessary to be consistent with the foregoing. The Deferral Election Form, to the extent applicable to the RSUs, is hereby incorporated into this Agreement by reference.

Exhibit 10.15

PARSONS CORPORATION INCENTIVE AWARD PLAN
RESTRICTED STOCK UNIT AWARD
Q[__] 20[__] RETAINER FEE AWARD

Parsons Corporation (the "Company"), pursuant to its Incentive Award Plan (the "Plan"), hereby grants to the participant listed below ("Participant"), an award of Restricted Stock Units ("RSUs" or the "Award") with respect to the number of shares of the Company's Common Stock (the "Shares") indicated below. This Award is subject to all of the terms and conditions as set forth in the Plan, this Grant Notice and in the Restricted Stock Unit Terms and Conditions attached hereto as Exhibit A (the "Terms and Conditions"), each of which are incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Grant Notice and the Terms and Conditions.

Participant:	
Grant Date:	
Total Number of RSUs:	
Distribution Schedule:	The RSUs shall be distributable in accordance with the Terms and Conditions.
Vesting Schedule:	The RSUs shall be fully vested on the Grant Date.

Participant agrees to be bound by the terms and conditions of the Plan, the Terms and Conditions and this Grant Notice. Participant has reviewed the Terms and Conditions, the Plan and this Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of this Grant Notice, the Terms and Conditions and the Plan. Participant has been provided with a copy or electronic access to a copy of the prospectus for the Plan.

EXHIBIT A
TO
RESTRICTED STOCK UNIT GRANT NOTICE
TERMS AND CONDITIONS

1. INTRODUCTION

Pursuant to the Grant Notice to which these Terms and Conditions are attached, the Company has granted to Participant the right to receive the number of RSUs set forth in the Grant Notice, subject to all of the terms and conditions set forth in these Terms and Conditions, the Grant Notice and the Plan. In the event of any inconsistency between the terms of the Plan and these Terms and Conditions, the terms of the Plan will control.

2. AWARD OF RESTRICTED STOCK UNITS

In consideration of Participant's service as a Director of the Company and for other good and valuable consideration, the Company hereby grants to Participant the number of RSUs set forth in the Grant Notice. Prior to the actual issuance of any Shares, the Award represents an unsecured obligation of the Company, payable only from the general assets of the Company.

3. VESTING AND FORFEITURE.

(a) The RSUs will be fully vested as of the Grant Date

(b) Notwithstanding the foregoing, all of the RSUs will be forfeited in the event of the commission by Participant of an "Act of Misconduct" prior to payment of the RSUs. For purposes of the Award, an "Act of Misconduct" means the occurrence of one or more of the following events: (i) Participant uses for profit or discloses to unauthorized persons, confidential information or trade secrets of the Company or any of its Subsidiaries, or (ii) Participant breaches any contract with or violates any fiduciary obligation to the Company or any of its Subsidiaries.

4. DISTRIBUTION OF RSUS.

Shares of Common Stock shall be distributed to Participant (or in the event of Participant's death, to his or her estate) with respect to Participant's vested RSUs as provided in Exhibit B. All distributions of the RSUs shall be made by the Company in the form of whole shares of Common Stock. No fractional Shares shall be issued and in the event any fractional Shares result from any adjustment to the RSUs pursuant to the Plan, the resulting RSUs shall be rounded down to the nearest whole Share (other than fractional Shares resulting from the payment of the RSUs in installments pursuant to Exhibit B, in which case any such fractional Shares shall be satisfied in cash based on the Fair Market Value of a Share on the date such Share would otherwise have been distributed to Participant).

5. TAX WITHHOLDING.

(a) The Company shall not be obligated to deliver any certificate representing Shares issuable with respect to the RSUs unless and until Participant or his or her legal representative shall have paid or otherwise satisfied in full the amount of all federal, state, local and foreign taxes (including Participant's social security, Medicare and any other employment tax obligation) required by Applicable Law to be withheld with respect to the taxable income of Participant resulting from the vesting of the RSUs, the distribution of the Shares issuable with respect thereto, or any other taxable event related to the Award (the "Tax Withholding Obligation").

(b) Participant's acceptance of this Award constitutes Participant's instruction and authorization to the Company to, and the Company shall, withhold a net number of vested Shares otherwise issuable pursuant to the RSUs having a then-current Fair Market Value not exceeding the amount necessary to satisfy the Tax Withholding Obligation of the Company and its Subsidiaries with respect to the vesting or distribution of the RSUs.

(c) To the maximum extent permitted by Applicable Law, the Company further has the authority to deduct or withhold such amount as is necessary to satisfy any Tax Withholding Obligation from other compensation payable to Participant with respect to any taxable event arising from vesting of the RSUs, the receipt of the Shares upon settlement of the RSUs or any other taxable event relating to the Award.

(d) Subject to Section 10.2 of the Plan, the applicable Tax Withholding Obligation will be determined based on Participant's Applicable Tax Withholding Rate. Participant's "Applicable Tax Withholding Rate" shall mean the greater of (i) the minimum applicable statutory tax withholding rate or (ii) with Participant's consent, the maximum individual tax withholding rate permitted under the rules of the applicable taxing authority for tax withholding attributable to the underlying transaction; *provided*, *however*, that in no event shall Participant's Applicable Tax Withholding Rate exceed the maximum individual statutory tax rate in the applicable jurisdiction at the time of such withholding (or such other rate as may be required to avoid the liability classification of the applicable award under generally accepted accounting principles in the United States of America); provided, however, that the number of Shares tendered or withheld, if applicable, pursuant to clause (b) shall be rounded up to the nearest whole Share sufficient to cover the applicable Tax Withholding Obligation, to the extent rounding up to the nearest whole Share does not result in the liability classification of the RSUs under generally accepted accounting principles.

6. AWARD NOT TRANSFERABLE.

This Award shall be subject to the restrictions on transferability set forth in Section 10.3 of the Plan. Subject to the foregoing restrictions on transfer, the Plan, the Grant Notice and these Terms and Conditions shall be binding upon Participant and his or her heirs, executors, administrators, successors and assigns.

7. RIGHTS AS STOCKHOLDER.

Neither Participant nor any person claiming under or through Participant shall have any of the rights or privileges of a stockholder of the Company in respect of any Shares issuable hereunder unless and until certificates representing such Shares (which may be in uncertificated form) will have been issued and recorded on the books and records of the Company or its transfer agents or registrars, and delivered to Participant (including through electronic delivery to a brokerage account). After such issuance, recordation and delivery, Participant shall have all the rights of a stockholder of the Company, including with respect to the right to vote the Shares and the right to receive any cash or share dividends or other distributions paid to or made with respect to the Shares.

8. CLAWBACKS.

The Award shall be subject to Section 10.5 of the Plan.

9. ADMINISTRATION.

The Administrator shall have the power to interpret the Plan, the Grant Notice and these Terms and Conditions and to adopt such rules for the administration, interpretation and application as are consistent therewith and to interpret, amend or revoke any such rules. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Terms and Conditions.

10. ADJUSTMENTS.

Participant acknowledges that the RSUs and the Shares subject to the RSUs are subject to adjustment, modification and termination in certain events as provided in the Plan.

11. NOTICES.

Any notice to be given under the Award to the Company shall be addressed to the Company in care of the Secretary of the Company at the Company's corporate headquarters or to the then-current email address for the Secretary of the Company, and any notice to be given to Participant shall be addressed to Participant at the most recent physical or email address for Participant listed in the Company's personnel records. Any notice shall be deemed duly given when sent via email or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

12. GOVERNING LAW; SEVERABILITY.

The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the Award without regard to conflicts of laws thereof or of any other jurisdiction. If any one or more provisions of this Award shall for any reason be held invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

13. ENTIRE AGREEMENT.

The Plan, the Grant Notice and these Terms and Conditions constitute the entire agreement of the parties and supersede in their entirety all oral, implied or written promises, statements, understandings, undertakings and agreements between the Company and Participant with respect to the Award.

14. AMENDMENT, SUSPENSION AND TERMINATION.

To the extent permitted by the Plan, the Award may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator, provided, that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of the Award shall materially and adversely affect any rights or obligations under this Award without the prior written consent of Participant.

15. NOT A CONTRACT FOR CONTINUED SERVICE.

Nothing in this Award shall confer upon Participant any right to continue to serve as a Director or other service provider to the Company or any of its Subsidiaries. Participant understands and agrees that this Award is not a promise of continued service for the vesting period of the Award or any portion of it.

16. GENERAL TAX PROVISIONS.

Notwithstanding any other provision of the Plan, these Terms and Conditions or the Grant Notice, the Plan, these Terms and Conditions and the Grant Notice shall be interpreted in accordance with, and incorporate the terms and conditions required by, Section 409A (together with any Treasury Regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the Grant Date, "Section 409A"). The Administrator may, in its discretion, adopt such amendments to the Plan, these Terms and Conditions or the Grant Notice or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate to comply with the requirements of Section 409A. For purposes of Section 409A (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), each payment that Participant may be eligible to receive under this Award shall be treated as a separate and distinct payment. Neither the time nor form of distribution of Shares with respect to the RSUs may be changed, except as may be permitted by the Administrator in accordance with the Plan and Section 409A of the Code and the Treasury Regulations thereunder. For purposes of these Terms and Conditions, all references to Participant's termination of service with the Company or termination as a member of the Board shall mean a "separation from service" as defined in Code Section 409A and Treasury Regulations Section 1.409A-1(h) without regard to the optional alternative definitions available thereunder. If Participant is a "specified employee" (as determined in accordance with Section 409A(a)(2)(B)(i) of the Code and Treasury Regulation Section 1.409A-1(i)) on the date of Participant's "separation from service", the delivery of any of Common Stock to be delivered upon such "separation from service" shall be delayed to the extent necessary to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, and such payment shall be paid or distributed to Participant on the earlier of (a) the expiration of the six-month period measured from the date of Participant's "separation from service" or (b) the date of Participant's death.

17. TAX REPRESENTATIONS.

Participant has reviewed with Participant's own tax advisors the federal, state, local and foreign tax consequences of the Award. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. Participant understands that Participant (and not the Company) shall be responsible for Participant's own tax liability that may arise as a result of the Award.

EXHIBIT B
TO RESTRICTED STOCK UNIT GRANT NOTICE
DISTRIBUTION SCHEDULE

1. DISTRIBUTION SCHEDULE.

(a) Except as provided in Section 1(b) below, shares of Common Stock shall be distributed to Participant with respect to Participant's vested RSUs within ten (10) days following the Grant Date.

(b) If Participant made a valid deferral election within the time period specified by the Company prior to the Grant Date electing deferred delivery of the shares of Common Stock to be issued pursuant to the RSUs (the "Deferral Election Form"), then, subject to Section 16 of the Terms and Conditions, shares of Common Stock shall be distributed and paid to Participant (or in the event of Participant's death, to his or her estate) with respect to Participant's RSUs on the same events and date(s) as his or her Sub-account for Participant's Fee Deferrals with respect to the 2020 Plan Year is to be paid under Article 5 of the Parsons Corporation Board of Directors Fee Deferral Plan for Outside Directors (as amended from time to time, the "Fee Deferral Plan") and Participant's Deferral Election Form; provided, however, that (a) in the event such payments are to be made in installments, the number of RSUs to be distributed and paid in each installment shall be equal to the total number of RSUs held by Participant divided by the total number of installments to be paid, (b) no interest shall be credited on any unpaid RSUs and any provisions of the Fee Deferral Plan that provide for the payment of interest or other investment income on the unpaid balance of the benefits payable under the Fee Deferral Plan shall not apply to the RSUs, (c) for purposes of Section 5.2(a) of the Fee Deferral Plan, the shares of Common Stock issuable with respect to Participant's RSUs shall be valued based on their Fair Market Value on the last day of the calendar year in which Participant's Termination of Service occurs, and (d) the RSUs and the shares of Common Stock issuable with respect to the RSUs shall be considered a part of Participant's 2020 Subaccount under the Fee Deferral Plan. To the extent necessary to implement the foregoing distribution and payment provisions, Article 5 of the Fee Deferral Plan and any defined terms used therein are hereby incorporated herein by reference, and the Fee Deferral Plan is hereby amended to the extent necessary to be consistent with the foregoing. The Deferral Election Form, to the extent applicable to the RSUs, is hereby incorporated into this Agreement by reference.

Exhibit 10.16

PARSONS CORPORATION INCENTIVE AWARD PLAN
RESTRICTED STOCK UNIT AWARD
[___] AWARD

Parsons Corporation (the "Company"), pursuant to its Incentive Award Plan (the "Plan"), hereby grants to the participant listed below ("Participant"), an award of Restricted Stock Units ("RSUs" or the "Award") with respect to the number of shares of the Company's Common Stock (the "Shares") indicated below. This Award is subject to all of the terms and conditions as set forth in the Plan, this Grant Notice and in the Restricted Stock Unit Terms and Conditions attached hereto as Exhibit A (the "Terms and Conditions"), each of which are incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Grant Notice and the Terms and Conditions.

Participant:	
Grant Date:	
Total Number of RSUs:	
Distribution Schedule:	The RSUs shall be distributable in accordance with the Terms and Conditions.
Vesting Schedule:	The RSUs shall vest as set forth on Exhibit B to this Grant Notice.

By Participant's signature below, Participant agrees to be bound by the terms and conditions of the Plan, the Terms and Conditions and this Grant Notice. Participant has reviewed the Terms and Conditions, the Plan and this Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of this Grant Notice, the Terms and Conditions and the Plan. Participant has been provided with a copy of the prospectus for the Plan.

Participant acknowledges that his or her acceptance of the terms and conditions of the Plan, the Terms and Conditions and this Grant Notice by his or her signature below is a condition to the receipt of this Award. As a result, unless otherwise determined by the Administrator, in the event Participant does not accept this Grant Notice by signing below within 60 days of the date this Grant Notice is provided to Participant, this Award shall be forfeited and Participant shall have no further rights thereto; provided that if Participant dies before such date and before signing this Grant Notice, this requirement shall be deemed to be satisfied if the executor or administrator of Participant's estate provides the Company with an executed Grant Notice no later than 60 days following Participant's death.

PARSONS CORPORATION	**PARTICIPANT**
By:	By:
Print Name:	Print Name:
Title:	

EXHIBIT A
TO
RESTRICTED STOCK UNIT GRANT NOTICE
TERMS AND CONDITIONS

1. INTRODUCTION

Pursuant to the Grant Notice to which these Terms and Conditions are attached, the Company has granted to Participant the right to receive the number of RSUs set forth in the Grant Notice, subject to all of the terms and conditions set forth in these Terms and Conditions, the Grant Notice and the Plan. In the event of any inconsistency between the terms of the Plan and these Terms and Conditions, the terms of the Plan will control.

2. AWARD OF RESTRICTED STOCK UNITS

In consideration of Participant's service as a Director of the Company and for other good and valuable consideration, the Company hereby grants to Participant the number of RSUs set forth in the Grant Notice. Prior to the actual issuance of any Shares, the Award represents an unsecured obligation of the Company, payable only from the general assets of the Company.

3. VESTING AND FORFEITURE.

(a) The RSUs will vest in accordance with the Vesting Schedule set forth in Exhibit B to the Grant Notice. Unless and until the RSUs have vested in accordance with the Vesting Schedule set forth in the Grant Notice, Participant will have no right to any distribution with respect to such RSUs.

(b) Unless otherwise provided in Exhibit B to the Grant Notice, in the event of Participant's Termination of Service prior to the vesting of all of the RSUs, any unvested RSUs will terminate automatically without any further action by the Company and be forfeited without further notice and at no cost to the Company.

(c) In addition, all of the RSUs, whether vested or unvested, will be forfeited in the event of the commission by Participant of an "Act of Misconduct" prior to payment of the vested RSUs. For purposes of the Award, an "Act of Misconduct" means the occurrence of one or more of the following events: (i) Participant uses for profit or discloses to unauthorized persons, confidential information or trade secrets of the Company or any of its Subsidiaries, or (ii) Participant breaches any contract with or violates any fiduciary obligation to the Company or any of its Subsidiaries.

4. DISTRIBUTION OF RSUS.

Shares of Common Stock shall be distributed to Participant (or in the event of Participant's death, to his or her estate) with respect to Participant's vested RSUs as provided in Exhibit B. All distributions of the RSUs shall be made by the Company in the form of whole shares of Common Stock. No fractional Shares shall be issued and in the event any fractional Shares result from any adjustment to the RSUs pursuant to the Plan, the resulting RSUs shall be rounded down to the nearest whole share.

5. TAX WITHHOLDING.

(a) The Company shall not be obligated to deliver any certificate representing Shares issuable with respect to the RSUs unless and until Participant or his or her legal representative shall have paid or otherwise satisfied in full the amount of all federal, state, local and foreign taxes (including Participant's social security, Medicare and any other employment tax obligation) required by Applicable Law to be withheld with respect to the taxable income of Participant resulting from the vesting of the RSUs, the distribution of the Shares issuable with respect thereto, or any other taxable event related to the Award (the "Tax Withholding Obligation").

(b) Participant's acceptance of this Award constitutes Participant's instruction and authorization to the Company to, and the Company shall, withhold a net number of vested Shares otherwise issuable pursuant to the RSUs having a then-current Fair Market Value not exceeding the amount necessary to satisfy the Tax Withholding Obligation of the Company and its Subsidiaries with respect to the vesting or distribution of the RSUs.

(c) To the maximum extent permitted by Applicable Law, the Company further has the authority to deduct or withhold such amount as is necessary to satisfy any Tax Withholding Obligation from other compensation payable to Participant with respect to any taxable event arising from vesting of the RSUs, the receipt of the Shares upon settlement of the RSUs or any other taxable event relating to the Award.

(d) Subject to Section 10.2 of the Plan, the applicable Tax Withholding Obligation will be determined based on Participant's Applicable Tax Withholding Rate. Participant's "Applicable Tax Withholding Rate" shall mean the greater of (i) the minimum applicable statutory tax withholding rate or (ii) with Participant's consent, the maximum individual tax withholding rate permitted under the rules of the applicable taxing authority for tax withholding attributable to the underlying transaction; *provided*, *however*, that in no event shall Participant's Applicable Tax Withholding Rate exceed the maximum individual statutory tax rate in the applicable jurisdiction at the time of such withholding (or such other rate as may be required to avoid the liability classification of the applicable award under generally accepted accounting principles in the United States of America); provided, however, that the number of Shares tendered or withheld, if applicable, pursuant to clause (b) shall be rounded up to the nearest whole Share sufficient to cover the applicable Tax Withholding Obligation, to the extent rounding up to the nearest whole Share does not result in the liability classification of the RSUs under generally accepted accounting principles.

6. AWARD NOT TRANSFERABLE.

This Award shall be subject to the restrictions on transferability set forth in Section 10.3 of the Plan. Subject to the foregoing restrictions on transfer, the Plan, the Grant Notice and these Terms and Conditions shall be binding upon Participant and his or her heirs, executors, administrators, successors and assigns.

7. RIGHTS AS STOCKHOLDER.

Neither Participant nor any person claiming under or through Participant shall have any of the rights or privileges of a stockholder of the Company in respect of any Shares issuable hereunder unless and until certificates representing such Shares (which may be in uncertificated form) will have been issued and recorded on the books and records of the Company or its transfer agents or registrars, and delivered to Participant (including through electronic delivery to a brokerage account). After such issuance, recordation and delivery, Participant shall have all the rights of a stockholder of the Company, including with respect to the right to vote the Shares and the right to receive any cash or share dividends or other distributions paid to or made with respect to the Shares.

8. CLAWBACKS.

The Award shall be subject to Section 10.5 of the Plan.

9. ADMINISTRATION.

The Administrator shall have the power to interpret the Plan, the Grant Notice and these Terms and Conditions and to adopt such rules for the administration, interpretation and application as are consistent therewith and to interpret, amend or revoke any such rules. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Terms and Conditions.

10. ADJUSTMENTS.

Participant acknowledges that the RSUs and the Shares subject to the RSUs are subject to adjustment, modification and termination in certain events as provided in the Plan.

11. NOTICES.

Any notice to be given under the Award to the Company shall be addressed to the Company in care of the Secretary of the Company at the Company's corporate headquarters or to the then-current email address for the Secretary of the Company, and any notice to be given to Participant shall be addressed to Participant at the most recent physical or email address for Participant listed in the Company's personnel records. Any notice shall be deemed duly given when sent via email or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

12. GOVERNING LAW; SEVERABILITY.

The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the Award without regard to conflicts of laws thereof or of any other jurisdiction. If any one or more provisions of this Award shall for any reason be held invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

13. ENTIRE AGREEMENT.

The Plan, the Grant Notice and these Terms and Conditions constitute the entire agreement of the parties and supersede in their entirety all oral, implied or written promises, statements, understandings, undertakings and agreements between the Company and Participant with respect to the Award.

14. AMENDMENT, SUSPENSION AND TERMINATION.

To the extent permitted by the Plan, the Award may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator*, provided,* that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of the Award shall materially and adversely affect any rights or obligations under this Award without the prior written consent of Participant.

15. NOT A CONTRACT FOR CONTINUED SERVICE.

Nothing in this Award shall confer upon Participant any right to continue to serve as a Director or other service provider to the Company or any of its Subsidiaries. Participant understands and agrees that this Award is not a promise of continued service for the vesting period of the Award or any portion of it.

16. GENERAL TAX PROVISIONS.

Notwithstanding any other provision of the Plan, these Terms and Conditions or the Grant Notice, the Plan, these Terms and Conditions and the Grant Notice shall be interpreted in accordance with, and incorporate the terms and conditions required by, Section 409A (together with any Treasury Regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the Grant Date, "Section 409A"). The Administrator may, in its discretion, adopt such amendments to the Plan, these Terms and Conditions or the Grant Notice or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate to comply with the requirements of Section 409A. For purposes of Section 409A (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), each payment that Participant may be eligible to receive under this Award shall be treated as a separate and distinct payment. Neither the time nor form of distribution of Shares with respect to the RSUs may be changed, except as may be permitted by the Administrator in accordance with the Plan and Section 409A of the Code and the Treasury Regulations thereunder. For purposes of these Terms and Conditions, all references to Participant's termination of service with the Company or termination as a member of the Board shall mean a "separation from service" as defined in Code Section 409A and Treasury Regulations Section 1.409A-1(h) without regard to the optional alternative definitions available thereunder. If Participant is a "specified employee" (as determined in accordance with Section 409A(a)(2)(B)(i) of the Code and Treasury Regulation Section 1.409A-1(i)) on the date of Participant's "separation from service", the delivery of any of Common Stock to be delivered upon such "separation from service" shall be delayed to the extent necessary to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, and such payment shall be paid or distributed to Participant on the earlier of (a) the expiration of the six-month period measured from the date of Participant's "separation from service" or (b) the date of Participant's death.

17. TAX REPRESENTATIONS.

Participant has reviewed with Participant's own tax advisors the federal, state, local and foreign tax consequences of the Award. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. Participant understands that Participant (and not the Company) shall be responsible for Participant's own tax liability that may arise as a result of the Award.

EXHIBIT B
TO RESTRICTED STOCK UNIT GRANT NOTICE
VESTING SCHEDULE

1. VESTING SCHEDULE. Except as provided in Section 2 below, the RSUs shall vest on [Month, date, year], subject to Participant not experiencing a Termination of Service prior to such vesting date.

2. ACCELERATED VESTING. In the event of a Change in Control or Participant’s, death, Disability, or 409A Disability, Participant will vest in all of the RSUs immediately prior to such Change in Control or upon Participant's, death, Disability or 409A Disability, as applicable.

   The Award shall also be eligible for accelerated vesting as provided in Section 12.2 of the Plan.

   For purposes of this Award, “Disability” and “Section 409A Disability" have the meanings set forth in the Company’s Share Value Retirement Plan (the "SVRP").

3. DISTRIBUTION SCHEDULE. Subject to Section 16 of the Terms and Conditions, shares of Common Stock shall be distributed and paid to Participant (or in the event of Participant’s death, to his or her estate) with respect to Participant’s vested RSUs on the same events and date(s) as his or her "Retirement Account" is paid under Articles V and VI of the SVRP; provided, however, that (a) in the event such payments are to be made in installments, the number of RSUs to be distributed and paid in each installment shall be equal to the total number of vested RSUs held by Participant divided by the total number of installments to be paid, and (b) no interest shall be credited on any unpaid RSUs and any provisions of the SVRP that provide for the payment of interest or other investment income on the unpaid balance of the benefits payable under the SVRP shall not apply to the RSUs. To the extent necessary to implement the foregoing distribution and payment provisions, Article VI of the SVRP and any defined terms used therein are hereby incorporated herein by reference.

Exhibit 10.17

Parsons Corporation

Non-Employee Director Compensation Policy

(As of July 15, 2019)

Non-Employee Director Compensation	Fee	Frequency Payment
Annual Retainers and Meeting Fees		
Retainer Includes compensation for all the duties of a non-employee director, including attendance at regular, scheduled Board meetings and attendance by Committee members at Committee meetings held on regular, scheduled Board of Directors ("Board") activity days.	$25,000 per quarter, or any portion of a quarter	Quarterly
Retainer for Committee Chairs •Audit •Compensation •Nominating and Governance	$5,000 $4,500 $3,750	Quarterly
Retainer for Committee Members •Audit •Compensation •Nominating and Governance	$2,875 $2,000 $2,000	Quarterly
Retainer for Lead Independent Director	$8,750	Quarterly
Special Meeting Fees •Meetings in addition to and occurring on a day other than those days regularly scheduled for Board activity.	In person: $2,000 Telephonic: $1,000	Per meetin

Form of Payment •Directors may elect to receive all or a portion of their cash retainers (but not meeting fees) in the form of fully vested shares of common stock (election may be made in increments of 25%). •The cash/stock election must be made prior to the last day of the calendar year preceding the year to which the retainers relate •If a director fails to make a valid cash/stock election, all of his or her retainers will be paid in cash. •If a director elects to receive all or a portion of his or her cash retainers in the form of fully vested shares of common stock, such shares will be issued to the director on the first day of each calendar quarter, in advance (and in the case of a newly-elected or appointed director, on the first day of his or her service for the then-current quarter). •The number of shares of common stock to be issued to a director will be determined by dividing (1) the cash retainers to be paid in the form of fully vested shares of common stock, by (2) the "Trailing 60 Trading Day Weighted Average Price" (as defined below) for the Determination Period (as defined below) up to and including the last day of the preceding calendar quarter, rounded up to the nearest whole share. •The shares issued pursuant to a cash/stock election shall be granted under and shall be subject to the terms and provisions of the Parsons Corporation Incentive Award Plan (the "2019 Plan"), and, if a deferral election is made with respect to such shares, shall be granted subject to the execution and delivery of award agreements in substantially the forms previously approved by the Board. •For purposes of this summary, the "Trailing 60 Trading Day Weighted Average Price" will be calculated by (1) first multiplying (A) the closing price per share of Parsons common stock for each trading day in the Determination Period, by (B) the closing volume of shares of Parsons common stock traded on such day, then (2) adding together the results in clause (1) for all of the trading days in the Determination Period, then (3) adding together the share volume in clause (B) for all of the trading days in the Determination Period, then (4) dividing the amount determined under clause (2) by the amount determined under clause (3). The "Determination Period" will be the 60 trading days preceding the date of determination (e.g., if the Trailing 60 Day Weighted Average Price is to be determined for purposes of a grant date of January 1, the Determination Period will be the 60 trading days up to and including the preceding December 31).		

Director Fee Deferral Plan

Each non-employee director is entitled annually to defer part or all of the retainer fee(s) and meeting fees, whether to be paid in cash or stock pursuant to cash/stock election, in accordance with the deferral alternatives set forth in the Parsons Corporation Board of Directors Fee Deferral Plan for Outside Directors (the "Fee Deferral Plan"). Any shares deferred pursuant to such a deferral election will be issued in the form of a deferred fee award consisting number of restricted stock units under the 2019 Plan determined in accordance with the formula above and reflecting the director's deferral election.

Long-Term Incentive Compensation

From and after July 15, 2019: On July 15, 2019 and on the first day of each calendar quarter occurring prior to the first annual shareholders' meeting, commencing October 1, 2019, each non-employee director will be granted such number of restricted stock units as is equal to (1) $40,000 divided by (2) the Trailing 60 Trading Day Weighted Average Price for the Determination Period up to and including the last day of the preceding calendar quarter, rounded up to the nearest whole share, as compensation for services during the preceding quarter. From and after the first annual shareholders' meeting following the Effective Date, on the date of each annual shareholders' meeting, each non-employee director will be granted such number of restricted stock units as is equal to (1) the annual target dollar amount (plus, with respect to the first annual shareholders' meeting following the Effective Date, a prorated quarterly target dollar amount for the portion of the calendar quarter in which such meeting occurs preceding the date of such meeting), divided by (2) the Trailing 60 Trading Day Weighted Average Price for the Determination Period up to and including the last day preceding the date of grant, rounded up to the nearest whole share. All restricted stock units will vest on the first anniversary of the date of grant (e.g., if the date of grant is October 1, 2019, the award will vest on September 30, 2020). The restricted stock units will also vest upon a Change in Control (as defined in the 2019 Plan), or a non-employee director's death or disability, where disability shall mean an illness or other incapacitation which the Board determines is not a Section 409A Disability, but precludes such non-employee director from fully discharging his or her responsibilities as a member of the Board. "Section 409A Disability" means, with respect to any non-employee director, a disability as defined in Treasury Regulation Section 1.409A-3(i)(4)(i), as such term is defined in Section 409A of the Internal Revenue Code. Restricted stock unit award agreements for awards granted for 2019 service will include automatic deferral provisions pursuant to the form previously approved by the Board. Restricted stock unit award agreements for awards granted for service in 2020 and after will permit deferrals of the restricted stock unit awards on terms similar to those under the Fee Deferral Plan. The awards described above shall be granted under and shall be subject to the terms and provisions of the 2019 Plan, and shall be granted subject to the execution and delivery of award agreements in substantially the forms approved by the Board.	$160,000 in the form of restricted stock units	Annual

Director Liability Insurance
Named beneficiary when acting in capacity as director, under two Parsons Corporation insurance policies:

- Directors and Officers Liability Insurance policy - $50 million aggregate coverage
- Directors and Officers Fiduciary Liability Insurance policy - $35 million aggregate coverage

Travel Accident Policy
$500,000 (aggregate $5 million for Board per event)

Travel Costs
Travel will be reimbursed based on the following guidelines, with receipts required for expense items > $25:

- AIR TRAVEL: Domestic, First Class; International, Business Class
- GROUND TRANSPORTATION: Rail, bus, taxi, parking, tolls, rental cars, and mileage at the IRS standard mileage rate
- LODGING COSTS: As required for attending scheduled meetings. Saturday night stay-over costs reimbursed if air-fare savings exceed the costs of lodging and meals and incidentals. All expenses incurred with add-on/personal travel (travel either before or after board meetings that is schedule the sole discretion of the director) are the responsibility of the traveler.
- SPOUSE/SIGNIFICANT OTHER TRAVEL: At the discretion and sole expense of the director. Ground transportation and meal costs for those functi that are designated as social functions will be reimbursable by Parsons.

Compensation Limits Notwithstanding anything to the contrary in this Policy, all compensation payable under this Policy will be subject to any limits on the maximum amount of employee director compensation set forth in the 2019 Plan, as in effect from time to time.
General The cash and long-term incentive compensation described in this Policy shall be paid or be made, as applicable, automatically and without further action the Board, to each member of the Board who is not an employee of Parsons or any parent or subsidiary of Parsons who is entitled to receive such cash c long-term incentive compensation, unless such non-employee director declines the receipt of such cash or equity compensation by written notice to Parsons. This Policy shall remain in effect until it is revised or rescinded by further action of the Board. This Policy may be amended, modified or termin by the Board at any time in its sole discretion. For the avoidance of doubt, the share numbers in this Policy shall be subject to adjustment as provided in the 2019 Plan Date.

Exhibit 10.19

PARSONS CORPORATION
EMPLOYEE STOCK PURCHASE PLAN

Parsons Corporation, a corporation organized under the laws of the State of Delaware (the "***Company***"), hereby adopts the Parsons Corporation Employee Stock Purchase Plan (the "***Plan***"). The purposes of the Plan are as follows:

(1) To assist Employees of the Participating Companies in acquiring a stock ownership interest in the Company.

(2) To help Employees provide for their future security and to encourage them to remain in the employment of the Participating Companies.

This Plan includes two components: a Code Section 423 Component (the "***Section 423 Component***") and a non-Code Section 423 Component (the "***Non-Section 423 Component***"). It is the intention of the Company to have the Section 423 Component qualify as an "employee stock purchase plan" under Section 423 of the Code. The provisions of the Section 423 Component, accordingly, shall be construed so as to extend and limit participation on a uniform and nondiscriminatory basis consistent with the requirements of Section 423 of the Code. In addition, this Plan authorizes the grant of Options under the Non-Section 423 Component, which does not qualify as an "employee stock purchase plan" under Section 423 of the Code; such Options granted under the Non-Section 423 Component shall be granted pursuant to separate Offerings containing such sub-plans, appendices, rules or procedures as may be adopted by the Committee and designed to achieve tax, securities laws or other objectives for Eligible Employees and the Participating Companies in locations outside of the U.S. Except as otherwise provided herein, the Non-Section 423 Component will operate and be administered in the same manner as the Section 423 Component. Offerings intended to be made under the Non-Section 423 Component will be designated as such by the Committee at or prior to the time of such Offering.

For purposes of this Plan, the Committee may designate separate Offerings under the Plan, the terms of which need not be identical, in which Eligible Employees of one or more Participating Companies will participate, even if the dates of the applicable Offering Period(s) in each such Offerings are identical, provided that the terms of participation are the same within each separate Offering as determined under Section 423 of the Code.

1. DEFINITIONS

Whenever any of the following terms is used in the Plan with the first letter or letters capitalized, it shall have the following meaning unless the context clearly indicates to the contrary (such definitions to be equally applicable to both the singular and the plural forms of the terms defined):

(a) "***Affiliate***" means (i) any entity that, directly or indirectly, is controlled by, controls or is under common control with, the Company or (ii) any entity in which the Company has a significant equity interest, in either case as determined by the Committee, whether now or hereafter existing (which, for avoidance of doubt, shall include any Subsidiary Corporation).

(b) "***Applicable Law***" means the requirements relating to the administration of equity incentive plans under U.S. federal and state securities, tax and other applicable laws, rules and regulations, the applicable rules of any stock exchange or quotation system on which the Stock is listed or quoted and the applicable laws and rules of any foreign country or other jurisdiction where rights under this Plan are granted.

(c) “***Board of Directors***” or “***Board***” means the Board of Directors of the Company.

(d) “***Code***” means the U.S. Internal Revenue Code of 1986, as amended, and the U.S. Treasury Regulations thereunder.

(e) “***Committee***” means the committee appointed to administer the Plan pursuant to Section 12 hereof.

(f) “***Company***” means Parsons Corporation, a Delaware corporation.

(g) “***Effective Date***” has the meaning assigned to that term in Section 14 hereof.

(h) “***Election Form***” has the meaning assigned to that term in Section 3(c) hereof.

(i) “***Eligible Compensation***” means, with respect to any Offering Period, an Eligible Employee’s base pay, including overtime payments and shift differentials, but excluding sales commissions, incentive compensation, bonuses, expense reimbursements, fringe benefits and other special payments, or, for Participants in non-U.S. jurisdictions, equivalent amounts as determined by the Committee. The Committee, in its discretion, may establish a different definition of Eligible Compensation on a prospective basis, which definition must be implemented on a uniform and nondiscriminatory basis for each Offering in the Section 423 Component,.

(j) “***Eligible Employee***” means:

(i) an Employee who does not, immediately after the Option is granted, own stock possessing five percent or more of the total combined voting power or value of all classes of stock of the Company, a Parent Corporation or a Subsidiary Corporation.

(ii) For purposes of this paragraph (j), the rules of Section 424(d) of the Code with regard to the attribution of stock ownership shall apply in determining the stock ownership of an individual, and stock which an Employee may purchase under outstanding options shall be treated as stock owned by the Employee.

(iii) Notwithstanding the foregoing, the Committee may exclude from participation in the Plan or any Offering as an Eligible Employee:

(A) any Employee that is a “highly compensated employee” of the Company or any Participating Company (within the meaning of Section 414(q) of the Code), or that is such a “highly compensated employee” (1) with compensation above a specified level, (2) who is an officer and/or (3) is subject to the disclosure requirements of Section 16(a) of the Exchange Act, and/or

(B) any Employee that has not met a service requirement designated by the Committee pursuant to Section 423(b)(4)(A) of the Code (which service requirement may not exceed two years),

(C) any Employee whose customary employment with the Company or any Participating Company is twenty hours or less per week and/or not more than five months per calendar year (or any lesser number of hours per week or months per calendar year designated by the Committee), and/or

(D) any Employee who is a citizen or resident of a foreign jurisdiction (without regard to whether they are also a U.S. citizen or a resident alien (within the meaning of Section 7701(b)(1)(A) of the Code)) if either (1) the grant of the Option is prohibited under the laws of the jurisdiction governing such Employee, or (2) compliance with the laws of the foreign jurisdiction would cause the Section 423 Component, any Offering or the Option to violate the requirements of Section 423 of the Code;

provided that any exclusion in clauses (A), and/or (B) and/or (C) and/or (D) shall be applied in an identical manner under each Offering to all Employees of the Participating Companies in such Offering, in accordance with Treasury Regulation Section 1.423-2(e).

(iv) With respect to the Non-Section 423 Component, all of the foregoing rules shall apply in determining who is an "Eligible Employee," except (A) the Committee may limit eligibility further within a Participating Company so as to only designate some Employees of a Participating Company as Eligible Employees, and (B) to the extent the foregoing eligibility rules are not consistent with applicable local laws.

(k) "***Employee***" means an individual who renders services to a Participating Company in the status of an employee, and, with respect to the Section 423 Component, a person who is an employee within the meaning of Section 3401(c) of the Code. For purposes of the Section 423 Component, "***Employee***" shall not include any independent contractor or director of the Company or a Participating Company who does not render services to the Company or a Participating Company in the status of an employee within the meaning of Section 3401(c) of the Code. A Participant shall be deemed to have ceased to be an Employee either upon the Participant ceasing to provide services as an employee or upon the Subsidiary Corporation or Affiliate employing the Participant ceasing to be a Participating Company. The Company shall determine in good faith and in the exercise of its discretion whether an individual has become or has ceased to be an Employee and the effective date of such individual's attainment or termination of such status. For purposes of an individual's participation in, or other rights under the Plan, all such determinations by the Company shall be final, binding and conclusive, notwithstanding that any court of law or governmental agency subsequently makes a contrary determination. For purposes of the Plan, the employment relationship shall be treated as continuing intact while the individual is on an approved leave of absence (which, for purposes of the Section 423 Component, must meet the requirements of Treasury Regulation Section 1.421-1(h)(2)). For purposes of the Section 423 Component, where the period of an approved leave of absence exceeds three months, or such other period specified in Treasury Regulation Section 1.421-1(h)(2), and the individual's right to reemployment is not provided either by statute or contract, the employment relationship shall be deemed to have terminated for purposes of the Plan on the first day immediately following such three-month period, or such other period specified in Treasury Regulation Section 1.421-1(h)(2).

(l) "***Enrollment Date***" means the first day of each Offering Period.

(m) "***Exchange Act***" means the U.S. Securities Exchange Act of 1934, as amended.

(m) “***Exercise Date***” means, with respect to any Option, the last Trading Day of the Offering Period for which the Option was granted.

(n) “***Fair Market Value***” of a share of Stock as of a given date means the closing price of a share of Stock on the principal exchange on which the Stock is then trading, including, without limitation, The New York Stock Exchange, if any, on such date, or, if shares were not traded on such date, then on the most recent trading day during which a sale occurred.

(o) “***Grant Date***” means, with respect to any Option, the first Trading Day of the Offering Period on which the Option is granted, as set forth in Section 3(b) hereof.

(p) “***Non-Section 423 Component***” means the sub-plans, appendices, rules or procedures, if any, adopted by the Committee as a part of this Plan, pursuant to which Options that do not satisfy the requirements for “employee stock purchase plans” that are set forth under Section 423 of the Code may be granted pursuant to Offerings to non-U.S. Eligible Employees.

(q) “***Offering***” means an offer under the Plan of an Option that may be exercised during an Offering Period as further described in Sections 3 and 4. Unless otherwise specified by the Committee, each Offering to the Eligible Employees of the Company or a Participating Company shall be deemed a separate Offering, even if the dates and other terms of the applicable Offering Periods of each such Offering are identical and the provisions of the Plan will separately apply to each Offering. To the extent permitted by U.S. Treasury Regulation Section 1.423-2(a)(1), the terms of each separate Offering under the Section 423 Component need not be identical, provided that the terms of the Section 423 Component and an Offering together satisfy U.S. Treasury Regulation Section 1.423-2(a)(2) and (a)(3).

(r) “***Offering Period***” means, with the exception of the initial Offering Period under the Plan, the six-month periods commencing January 1 and July 1 of each Plan Year as specified in Section 3(b) hereof or such other dates which are six months apart as determined by the Committee. The initial Offering Period under the Plan shall be the four-month period commencing March 1, 2020 and ending on June 30, 2020. Options shall be granted on the Grant Date and exercised on the Exercise Date as provided in Sections 3(a) and 4(a) hereof. The Committee may establish a different duration for one or more Offering Periods or different commencing or ending dates for such Offering Periods; provided, however, that no Offering Period may have a duration exceeding 27 months.

(s) “***Option***” means an option granted under the Plan to an Eligible Employee to purchase shares of the Company’s Stock.

(t) “***Option Price***” has the meaning set forth in Section 4(b) hereof.

(u) “***Parent Corporation***” means any corporation, other than the Company, in an unbroken chain of corporations ending with the Company if, at the time of the granting of the Option, each of the corporations other than the Company owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

(v) “***Participant***” means an Eligible Employee who has complied with the provisions of Section 3(c) hereof.

(w) "***Participating Company***" means the Company and such present or future Subsidiary Corporations or Affiliates of the Company as the Board of Directors or the Committee shall from time to time designate; provided, however, that at any given time, a Subsidiary Corporation that is a Participating Company in the Section 423 Component will not be a Participating Company in the Non-Section 423 Component. The designation by the Committee of Participating Companies and changes in such designations by the Committee shall not require stockholder approval. Only Subsidiary Corporations may be designated as Participating Companies for purposes of the Section 423 Component, and if an entity does not so qualify, it shall automatically be deemed to be a Participating Company in the Non-Section 423 Component.

(x) "***Participating Company Group***" means, at any point in time, the Company and all other Subsidiary Corporations or Affiliates which are then Participating Companies.

(y) "***Payday***" means the regular and recurring established day for payment of cash compensation to Employees of the Company or any Participating Company.

(z) "***Plan***" means the Parsons Corporation Employee Stock Purchase Plan, including both the Section 423 Component and the Non-Section 423 Component and any other sub-plans or appendices hereto, as amended from time to time.

(aa) "***Plan Year***" means the calendar year.

(bb) "***Section 423 Component***" means those Offerings under the Plan that are intended to meet the requirements set forth in Section 423(b) of the Code.

(cc) "***Stock***" means the Company's common stock.

(dd) "***Subsidiary Corporation***" means any entity that is a subsidiary corporation of the Company within the meaning of Section 424 of the Code.

(ee) "***Termination Date***" means the date a Participant ceases to be an Eligible Employee.

(ff) "***Trading Day***" means a day on which the national stock exchange upon which the Stock is listed is open for trading.

2. STOCK SUBJECT TO THE PLAN

Subject to the provisions of Section 9 hereof (relating to adjustments upon changes in the Stock) and Section 11 hereof (relating to amendments of the Plan), the Stock which may be sold pursuant to Options granted under the Plan shall not exceed in the aggregate 2,000,000 shares, and may be unissued shares or treasury shares or shares bought on the market for purposes of the Plan. All or any portion of such maximum number of shares may be issued under the Section 423 Component. If an outstanding purchase right for any reason expires or is terminated or canceled, the shares of Stock allocable to the unexercised portion of that purchase right shall again be available for issuance under the Plan.

3. GRANT OF OPTIONS

(a) Eligibility

. Any Eligible Employee who shall be employed by the Company or a Participating Company and meet the eligibility requirements hereunder on a given Enrollment

Date for an Offering Period shall be eligible to participate in the Plan during such Offering Period, subject to the requirements of this Section 3 and the limitations imposed by Section 423(b) of the Code.

(b) Grant of Options. The Company shall offer Options under the Plan to all Eligible Employees in successive Offering Periods. Each Option shall be granted on the Grant Date of an Offering Period and shall expire on the Exercise Date immediately after the automatic exercise of the Option pursuant to Section 4(a) hereof. The number of shares of Stock subject to each Option shall equal the payroll deductions authorized by each Participant in accordance with Section 3(c) hereof for the Offering Period (or, if applicable, the contributions by each Participant in accordance with Section 3(f) or Section 3(g) hereof), divided by the Option Price, except with respect to fractional shares as provided in Section 4(a); provided, however, that the maximum number of shares subject to any Option shall not exceed 3,000. If by reason of the foregoing limitation any portion of the balance in a Participant's account under the Plan is not applied to the purchase of Stock on an Exercise Date, the Company shall pay to the Participant such amount in cash in one lump sum as soon as reasonably practicable following such Exercise Date, without any interest thereon, unless otherwise required by local law for Participants in non-U.S. jurisdictions. Further, the Committee may limit the number or value of the shares of Stock made available for purchase in a qualified period (e.g., 12 month period) by Participants in specified countries or working for specified Participating Companies, if necessary to avoid securities law filings, achieve tax objectives or to meet other Company compliance objectives in particular non-U.S. jurisdictions, provided that any such limitation is imposed under the Non-Section 423 Component or, with respect to any Offering under the Section 423 Component, is imposed on an equal basis to all Participants under such Offering or as otherwise permitted in accordance with Section 423 of the Code.

(c) Election to Participate; Payroll Deduction Authorization. Except as provided in Section 3(f) or Section 3(g) hereof, an Eligible Employee shall participate in the Plan only by means of payroll deduction. Each Eligible Employee who elects to participate in the Plan shall deliver to the Company during the calendar month preceding an Enrollment Date (or such shorter or longer period as may be determined by the Committee) a completed and executed written or electronic payroll deduction authorization form in a form prepared by the Company (an "***Election Form***"). An Eligible Employee's Election Form shall give notice of such Eligible Employee's election to participate in the Plan for the next following Offering Period and subsequent Offering Periods and shall designate such Participant's payroll deduction election. The cash compensation payable to a Participant for an Offering Period shall be reduced each Payday during an Offering Period through a payroll deduction in an amount equal to the stated withdrawal amount specified in the Election Form payable on such Payday, and such amount shall be credited to the Participant's account under the Plan. Any Election Form shall remain in effect for each subsequent Offering Period on the terms contained therein until the Eligible Employee amends the same pursuant to this subsection, withdraws pursuant to Section 5 or ceases to be an Eligible Employee pursuant to Section 6.

The Committee may adopt rules and procedures for the implementation and administration of payroll deduction elections and the grant and exercise of Options under the Plan, including the following:

(i) whether a Participant's payroll deduction election may be stated in terms of a dollar amount on each Payday, a percentage of Eligible Compensation on each Payday or in any other manner; provided that, in the absence of any determination by the Committee, a

Participant's payroll deduction election shall be stated in terms of a percentage of such Participant's Eligible Compensation on each Payday;

(ii) any minimum or maximum dollar or percentage limitations that apply to a Participant's payroll deduction election; provided that, in the absence of any determination by the Committee, the minimum payroll deduction to be made by a Participant per Payday is 1% of Eligible Compensation (or $10.00, if a dollar amount is specified); provided, further, that in the absence of any determination by the Committee, the maximum payroll deduction to be made by a Participant per Payday is 10% of Eligible Compensation;

(iii) whether a Participant may increase or decrease the rate of, or suspend, his or her payroll deductions during an Offering Period, which shall be accomplished by the Participant completing or filing with the Company a new Election Form authorizing a change in payroll deduction rate; provided that, in the absence of any determination by the Committee, a Participant may decrease or suspend, but not increase, the rate of his or her payroll deductions once during an Offering Period. The change in rate shall be effective with the first full payroll period following the Company's receipt of the new Election Form (or such shorter or longer period as may be determined by the Committee, in its sole discretion). Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 3(d) hereof, a Participant's payroll deductions may be decreased to 0% at any time during an Offering Period;

(iv) determination of the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars; and

(v) determination of the date and manner by which the Fair Market Value of a share of Stock is determined for purposes of administration of the Plan.

All such actions by the Company with respect to the Section 423 Component shall be consistent with the requirement under Section 423(b)(5) of the Code that all Participants shall have equal rights and privileges within the meaning of such section, except for differences that may be mandated by local law and that are consistent with Section 423(b)(5) of the Code.

(d) $<u>25,000 Limitation</u>. No Eligible Employee shall be granted an Option under the Plan which permits his or her rights to purchase Stock under the Plan and under all other employee stock purchase plans of the Company, any Parent Corporation or any Subsidiary Corporation subject to Section 423 to accrue at a rate which exceeds the $25,000 limit set forth in Section 423(b)(8) of the Code. If by reason of the foregoing limitation any portion of the balance in a Participant's account under the Plan is not applied to the purchase of Stock on an Exercise Date, the Company shall pay to the Participant such amount in cash in one lump sum as soon as reasonably practicable following such Exercise Date.

(e) <u>Decrease or Suspension of Payroll Deductions</u>

<u>or Contributions</u>. Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 3(d) or the other limitations set forth in this Plan, a Participant's payroll deductions or contributions may be suspended or discontinued by the Committee at any time during an Offering Period. The balance of the amount credited to the account of each Participant that has not been applied to the purchase of shares of Stock by reason of Section 423(b)(8) of the Code, Section 3(d) or the

other limitations set forth in this Plan shall be paid to such Participant in one lump sum in cash as soon as reasonably practicable after the Exercise Date.

(f) Leaves of Absence. During an approved leave of absence meeting the requirements of Treasury Regulation Section 1.421-1(h)(2), a Participant may continue to participate in the Plan by means of payroll deduction for so long as such Participant continues to be an Eligible Employee, or, if such leave is unpaid and to the extent permitted by the Company, by making cash payments to the Company on each Payday equal to the amount of the Participant's payroll deductions under the Plan for the Payday immediately preceding the first day of such Participant's leave of absence.

(g) Foreign Employees. Notwithstanding any other provisions of the Plan to the contrary, in non-U.S. jurisdictions where participation in the Plan through payroll deductions is prohibited, the Committee may provide that an Eligible Employee may elect to participate through contributions to his or her account under the Plan in a form acceptable to the Committee in lieu of or in addition to payroll deductions; provided, however, that, for any Offering under the Section 423 Component, the Committee must determine that any alternative method of contribution is applied on an equal and uniform basis to all Eligible Employees in the Offering.

4. EXERCISE OF OPTIONS; OPTION PRICE

(a) General Statement. Each Participant automatically and without any act on such Participant’s part shall be deemed to have exercised such Participant’s Option on the Exercise Date to the extent that the balance then in the Participant’s account under the Plan is sufficient to purchase at the Option Price whole shares of the Stock subject to the Option. Any cash in lieu of fractional shares of Stock remaining after the purchase of whole shares of Stock upon exercise of an Option will be credited to such Participant’s account and carried forward and applied toward the purchase of whole shares of Stock pursuant to the Option, if any, granted to such Participant for the next following Offering Period. Fractional shares will not be issued.

(b) Option Price Defined. Unless otherwise determined by the Committee prior to the commencement of an Offering Period, the option price per share of Stock (the “***Option Price***”) to be paid by a Participant upon the exercise of the Participant’s Option during an Offering Period shall be equal to 95% of the Fair Market Value of a share of Stock on the Exercise Date; provided, however, that in no event shall the Option Price to be paid by a Participant upon the exercise of a Participant's Option during an Offering Period be less than 85% of the Fair Market Value of a share of Stock on the Grant Date or on the Exercise Date, whichever is lower.

(c) Delivery of Shares. As soon as practicable after the exercise of any Option, the Company will deliver to the Participant or his or her nominee the whole shares of Stock purchased by the Participant from funds credited to the Participant’s account under the Plan. Shares issued pursuant to the Plan may be evidenced in such manner as the Committee may determine and may be issued in certificated form or issued pursuant to book-entry procedures. The Company may permit or require that shares be deposited directly with a broker designated by the Company or to a designated agent of the Company, and the Company may utilize electronic or automated methods of share transfer. The Company may require that shares be retained with such broker or agent for a designated period of time, and/or may establish procedures to permit tracking of dispositions of shares. In the event the Company is required to obtain authority from any commission or agency to issue any such shares, the Company shall seek to obtain such authority. The inability of the Company to obtain authority from any such commission or agency which the Committee in its absolute discretion deems necessary for the lawful issuance of any such shares shall relieve the Company from liability to any Participant except to pay to the Participant the amount of the balance in the Participant's account in cash in one lump sum.

(d) Pro Rata Allocations. If the total number of shares of Stock for which Options are to be exercised on any Exercise Date exceeds the lesser of (i) the number of shares of Stock that were available for sale under the Plan on the Grant Date of the applicable Offering Period or (ii) the number of shares remaining unsold under the Plan (after deduction of all shares for which Options have theretofore been exercised) on such Exercise Date, the Committee may make a pro rata allocation of the available remaining shares in as nearly a uniform manner as shall be practicable and any balance of payroll deductions credited to the accounts of Participants which have not been applied to the purchase of shares of Stock shall be paid to such Participants in cash in one lump sum as soon as reasonably practicable after the Exercise Date. The Company may make pro rata allocation of the shares available on the Grant Date of any applicable Offering Period pursuant to the preceding sentence, notwithstanding any authorization of additional shares for issuance under the Plan by the Company's stockholders subsequent to such Grant Date. The balance of the amount credited to the account of each Participant that has not been applied to the purchase of shares shall be paid to such Participant in one lump sum in cash as soon as reasonably practicable after the Exercise Date.

5. WITHDRAWAL FROM THE PLAN

(a) General Statement. Any Participant may withdraw from participation under the Plan at any time except the Company may create an administrative rule that prohibits a Participant from withdrawing during the last ten days of any Offering Period (or such shorter or longer period as may be determined by the Committee). A Participant who wishes to withdraw from the Plan must deliver to the Company a notice of withdrawal in a written or electronic form prepared by the Company (the "***Withdrawal Election***") prior to the Exercise Date and within the deadline established by the Company. Upon receipt of a Participant's Withdrawal Election, the Company shall pay to the Participant the amount of the balance in the Participant's account under the Plan in cash in one lump sum as soon as reasonably practicable following the date of withdrawal. Upon receipt of a Participant's Withdrawal Election by the Company, the Participant shall cease to participate in the Plan and the Participant's Option shall terminate.

(b) Eligibility Following Withdrawal. A Participant who withdraws from the Plan and who is still an Eligible Employee shall be eligible to participate again in the Plan as of any subsequent Grant Date by delivering to the Company an Election Form pursuant to Section 3(c) hereof.

6. TERMINATION OR TRANSFER OF EMPLOYMENT

(a) Termination of Employment Other than by Death. If a Participant ceases to be an Eligible Employee other than due to death, the Participant's participation in the Plan automatically and without any act on the Participant's part shall terminate as of the Termination Date. The Company will pay to the Participant the amount of the balance in the Participant's account under the Plan as soon as reasonably practicable following the Termination Date. Upon a Participant's termination of employment covered by this Section 6(a), the Participant's Election Form, interest in the Plan and Option under the Plan shall terminate.

(b) Termination By Death. If a Participant ceases to be a Eligible Employee due to death, the executor of the Participant's will or the administrator of the Participant's estate by written notice to the Company may request payment of the balance in the Participant's account under the Plan, in which event the Company shall make such payment as soon as practicable after receiving such notice; upon receipt of such notice the Participant's Election Form, in the Plan and Option under the Plan shall terminate. If the Company does not receive such notice prior to the next Exercise Date, the Participant's Option shall be deemed to have been exercised on such Exercise Date and any cash remaining in such Participant's account thereafter shall be distributed in cash pursuant to Section 5(a) hereof.

(c) Transfer of Employment. A transfer of employment from one Participating Company to another shall not be treated as a termination of employment. If a Participant transfers employment from the Company or any Participating Company participating in the Section 423 Component to a Participating Company participating in the Non-Section 423 Component, he or she shall immediately cease to participate in the Section 423 Component; however, any Contributions made for the Offering Period in which such transfer occurs shall be transferred to the Non-Section 423 Component, and such Participant shall immediately join the then current Offering under the Non-Section 423 Component upon the same terms and conditions in effect for his or her participation in the Section 423 Component, except for such modifications otherwise applicable for Participants in such Offering. A Participant who transfers employment from a Participating Company participating in the Non-Section 423 Component to the Company or any Participating Company participating in the Section 423 Component shall remain a Participant in the Non-Section 423 Component until the earlier of (i) the end of the current Offering Period under the Non-Section 423 Component, or (ii) the Enrollment Date of the first Offering Period in which he or she is eligible to participate following such transfer. Notwithstanding the foregoing, the Committee may establish different rules to govern transfers of employment between companies participating in the Section 423 Component and the Non-Section 423 Component, consistent with the applicable requirements of Section 423 of the Code.

7. RESTRICTION UPON ASSIGNMENT

An Option granted under the Plan shall not be transferable other than by will or the laws of descent and distribution, and is exercisable during the Participant's lifetime only by the Participant. Except as provided in Section 6(b) hereof, an Option may not be exercised to any extent except by the Participant. The Company shall not recognize and shall be under no duty to recognize any assignment or alienation of the Participant's interest in the Plan, the Participant's Option or any rights under the Participant's Option.

8. NO RIGHTS OF STOCKHOLDERS UNTIL SHARES ISSUED

With respect to shares of Stock subject to an Option, a Participant shall not be deemed to be a stockholder of the Company, and the Participant shall not have any of the rights or privileges of a stockholder, until such shares have been issued to the Participant or his or her nominee following exercise of the Participant's Option. No adjustments shall be made for dividends (ordinary or extraordinary, whether in cash securities, or other property) or distribution or other rights for which the record date occurs prior to the date of such issuance, except as otherwise expressly provided herein.

9. CHANGES IN THE STOCK; ADJUSTMENTS OF AN OPTION

(a) Changes in Capitalization. Subject to Section 9(c), in the event that the Committee determines that any dividend or other distribution (whether in the form of cash, Stock, other securities, or other property), change in control, reorganization, merger, amalgamation, consolidation, combination, repurchase, recapitalization, liquidation, dissolution, or sale, transfer, exchange or other disposition of all or substantially all of the assets of the Company, or sale or exchange of Stock or other securities of the Company, issuance of warrants or other rights to purchase Stock or other securities of the Company, or other similar corporate transaction or event, as determined by the Committee, affects the Stock such that an adjustment is determined by the Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended by the Company to be made available under the Plan or with respect to any outstanding purchase rights under the Plan, the Committee shall make equitable adjustments, if any, to reflect such change with respect to (i) the number of shares of Stock subject to the Plan pursuant to Section 2 above, and to preserve, but not increase, the rights of Participants hereunder, (ii) the maximum number of shares of Stock a Participant may purchase during an Offering Period pursuant to Section 3(b) above, and (iii) the number and the Option Price of shares of Stock subject to the Options outstanding under the Plan.

(b) Other Adjustments. Subject to Section 9(c), in the event of any transaction or event described in Section 9(a) or any unusual or nonrecurring transactions or events affecting the Company, any Affiliate or Subsidiary Corporation of the Company, or the financial statements of the Company or any Affiliate or Subsidiary Corporation of the Company (including without limitation any change in control), or of changes in Applicable Laws, regulations or accounting principles, and whenever the Committee determines that such action is appropriate in order to prevent the dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any right under the Plan, to facilitate such transactions or events or to give effect to such changes in laws, regulations or principles, the Committee, in its sole discretion and on such terms and conditions as it deems appropriate, is hereby authorized to take any one or more of the following actions:

(i) To provide for either (A) termination of any outstanding Option in exchange for an amount of cash, if any, equal to the amount that would have been obtained upon the exercise of such Option had such right been currently exercisable or (B) the replacement of such outstanding Option with other rights or property selected by the Committee in its sole discretion;

(ii) To provide that the outstanding rights under the Plan shall be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar rights covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices; and

(iii) To make adjustments in the number and type of shares of Stock (or other securities or property) subject to outstanding Options under the Plan and/or in the terms and conditions of outstanding Options and Options which may be granted in the future;

(iv) To provide that Participants' accumulated payroll deductions may be used to purchase Stock prior to the next occurring Exercise Date on such date as the Committee determines in its sole discretion and the Participants' rights under the ongoing Offering Period terminated; and

(v) To provide that all outstanding Options shall terminate without being exercised.

(c) No Adjustment Under Certain Circumstances. No adjustment or action described in this Section 9 or in any other provision of the Plan shall be authorized to the extent that such adjustment or action would cause the Section 423 Component of the Plan to fail to satisfy the requirements of Section 423 of the Code.

(d) No Other Rights. Except as expressly provided in the Plan, no Participant shall have any rights by reason of any subdivision or consolidation of shares of stock of any class, the payment of any dividend, any increase or decrease in the number of shares of stock of any class or any dissolution, liquidation, merger, or consolidation of the Company or any other corporation. Except as expressly provided in the Plan or pursuant to action of the Committee under the Plan, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of shares of Stock subject to an Option or the Option Price of any Option.

10. USE OF FUNDS; NO INTEREST PAID

All funds received or held by the Company under the Plan shall be included in the general funds of the Company free of any trust or other restriction and may be used for any corporate purpose, except for funds contributed under Offerings in which the local law of a non-U.S. jurisdiction requires that contributions to the Plan by Participants be segregated from the Company's general corporate funds and/or deposited with an independent third party for Participants in non-U.S. jurisdictions. No interest will be paid to any Participant or credited to any Participant's account under the Plan with respect to such funds, except as may be required by local law in a non-U.S. jurisdiction. If the segregation of funds and/or payment of interest on any Participant's account is so required, such provisions shall apply to all Participants in the relevant Offering except to the extent otherwise permitted by U.S. Treasury Regulation Section 1.423-2(f). With respect to any Offering under the Non-Section 423 Component, the payment of interest shall apply as determined by the Committee (but absent any such determination, no interest shall apply).

11. AMENDMENT OF THE PLAN

(a) Amendment, Modification and Termination. The Board of Directors or the Committee may amend, suspend, or terminate the Plan at any time and from time to time, provided that approval of the Company's stockholders shall be required to amend the Plan (i) to increase the number of shares of Stock, or change the type of securities, reserved for sale pursuant to Options under the Plan pursuant to Section 2 above, or (ii) in any manner that would cause the Section 423 Component to no longer constitute an "employee stock purchase plan" within the meaning of Section 423(b) of the Code, or (iii) in any manner that would require the approval of the Company's stockholders under Applicable Law or the rules of the stock exchange on which the shares of Stock are listed.

(b) Certain Changes to Plan

. Without stockholder consent and without regard to whether any Participant rights may be considered to have been adversely affected, to the extent permitted by Section 423 of the Code, the Committee shall be entitled to change or terminate the Offering Periods, limit the frequency and/or number of changes in the amount withheld from Eligible Compensation during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the Company's processing of payroll withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Stock for each Participant properly correspond with amounts withheld from the Participant's Eligible Compensation, and establish such other limitations or procedures as the Committee determines in its sole discretion to be advisable that are consistent with the Plan.

(c) Actions in the Event of Unfavorable Financial Accounting Consequences. In the event the Board of Directors or the Committee determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Board of Directors or the Committee may, to the extent permitted under Section 423 of the Code with respect to Offerings under the Section 423 Component, in its discretion and, to the extent necessary or desirable, modify or amend the Plan to reduce or eliminate such accounting consequence including, but not limited to:

(i) subject to Section 4(b), altering the Option Price for any Offering Period including an Offering Period underway at the time of the change in Option Price;

(ii) shortening any Offering Period so that the Offering Period ends on a new Exercise Date, including an Offering Period underway at the time of the Board of Directors or Committee action; and

(iii) amending the maximum percentage of Eligible Compensation a Participant may elect to contribute pursuant to Section 3(c); and

(iv) reducing the maximum number of shares of Stock a Participant may purchase during any Offering Period pursuant to Section 2(a).

Such modifications or amendments shall not require stockholder approval or the consent of any Participant.

12. ADMINISTRATION BY COMMITTEE; RULES AND REGULATIONS

(a) Appointment of Committee. The Plan shall be administered by the Committee, which shall be composed of two or more members of the Board of Directors, each of whom is a “non-employee director” as defined by Rule 16b-3 under the Exchange Act, and which is otherwise constituted to comply with Applicable Law. Each member of the Committee shall serve for a term commencing on a date specified by the Board of Directors and continuing until the member dies or resigns or is removed from office by the Board of Directors. The Committee at its option may utilize the services of an agent to assist in the administration of the Plan including establishing and maintaining an individual securities account under the Plan for each Participant.

(b) Duties and Powers of Committee. It shall be the duty of the Committee to conduct the general administration of the Plan in accordance with the provisions of the Plan. The Committee shall have the power to interpret the Plan and the terms of the Options and to adopt such rules for the administration, interpretation, and application of the Plan as are consistent therewith and to interpret, amend or revoke any such rules. In its absolute discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan. For the avoidance of doubt, the Committee shall also have the authority to determine which Participating Companies shall participate in the Non-Section 423 Component and which shall participate in the Section 423 Component.

(c) Majority Rule. The Committee shall act by a majority of its members in office. The Committee may act either by vote at a meeting or by a memorandum or other written instrument signed by a majority of the Committee.

(d) Compensation; Professional Assistance; Good Faith Actions. All expenses and liabilities incurred by members of the Committee in connection with the administration of the Plan shall be borne by the Company. The Committee may, with the approval of the Board, employ attorneys, consultants, accountants, appraisers, brokers or other persons. The Committee, the Company and its officers and directors shall be entitled to rely upon the advice, opinions or valuations of any such persons. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and binding upon all Participants, the Company and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or the Options, and all members of the Committee shall be fully protected by the Company in respect to any such action, determination, or interpretation.

(e) Authority of Officers. Any officer of the Company shall have the authority to act on behalf of the Company with respect to any matter, right, obligation, determination or election that is the responsibility of or that is allocated to the Company herein, provided that the officer has apparent authority with respect to such matter, right, obligation, determination or election or has been delegated such authority by the Committee.

13. NO RIGHTS AS AN EMPLOYEE

Nothing in the Plan shall be construed to give any person (including any Eligible Employee or Participant) the right to remain in the employ of the Company, a Parent Corporation or a Subsidiary Corporation or an Affiliate or to affect the right of the Company, any Parent Corporation or any Subsidiary Corporation or Affiliate to terminate the employment of any person (including any Eligible Employee or Participant) at any time, with or without cause.

14. TERM; APPROVAL BY STOCKHOLDERS

This Plan shall be effective on January 1, 2020 (the "***Effective Date***"). The Plan shall be submitted for the approval of the Company's stockholders within 12 months after the date of the Board's initial adoption of the Plan. Options may be granted under this Plan prior to such stockholder approval, but no Options granted under this Plan shall be exercised, and no shares of Stock shall be issued hereunder, until this Plan shall have been approved by the stockholders of the Company. In the event this Plan shall not have been approved by the stockholders of the Company prior to the end of said 12-month period, all Options granted under this Plan shall be canceled and become null and void without being exercised.

The Plan shall terminate upon such date as is determined by the Company in its sole discretion. The Plan shall automatically be suspended on the date on which all shares available for issuance under the Plan shall have been sold pursuant to Options exercised under the Plan pending approval of an increase in the number of shares available for issuance under the Plan. No Option may be granted during any period of suspension of the Plan or after termination of the Plan.

15. EFFECT UPON OTHER PLANS

The adoption of the Plan shall not affect any other compensation or incentive plans in effect for the Company, any Parent Corporation or any Subsidiary Corporation. Nothing in this Plan shall be construed to limit the right of the Company, any Parent Corporation or any Subsidiary Corporation (a) to establish any other forms of incentives or compensation for Employees of the Company, any Parent Corporation or any Subsidiary Corporation or (b) to grant or assume options otherwise than under this Plan in connection with any proper corporate purpose, including, but not by way of limitation, the grant or assumption of options in connection with the acquisition, by purchase, lease, merger, consolidation or otherwise, of the business, stock or assets of any corporation, firm or association.

16. CONDITIONS TO ISSUANCE OF SHARES.

The Company shall not be required to issue or deliver any certificate or certificates for, or make any book entries evidencing, shares of Stock purchased upon the exercise of Options prior to fulfillment of all the following conditions:

(a) The admission of such shares to listing on all stock exchanges, if any, on which the Stock is then listed;

(b) The completion of any registration or other qualification or exemption of such shares under any federal, state, local or foreign law or under the rulings or regulations of the Securities and Exchange Commission or any other governmental regulatory body which the Committee shall, in its absolute discretion, deem necessary or advisable;

(c) The obtaining of any approval or other clearance from any federal, state, local or foreign governmental agency which the Committee shall, in its absolute discretion, determine to be necessary or advisable;

(d) The payment to the Company of all amounts which it or the employer is required to withhold under federal, state, local or foreign law upon grant, exercise of the Option or sale of shares of Stock; and

(e) The lapse of such reasonable period of time following the exercise of the Option as the Committee may from time to time establish for reasons of administrative convenience.

17. TAX WITHHOLDING

At the time a Participant's Option is granted or exercised, in whole or in part, or at the time a Participant disposes of some or all of the shares of Stock he or she acquires under the Plan, the Participant shall make adequate provision for the federal, state, local and foreign income, social insurance and other payroll tax, payment on account, withholding obligations and employer social contribution liability due from a Participant, if any, of the Participating Company Group which arise upon the grant or exercise of the Option or upon such disposition of shares, respectively. The Committee may implement appropriate procedures to ensure that such tax withholding obligations are met. Those procedures may include, without limitation, increased withholding from an employee's current compensation, cash payments to the Company or another Participating Company by an Employee, or a sale of a portion of the Stock purchased under the Plan, which sale may be required and initiated by the Company.

18. CONFORMITY TO SECURITIES LAWS

Notwithstanding any other provision of this Plan, the participation in this Plan and all elections thereunder shall be subject to, and may be limited by, such rules and restrictions as the Committee may prescribe in order to comply with all applicable federal, state, local and foreign securities or exchange control laws. Without limiting the generality of the foregoing, this Plan and participation in this Plan by any individual who is then subject to Section 16 of the Exchange Act shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Law, the Plan shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

19. NOTIFICATION OF DISPOSITION

Each Participant who is a participant in the Section 423 Component shall give prompt notice to the Company of any disposition or other transfer of any shares of Stock purchased upon exercise of an Option if such disposition or transfer is made (a) within two years from the Grant Date of the Option or (b) within one year after the transfer of such shares to such Participant upon exercise of such Option. Such notice shall specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by the Participant in such disposition or other transfer.

20. NOTICES

Any notice to be given under the terms of the Plan to the Company shall be addressed to the Company in care of its Secretary at the Company's principal executive offices and any notice to be given to any Eligible Employee or Participant shall be addressed to such Employee at such Employee's last physical address as reflected in the Company's records or to such Employee's Company-provided e-mail address. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to it, him or her. Any notice which is required to be given to an Eligible Employee or a Participant shall, if the Eligible Employee or Participant is then deceased, be given to the Eligible Employee's or Participant's personal representative if such representative has previously informed the Company of his or her status and address by written notice under this Section. Any notice shall have been deemed duly given if personally delivered, sent by e-mail to an Employee as provided above or if enclosed in a properly sealed envelope or wrapper addressed as aforesaid at the time it is deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service or other applicable governmental postal service in a non-U.S. jurisdiction.

21. HEADINGS

Headings are provided herein for convenience only and are not to serve as a basis for interpretation or construction of the Plan.

22. EQUAL RIGHTS AND PRIVILEGES

All Eligible Employees granted Options pursuant to an Offering under the Section 423 Component shall have equal rights and privileges so that the Section 423 Component of the Plan qualifies as an "employee stock purchase plan" within the meaning of Section 423 of the Code, except for differences approved by the Committee pursuant to Section 24 that are consistent with Section 423(b)(5) of the Code. Any provision of the Section 423 Component of the Plan that is inconsistent with Section 423 of the Code will, without further act or amendment by the Company, the Board of Directors or the Committee, be reformed to comply with the equal rights and privileges requirement of Section 423 of the Code. Participants participating in the Non-Section 423 Component need not have the same rights and privileges as Employees participating in the Section 423 Component.

23. RULES FOR FOREIGN JURISDICTIONS

Notwithstanding any provision to the contrary in the Plan, the Committee may adopt such sub-plans or appendices relating to the operation and administration of the Plan as are necessary or appropriate to permit the participation in the Plan by Employees who are foreign nationals or employed in non-U.S. jurisdictions, which sub-plans or appendices may be designed to govern Offerings under the Section 423 Component or the Non-Section 423 Component, as determined by the Committee. The rules of such appendices or sub-plans may take precedence over other provisions of this Plan, with the exception of Sections 2, 11 and 14, but unless otherwise superseded by the terms of such sub-plan or appendix, the provisions of this Plan shall govern the operation of such sub-plans or appendices. Without limiting the generality of the foregoing, the Committee is specifically authorized to adopt rules and procedures regarding the exclusion of particular Subsidiaries from participation in the Plan, eligibility to participate, the definition of Eligible Compensation, handling of payroll deductions or other contributions by Participants, payment of interest, conversion of local currency, data privacy security, payroll tax, withholding procedures, establishment of bank or trust accounts to hold payroll deductions or contributions, determination of beneficiary designation requirements, and handling of stock certificates. The Committee also is authorized to determine that, to the extent permitted by U.S. Treasury Regulation Section 1.423-2(f), the terms of an Option granted under the Plan or an Offering to citizens or residents of a non-U.S. jurisdiction will be less favorable than the terms of Options granted under the Plan or the same Offering to Employees resident solely in the U.S. To the extent any sub-plan or appendix or other changes approved by the Committee are inconsistent with the requirements of Section 423 of the Code or would jeopardize the tax-qualified status of the Section 423 Component, the change shall cause the Participating Companies affected thereby to be considered Participating Companies in a separate Offerings under the Non-Section 423 Component instead of the Section 423 Component. To the extent any Employee of a Participating Company in the Section 423 Component is a citizen or resident of a foreign jurisdiction (without regard to whether they are also a U.S. citizen or a resident alien (within the meaning of Section 7701(b)(1)(A) of the Code)) and compliance with the laws of the foreign jurisdiction would cause the Section 423 Component, any Offering or the Option to violate the requirements of Section 423 of the Code, such Employee shall be considered a Participant in a separate Offering under the Non-Section 423 Component. The Committee shall not be required to obtain the approval of the stockholders of the Company prior to the adoption, amendment or termination of any such sub-plan, appendix, rules or procedures.

24. SECTION 409A OF THE CODE

The Section 423 Component of the Plan is exempt from the application of Code Section 409A and any ambiguities herein will be interpreted to so be exempt from Code Section 409A. The Non-Section 423 Component is intended to be exempt from the application of Section 409A of the Code under the short-term deferral exception and any ambiguities shall be construed and interpreted in accordance with such intent. In furtherance of the foregoing and notwithstanding any provision in the Plan to the contrary, if the Committee determines that an Option granted under the Plan may be subject to Section 409A of the Code or that any provision in the Plan would cause an Option under the Plan to be subject to Section 409A of the Code, the Committee may amend the terms of the Plan and/or of an outstanding Option granted under the Plan, or take such other action the Committee determines is necessary or appropriate, in each case, without the Participant's consent, to exempt any outstanding Option or future Option that may be granted under the Plan from or to allow any such Options to comply with Section 409A of the Code, but only to the extent any such amendments or action by the Committee would not violate Section 409A of the Code. Notwithstanding the foregoing, the Company shall have no liability to a Participant or any other party if the Option to purchase Stock under the Plan that is intended to be exempt from or compliant with Section 409A of the Code is not so exempt or compliant or for any action taken by the Committee with respect thereto.

25. TAX-QUALIFICATION

Although the Company may endeavor to (a) qualify an Option for favorable tax treatment under the laws of the United States or non-U.S. jurisdictions or (b) avoid adverse tax treatment (e.g., under Section 409A of the Code), the Company makes no representation to that effect and expressly disavows any covenant to maintain favorable or avoid unfavorable tax treatment, notwithstanding anything to the contrary in this Plan, including Section 24. The Company shall be unconstrained in its corporate activities without regard to the potential negative tax impact on Participants under the Plan.

26. REPORTS

Individual accounts will be maintained for each Participant in the Plan. Statements of account will be given to participating Eligible Employees at least annually, which statements will set forth the amounts of contributions, the Option Price, the number of shares of Stock purchased and the remaining cash balance, if any.

27. DATES AND TIMES

All references in the Plan to a date or time are intended to refer to dates and times determined pursuant to U.S. Pacific Time. Business days for purposes of the Plan are U.S. business days.

28. LANGUAGE

If a Participant has received this Plan or any document related to the Plan translated into a language other than English and if the meaning of the translated version is different from the English version, the English version will control.

29. INSIDER TRADING RESTRICTIONS/MARKET ABUSE LAWS

Each Participant may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, including the United States and Participant's country, if different, which may affect such Participant's ability to directly or indirectly, for him- or herself or for a third party, acquire or sell, or attempt to sell, shares of Stock or rights to shares of Stock (e.g., the Options) under the Plan during such times as such Participant is considered to have "inside information" regarding the Company (as defined by the laws in the applicable jurisdiction) or the trade in shares of Stock or the trade in rights to shares of Stock under the Plan. Any restrictions under these laws or regulations may be separate and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. It shall be each Participant's responsibility to comply with any applicable restrictions, and each Participant should speak with a personal advisor on this matter.

30. FOREIGN ASSET/ACCOUNT REPORTING; EXCHANGE CONTROLS

Each country may have certain foreign asset and/or account reporting requirements and/or exchange controls which may affect a Participant's ability to purchase or hold shares of Stock under the Plan or cash received from participating in the Plan (including from any dividends received or sale proceeds arising from the sale of shares of Stock) in a brokerage or bank account outside such Participant's country. A Participant may be required to report such accounts, assets or transactions to the tax or other authorities in such Participant's country. A Participant also may be required to repatriate sale proceeds or other funds received as a result of his or her participation in the Plan to such Participant's country through a designated bank or broker and/or within a certain time after receipt. It shall be each Participant's responsibility to be compliant with such regulations, and each Participant should consult a personal legal advisor for any details.

31. ELECTRONIC FORMS

To the extent permitted by Applicable Law and in the discretion of the Committee, an Eligible Employee may submit any form or notice as set forth herein by means of an electronic form approved by the Administrator.

32. GOVERNING LAW

Except to the extent governed by applicable federal law, the validity, interpretation, construction and performance of the Plan and each Election Form shall be governed by the laws of the State of Delaware, without regard to its conflict of law rules.

33. NO REPRESENTATIONS WITH RESPECT TO TAX QUALIFICATION

Although the Company may endeavor to (a) qualify Options for favorable tax treatment under the laws of the United States or jurisdictions outside of the United States (*e.g.*, options granted under Section 423 of the Code) or (b) avoid adverse tax treatment (*e.g.*, under Section 409A of the Code), the Company makes no representation to that effect and expressly disavows any covenant to maintain favorable or avoid unfavorable tax treatment, anything to the contrary in this Plan. The Company shall be unconstrained in its corporate activities without regard to the potential negative tax impact on Participants under the Plan.

PARSONS CORPORATION
EMPLOYEE STOCK PURCHASE PLAN
SUB-PLAN FOR

INTERNATIONAL PARTICIPANTS

1. APPLICATION

This Sub-Plan for International Participants in the Parsons Corporation Employee Stock Purchase Plan (this "***Sub-Plan***") sets forth additional terms and conditions applicable to the rights granted to, and the shares of Stock purchased by, Eligible Employees in the countries set forth below.

The Plan and this Sub-Plan are complimentary to each other and shall be deemed as one. In any case of contradiction between the provisions of this Sub-Plan and the Plan, the provisions set out in the Sub-Plan shall prevail. Any capitalized terms used in this Sub-Plan but not defined shall have the meaning given to those terms in the Plan.

2. GLOBAL PROVISIONS

(a) Data Protection. It shall be a term and condition for participation in the Plan that a Participant explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of a Participant's personal "Data" (as defined below) by and among, as applicable, the Company, any Parent Corporation, Subsidiary Corporation or Affiliate and a Participant's employing entity (the "***Employer***"), if different, and their affiliates (collectively, the "***Company Group***") for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan. The Company Group holds certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, e-mail address, date of birth, employee identification number, NRIC or passport number or equivalent, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all options or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor, for the purpose of implementing, administering and managing the Plan ("***Data***"). Data will be transferred to such stock plan service providers, as may be prudently selected by the Company, which are assisting the Company with the implementation, administration and management of the Plan. The recipients of the Data may be located in the United States of America or elsewhere (and, if the Participant is a resident of a member state of the European Union, may be outside the European Economic Area) and that the recipient's country (e.g., the United States of America) may have different data privacy laws and protections than the Participant's country. The Participant may request a list with the names and addresses of all recipients of the Data by contacting his or her local human resources representative. Each Participant hereby authorizes the Company Group and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Participant's participation in the Plan. Data will be held only as long as is necessary to implement, administer and manage the Participant's participation in the Plan. The Company will also make the Data available to public authorities where required under locally Applicable Law. A Participant may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case, without cost, by contacting in writing the Participant's local human resources representative. A Participant's refusal to provide consent or withdrawal of consent may affect the Participant's ability to participate in the Plan. This section applies to information held, used or disclosed in any medium.

If Participant resides in the UK or the European Union, the Company Group will hold, collect and otherwise process certain Data as set out in the applicable Company's GDPR-compliant data privacy notice, which will be or has been provided to the Participant separately. All personal data will be treated in accordance with applicable data protection laws and regulations.

(b) Acknowledgment of Nature of Plan and Rights. In participating in the Plan, each Participant acknowledges that:

(i) for employment and labor law purposes, the rights granted and the shares of Stock purchased under the Plan are an extraordinary item that do not constitute wages of any kind for services of any kind rendered to the Company, any Parent Corporation, Subsidiary Corporation or Affiliate or the Employer, and the award of rights is outside the scope of Participant's service contract, if any;

(ii) for employment and labor law purposes, the rights granted and the Shares purchased under the Plan are not part of normal or expected wages or salary for any purposes, including, but not limited to, calculation of any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, holiday pay, long-service awards, pension or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company, the Employer, its Parent Corporation, or any Subsidiary Corporation or Affiliate of the Company;

(iii) the rights and the shares of Stock purchased under the Plan are not intended to be an integral component of compensation or to replace any pension rights or compensation;

(iv) neither the rights nor any provision of Plan or the policies adopted pursuant to the Plan confer upon any Participant any right with respect to service or continuation of current service and shall not be interpreted to form a service contract or relationship with the Company or any Subsidiary Corporation or Affiliate;

(v) the future value of the underlying shares of Stock is unknown and cannot be predicted with certainty;

(vi) if the underlying shares of Stock do not increase in value, the right may have no value; and

(vii) if a Participant acquires shares of Stock, the value of the shares of Stock acquired upon purchase may increase or decrease in value, even below the Option Price.

PARSONS CORPORATION

EMPLOYEE STOCK PURCHASE PLAN
SUB-PLAN FOR
INTERNATIONAL PARTICIPANTS

BAHRAIN

1. APPLICATION

This section sets forth additional terms and conditions applicable to the rights granted to, and the Shares purchased by, Eligible Employees who are (or are deemed to be) resident in Bahrain for the purpose of payment of taxes or who exercise all of their employment duties in Bahrain and forms an integral part of the Plan and Sub-Plan.

2. ACCOUNTS AND PARTICIPATION

Each Participant's accumulated payroll deductions under the Plan will be held in a segregated or trust account separate from the general funds of the Company. The Committee may establish procedures under the Plan and this Sub-Plan to ensure participation and administration of the Plan and Sub-Plan are in compliance with applicable laws, rules and regulations in Bahrain.

PARSONS CORPORATION
EMPLOYEE STOCK PURCHASE PLAN
SUB-PLAN FOR
INTERNATIONAL PARTICIPANTS

CANADA

1. APPLICATION

This section sets forth additional terms and conditions applicable to the rights granted to, and the Shares purchased by, Eligible Employees who are (or are deemed to be) resident in Canada for the purpose of payment of taxes or who exercise all of their employment duties in Canada and forms an integral part of the Plan and Sub-Plan.

2. LANGUAGE CONSENT

The parties acknowledge that it is their express wish that the Plan, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Consentement relatif à la langue utilisée. Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.

3. TERMINATION OF EMPLOYMENT

The following provision replaces Section 6(a) of the Plan:

In the event of termination of an Eligible Employee's employment, the Eligible Employee's right to purchase Shares under the Plan, if any, will terminate, and he or she shall be deemed to have elected to withdraw from the Plan, effective as of the Eligible Employee's Termination Date.

"***Termination Date***" means in respect of an Eligible Employee whose employment, term or office with a Participating Company terminates for any reason, including by reason of retirement, resignation, death, disability, termination without cause, termination for cause (being the unilateral termination of an Eligible Employee's employment by a Participating Company for a reason or reasons that are recognized under applicable law as justifying such termination of employment without the requirement to give any notice of the termination of employment to the Eligible Employee or provide pay in lieu of such notice), the last day of the Eligible Employee's employment or term of office with a Participating Company, which in the event of a termination without cause shall include any statutory period of notice of termination or pay in lieu but shall exclude any additional notice or severance periods or pay in lieu in respect of which the Eligible Employee is in receipt of or may be eligible to receive at common law, pursuant to a contract, or otherwise. For greater certainty, (a) a Termination Date shall be determined without reference to any statutory severance or any contractual or common law notice of termination or pay in lieu that the Participant is entitled to or in receipt of; and (b) in no event will the Eligible Employee receive less than that required by applicable minimum employment standards legislation. The Committee shall have the exclusive discretion to determine when the Eligible Employee is no longer employed for purposes of the Plan in accordance with the Plan documents and applicable law.

The payroll deductions credited to such Eligible Employee's account during the Offering Period shall be paid to such Eligible Employee or, in the case of his or her death, to the person or persons entitled thereto under Section 6(b) of the Plan, as soon as reasonably practicable and such Eligible Employee's rights for the Offering Period shall be automatically terminated on the effective date described in the previous paragraph.

4. APPROVED LEAVES OF ABSENCE

An Eligible Employee who is on an Approved Leave (as defined below) may, by written election, elect to suspend participation in the Plan, or, as applicable: (i) have payroll deductions in respect of the Plan continue; or (ii) where payroll deductions are not possible because the Approved Leave is unpaid, make cash payments to the Company, in the time and manner prescribed by the Company, with such payments to be equal to the amount of payroll deduction in effect in respect of the Plan for the pay period immediately prior to the Approved Leave.

"***Approved Leave***" means: (i) a paid leave of absence, approved by a Participating Company and paid through a Participating Company's payroll, including, for greater certainty, a leave during which the Eligible Employee is in receipt of short-term disability benefits; or (ii) an unpaid leave of absence taken in accordance with applicable employment standards legislation during which the applicable legislation requires that the Eligible Employee be permitted to elect to continue participation in the Plan during the leave.

For greater certainty, a leave during which the Eligible Employee is in receipt of long-term disability benefits will not be considered an "Approved Leave." To the extent a full Offering Period lapses without an Eligible Employee actively contributing to the Plan for such Offering Period, such Eligible Employee shall be considered to have reached his or her Termination Date, for purposes of the Plan, as of the last day of such Offering Period in accordance with Section 3 above.

5. DATA PROTECTION

The Company collects and processes various types of information that is used to administer or support the Plan. "***Personal Information***" means information that can be used to identify or authenticate an individual but does not include business contact information and publicly available information.

In addition to the global provisions of the Sub-Plan, each Eligible Employee hereby authorizes the Company and the Company's representatives to discuss with and obtain all relevant Personal Information from all personnel, professional or not, involved in the administration and operation of the Plan, where necessary or inadvertent, including personal biographical information (including an Eligible Employee's name, address, gender and date of birth), tax reporting information (including a Social Insurance Number and citizenship information), as well as contact information. Each Eligible Employee further authorizes the Company Group and the Committee to disclose and discuss the Plan with their advisors, to the extent reasonably necessary to administer the Plan, including in relation to audits and communication of the Plan. Each Eligible Employee further authorizes the Company Group and the Committee to record Personal Information and Plan information, and to keep such information in the Eligible Employee's employee file.

The Company affirms its commitment to ensure that all Personal Information of Eligible Employees collected, maintained and used, is kept confidential and used only for the purposes for which it is intended, and assumes responsibility for safeguarding such Personal Information in accordance with the Plan requirements and all applicable laws.

In the event of a security breach, the Company will take reasonable steps to comply with all applicable breach notification processes in accordance with applicable law. A security breach occurs when the security or confidentiality of Personal Information is comprised, and includes the unauthorized collection, use, or disclosure of Personal Information.

The measures that the Company will undertake to safeguard the security of Personal Information collected include, but are not necessarily limited to, taking the following steps commensurate with industry standards, as applicable: (i) limiting employee and contractor access to Personal Information; (ii) securing business facilities, data centers, paper files, services back-up systems and computing equipment; (iii) implementing network, device, database, and platform security in accordance with industry standards; (iv) securing information transmission, storage and disposal; (v) implementing appropriate personnel security and integrity procedures sand practices; and (vi) providing appropriate privacy and information security training to employees.

The administration of the Plan might entail storage of Personal Information outside of Canada, including in the following countries: United States of America. Eligible Employees will be clearly informed of such storage outside Canada and any changes thereto, and be provided with the contact information of an individual who can answer questions regarding the collection and use of Personal Information.

6. NOTIFICATIONS

(a) Securities Law Information. Each Eligible Employee understands that the Eligible Employee is permitted to sell Shares acquired pursuant to the Plan through the designated broker appointed under the Plan, if any, provided the sale of Shares acquired pursuant to the Plan takes place outside of Canada through the facilities of a stock exchange on which the Shares are listed.

(b) Foreign Asset/Account Reporting Information. If a Participant is a Canadian resident, such Participant may be required to report his or her foreign property on form T1135 (Foreign Income Verification Statement) if the total cost of the foreign property exceeds a certain threshold at any time in the year. Foreign property includes Shares acquired under the Plan. The Shares must be reported, generally at a nil cost, if the cost threshold is exceeded because of other foreign property the Participant holds. If Shares are acquired, their cost generally is the adjusted cost base ("***ACB***") of the Shares. The ACB ordinarily would equal the fair market value of the Shares at the time of acquisition, but if a Participant owns other Shares, this ACB may have to be leveraged with the ACB of the other Shares. The form T1135 generally must be filed by April 30 of the following year.

A Participant should note that this information is provided as a summary of applicable requirements and does not constitute tax advice. The tax consequences and tax reporting requirements related to participation in the Plan are subject to change. A Participant should further consult with his or her personal advisor to ensure compliance with the applicable reporting requirements.

7. TAX CONSEQUENCES

The following provision supplements Section 17 of the Plan:

Regardless of any action the Company or the Employer takes with respect to satisfying its obligations to withhold any or all statutorily prescribed amounts, including income tax (including foreign, federal, provincial, and local tax), Canada Pension Plan ("***CPP***") contributions, any payroll tax, payment on account, or other items or amounts related to a Participant's participation in the Plan and legally applicable to a Participant ("***Withholding Taxes***"), the ultimate liability for all Withholding Taxes legally due by a Participant is and remains such Participant's responsibility and may exceed the amount actually withheld by the Company and/or the Employer. Neither the Company and/or the Employer (i) make any representations or undertakings regarding the treatment of any Withholding Taxes in connection with any aspect of rights under the Plan, including but not limited to, the grant, vesting, exercise of the right, the issuance of Shares upon exercise, the subsequent sale of Shares acquired pursuant to the exercise of the right and the receipt of any dividends, and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the rights under the Plan to reduce or eliminate a Participant's liability for Withholding Taxes or achieve any particular tax result. Further, if a Participant has become subject to tax in more than one jurisdiction, the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Withholding Taxes in more than one jurisdiction. Prior to any relevant taxable or tax withholding event ("***Tax Date***"), as applicable, a Participant will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Withholding Taxes. In this regard, the Company and/or the Employer or their respective agents are authorized, at their discretion, to satisfy the obligations with regard to all Withholding Taxes by one or a combination of the following: (A) accept a cash payment in USD in the amount of Withholding Taxes, (B) withhold whole Shares which would otherwise be delivered to a Participant having an aggregate fair market value, determined as of the Tax Date, or withhold an amount of cash from the Participant's wages or other cash compensation which would otherwise be payable to the Participant by the Company and/or the Employer, equal to the amount necessary to satisfy any such obligations, (C) withhold from proceeds of the sale of Shares acquired upon exercise of the right either through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization), or (D) a cash payment to the Company by a broker-dealer acceptable to the Company to whom a Participant has submitted an irrevocable notice of exercise. To avoid negative accounting treatment, the Company may withhold or account for Withholding Taxes by considering applicable minimum statutory withholding rates. If the obligation for Withholding Taxes is satisfied by withholding in Shares, for tax purposes, a Participant is deemed to have been issued the full number of Shares subject to the right, notwithstanding that a number of Shares are held back solely for the purpose of paying the Withholding Taxes. Finally, a Participant shall pay to the Company or the Employer any amount of Withholding Taxes that the Company or the Employer may be required to withhold as a result of the Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company shall have sole discretion to deliver the Shares if a Participant fails to comply with such Participant's obligations in connection with the Withholding Taxes as described in this section and each Participant unconditionally consents to and approves any such action taken by the Company. A Participant (or any beneficiary or person entitled to act on a Participant's behalf) shall provide the Company with any forms, documents or other information reasonably required by the Company.

PARSONS CORPORATION
EMPLOYEE STOCK PURCHASE PLAN
SUB-PLAN FOR
INTERNATIONAL PARTICIPANTS

FRANCE

1. APPLICATION

This section sets forth additional terms and conditions applicable to the rights granted to, and the Shares purchased by, Eligible Employees who are (or are deemed to be) resident in France for the purpose of payment of taxes or who exercise all of their employment duties in France and forms an integral part of the Plan and Sub-Plan. **Eligible Employees in France are advised that part-time and temporary Employees may be excluded from participation in the Plan.**

2. SECURITIES LAWS

The Plan does not require a prospectus to be submitted for approval to the French Financial Market Authority (the "***Autorité des marchés financiers***"). Persons or entities referred to in Point 2°, Section II of Article L. 411-2 of the French Monetary and Financial Code may take part in the Plan solely for their own account, as provided in Articles D. 411-1, D. 411-2, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the French Monetary and Financial Code. The financial instruments purchased under the Plan cannot be distributed directly or indirectly to the public otherwise than in accordance with Articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French Monetary and Financial Code.

3. TAX CONSEQUENCES

Any tax consequences arising from the vesting or distribution or otherwise pursuant to an Option or the Plan shall be borne solely by the Eligible Employee (including, without limitation, the Eligible Employee's individual income tax and the Eligible Employee's social security contributions, if applicable). The Company Group shall be entitled to (a) withhold Eligible Employee's social security contributions and individual income tax (if required) according to the requirements under Applicable Laws, rules and regulations, including withholding taxes at source and (b) report the income and requested details in respect of any Option and the Plan to the competent tax and social security authorities. Furthermore, the Eligible Employee shall agree to indemnify the Company Group and hold them harmless against and from any and all liability for any such tax or other payment or interest or penalty thereon, including without limitation, liabilities relating to the necessity to withhold, or to have withheld, any such tax from any payment made to the Eligible Employee.

PARSONS CORPORATION
EMPLOYEE STOCK PURCHASE PLAN
SUB-PLAN FOR
INTERNATIONAL PARTICIPANTS

GERMANY

1. APPLICATION

This section sets forth additional terms and conditions applicable to the rights granted to, and the Shares purchased by, Eligible Employees who are (or are deemed to be) resident in Germany for the purpose of payment of taxes or who exercise all of their employment duties in Germany and forms an integral part of the Plan and Sub-Plan.

2. DEFINITION OF EMPLOYEE

The definition of Employee shall, for the avoidance of doubt, include the directors of any German Participating Company who perform paid work for such German Participating Company under a director's contract. **Eligible Employees in Germany are advised that part-time and temporary Employees may be excluded from participation in the Plan.**

3. LEAVES OF ABSENCES

The Company's discretion to grant Options under the Plan and Sub-Plan shall be exercised in a manner complying with German law, in particular with the labor law principle of equal treatment (*arbeitsrechtlicher Gleichbehandlungsgrundsatz*) and with the prohibition of discrimination (*Diskriminierungsverbot*). For the avoidance of doubt, any sick leave or other leave of absence as used in the Plan shall be interpreted and applied as compliant with German law.

4. ACCOUNTS AND PARTICIPATION

Each Participant's accumulated payroll deductions under the Plan will be held in an account owned and managed by the Participant. The Committee may establish procedures under the Plan and this Sub-Plan to ensure participation and administration of the Plan and Sub-Plan are in compliance with applicable German laws, rules and regulations.

5. USE OF FUNDS

For the purposes of this Sub-Plan, Section 10 of the Plan does not apply.

6. NO LEGAL CLAIM

The Participant acknowledges and agrees that any Option under the Plan and Sub-Plan is a voluntary one-time benefit, and that the Participant in the Plan and Sub-Plan does not have a legal claim for further Options.

7. BOARD, ADMINISTRATOR AND COMMITTEE DISCRETION AND DECISIONS

The discretion of the Board, Committee and any committee under the Plan and the Sub-Plan, including their interpretation and any decisions taken thereunder, shall be exercised reasonably (*nach billigem Ermessen*) in accordance with German law.

8. CONSENT TO PERSONAL DATA PROCESSING AND TRANSFER

The following provisions shall apply in lieu of Section 2(a) of the global provisions of the Sub-Plan:

It shall be a term and condition of each award under the Plan that an Eligible Employee acknowledges and consents to the collection, use, processing and transfer of personal data as described below. The Company, Parsons Corporation and its subsidiaries, all of which are collectively referred to in the alternative as "Parsons" or "our" or "we" (all together, the "***Company Entities***"), hold certain personal information, including the Eligible Employee's name, home address and telephone number, date of birth, social security number or other employee tax identification number, employment history and status, salary, nationality, job title, and any equity compensation grants awarded, cancelled, purchased, vested, unvested or outstanding in the Eligible Employee's favor, for the only purpose of managing and administering the Plan ("***Data***"). The Company Entities will transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. The Company Entities may also make the Data available to public authorities where required under locally Applicable Law. These recipients may be located in the United States, the European Economic Area, or elsewhere, which the Eligible Employee separately and expressly consents to, accepting that outside the European Economic Area, data protection laws may not be as protective as within. The third parties currently assisting the Company in the implementation, administration and management of the Plan are the following: Groh & Randel Steuerberater PartG mbB, Berliner Allee 62-66, DE-13088 Berlin for Germany payroll processing, Morgan Stanley Smith Barney LLC 1 New York Plaza, 38th Floor, New York, New York 10004 for stock administration, and CompIntelligence Inc 56 Driftway Lane, New Canaan, CT 06840 for ESPP administration. However, from time to time, the Company Entities may retain additional or different third parties for any of the purposes mentioned on which the Company will inform the Eligible Employee and seek additional consent of the Eligible Employee. The Eligible Employee hereby authorizes the Company Entities to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan on behalf of the Eligible Employee to a third party with whom the Eligible Employee may have elected to have payment made pursuant to the Plan. A Participant may, at any time, review Data, require any necessary amendments to it or withdraw the consent herein in writing by contacting the Company through its local Human Resources Director; however, withdrawing the consent may affect the Participant's ability to participate in the Plan and receive the benefits under the Election Form. Data will only be held as long as necessary to implement, administer and manage the Participant's participation in the Plan and any subsequent claims or rights.

9. TAXES AND OTHER WITHHOLDING

For the avoidance of doubt, any withholding and payment obligations under the Plan and the Sub-Plan shall be made by the relevant Participating Company employing the Eligible Employee when due and any taxes should always include German social security contributions (including the Eligible Employee's portion) as well as any other mandatory withholding and pay obligations in accordance with German law.

10. TAX CONSEQUENCES

Any tax consequences arising from the vesting or distribution or otherwise pursuant to an Option or the Plan shall be borne solely by the Eligible Employee (including, without limitation, the Eligible Employee's individual income tax and the Eligible Employee's social security contributions, if applicable). The Company Group shall be entitled to (i) withhold an Eligible Employee's social security contributions and individual income tax (if required) according to the requirements under Applicable Laws, rules and regulations, including withholding taxes at source and (ii) report the income and requested details in respect of any Option or the Plan to the competent tax and social security authorities. Furthermore, the Eligible Employee shall agree to indemnify the Company Group and hold them harmless against and from any and all liability for any such tax or other payment or interest or penalty thereon, including without limitation, liabilities relating to the necessity to withhold, or to have withheld, any such tax from any payment made to the Eligible Employee.

11. EXCHANGE CONTROL INFORMATION

Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank. If a Participant uses a German bank to transfer a cross-border payment in excess of €12,500 in connection with the sale of Shares acquired under the Plan, the bank will make the report for the Participant. In addition, a Participant must report any receivables, payables, or debts in foreign currency exceeding an amount of €5,000,000 on a monthly basis. Finally, a Participant must report on an annual basis if the Participant holds Shares that exceed 10% of the total voting capital of the Company.

PARSONS CORPORATION
EMPLOYEE STOCK PURCHASE PLAN
SUB-PLAN FOR
INTERNATIONAL PARTICIPANTS

HONG KONG

1. APPLICATION

This section sets forth additional terms and conditions applicable to the rights granted to, and the Shares purchased by, Eligible Employees who are (or are deemed to be) resident in Hong Kong for the purpose of payment of taxes or who exercise all of their employment duties in Hong Kong and forms an integral part of the Plan and Sub-Plan.

2. SECURITIES WARNING

The grant of the purchase rights and the issuance of shares upon purchase do not constitute a public offer of securities under Hong Kong law and are available only to employees. The Plan, this Sub-Plan, any enrollment forms and other incidental communication materials that the Eligible Employee may receive have not been prepared in accordance with and are not intended to constitute a “prospectus” for a public offering of securities under applicable securities laws in Hong Kong. Furthermore, none of the documents relating to the Plan have been reviewed by any regulatory authority in Hong Kong. Each Eligible Employee is advised to exercise caution in relation to the offer. If a Eligible Employee is in any doubt about any of the contents of the Plan, this Sub-Plan, any enrollment forms and other communication materials, the Eligible Employee should obtain independent professional advice.

3. NATURE OF SCHEME

The Company specifically intends that the Plan will not be an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance.

PARSONS CORPORATION
EMPLOYEE STOCK PURCHASE PLAN
SUB-PLAN FOR
INTERNATIONAL PARTICIPANTS

KUWAIT

1. APPLICATION

This section sets forth additional terms and conditions applicable to the rights granted to, and the Shares purchased by, Eligible Employees who are (or are deemed to be) resident in Kuwait for the purpose of payment of taxes or who exercise all of their employment duties in Kuwait and forms an integral part of the Plan and Sub-Plan.

2. ELIGIBLE COMPENSATION; PAYROLL DEDUCTIONS

To the extent necessary to ensure compliance with Private Sector Labor Law (Law No. 6 of 2010) ("***Labor Law***"), in no event shall more than 10% of an Eligible Employee's compensation (as defined in the Labor Law) be deducted from any pay check.

PARSONS CORPORATION
EMPLOYEE STOCK PURCHASE PLAN
SUB-PLAN FOR
INTERNATIONAL PARTICIPANTS

QATAR

1. APPLICATION

This section sets forth additional terms and conditions applicable to the rights granted to, and the Shares purchased by, Eligible Employees who are (or are deemed to be) resident in Qatar for the purpose of payment of taxes or who exercise all of their employment duties in Qatar and forms an integral part of the Plan and Sub-Plan.

2. ELIGIBLE COMPENSATION; PAYROLL DEDUCTIONS

To the extent necessary to ensure compliance with Article 70 of the Labor Law No. 14 of 2014, in no event shall more than 10% of an Eligible Employee's basic salary be deducted from any pay check.

Eligible Compensation shall mean an Eligible Employee's basic salary only, and shall not include overtime and shift differentials.

PARSONS CORPORATION
EMPLOYEE STOCK PURCHASE PLAN
SUB-PLAN FOR
INTERNATIONAL PARTICIPANTS

SINGAPORE

1. APPLICATION

This section sets forth additional terms and conditions applicable to the rights granted to, and the Shares purchased by, Eligible Employees who are (or are deemed to be) resident in Singapore for the purpose of payment of taxes or who exercise all of their employment duties in Singapore and forms an integral part of the Plan and Sub-Plan.

2. SECURITIES LAW INFORMATION

The award of the Option to purchase shares of the Company's Stock pursuant to the Plan is being made in reliance of Section 273(1)(f) of the Securities and Futures Act (Cap. 289 of Singapore) ("***SFA***") for which it is exempt from the prospectus requirements under the SFA.

3. DIRECTOR / CEO NOTIFICATION OBLIGATION

If the Eligible Employee is a director or chief executive officer (as applicable) of a company incorporated in Singapore which is related to the Company ("***Singapore Company***"), the Eligible Employee is subject to certain disclosure / notification requirements under the Companies Act (Cap. 50) of Singapore. Among these requirements is an obligation to notify the Singapore Company in writing when the Eligible Employee acquires an interest (such as shares, debentures, participatory interests, rights, options and contracts) in the Company (e.g., the Option, the shares in the Company's Stock or any other award). In addition, the Eligible Employee must notify the Singapore Company when the Eligible Employee disposes of such interest in the Company (including when the Eligible Employee sells shares in the Company's Stock issued upon vesting and settlement of the Option). These notifications must be made within two days of acquiring or disposing of any such interest in the Company. In addition, a notification of the Eligible Employee's interests in the Company must be made within two business days of becoming a director or chief executive officer (as applicable).

In this regard:

(a) A "***director***" includes any person occupying the position of a director of a corporation by whatever name called and includes a person in accordance with whose directions or instructions the directors or the majority of the directors of a corporation are accustomed to act and an alternate or substitute director.

(b) A "***chief executive officer***", in relation to a company, means any one or more persons, by whatever name described, who:

(i) is in direct employment of, or acting for or by arrangement with, the company; and

(ii) is principally responsible for the management and conduct of the business of the company, or part of the business of the company, as the case may be.

(c) The Singapore Company will be deemed to be related to the Company if the Singapore Company is:

(i) the holding company of the Company;

(ii) a subsidiary of the Company; or

(iii) a subsidiary of the holding company of the Company.

(d) "***Business day***" means any day other than a Saturday, Sunday or public holiday in Singapore.

4. TAX CONSEQUENCES

(e) The Eligible Employee agrees to indemnify and keep indemnified the Company Group and the Employer from and against any liability for or obligation to pay any tax liability that is attributable to: (i) the grant or exercise of an Option; (ii) the acquisition by the Eligible Employee of the shares on exercise of the option; or (iii) the disposal of any shares of Stock (a "Tax Liability").

(f) Without prejudice to the terms of the Plan, an Option cannot be exercised, and no shares of Stock may be purchased with respect thereto, until the Eligible Employee has made such arrangements as the Company or the Employer may require for the satisfaction of any Tax Liability that may arise in connection with the exercise of the Option and/or the acquisition of the shares of Stock by the Eligible Employee. Where any Tax Liability is likely to arise, the Company, the Company Group or the Employer may recover from the Eligible Employee an amount of money sufficient to meet the Tax Liability by any of the following arrangements:

(i) deduction from salary or other payments due to the Eligible Employee; or

(ii) withholding the issue, allotment or transfer to the Eligible Employee of that number of shares of Stock (otherwise to be acquired by the Eligible Employee on the exercise of the Option) whose aggregate market value on date of exercise is, so far as possible, equal to, but not less than, the amount of Tax Liability (together with the fees and expenses incurred in the sale of the shares, where the company intends to sell the shares to meet the Tax Liability); or

(iii) withholding the issue, allotment or transfer to the Eligible Employee of the shares of Stock otherwise to be acquired by the Eligible Employee pursuant to the Option until the Eligible Employee has demonstrated to the satisfaction of the Company Group or the Employer that he or she has given irrevocable instructions to a third party (for example a broker) satisfactory to the Company Group or the Employer to sell sufficient of those shares to ensure the net proceeds are so far as possible, equal to but not less than, the amount of the Tax Liability; or

(iv) where the Tax Liability arises as a result of a release or assignment by the Eligible Employee of the Option, a deduction from the payment made to him or her as consideration for such release or assignment.

(g) Paragraph (b) will not apply where the Eligible Employee has, before the allotment, issuance or transfer of the shares of Stock to be issued or transferred to the Eligible Employee as a result of the exercise of the Option, paid to the Company Group or the Employer, in cleared funds, a sum equal to the applicable Tax Liability.

(h) In the event that the Eligible Employee should be granted an Option in connection with the Eligible Employee's employment in Singapore, any gains or profits enjoyed by the Eligible Employee arising from the vesting of such Option will be taxable in Singapore as part of the Eligible Employee's employment remuneration regardless of when the Option vests or where the Eligible Employee is at the time the Option vests. The Eligible Employee may, however, be eligible to enjoy deferment of such taxes under incentive schemes operated by the Inland Revenue Authority of Singapore if the qualifying criteria relating thereto are met. The Eligible Employee is advised to seek professional tax advice as to the Eligible Employee's tax liabilities including, to the extent the Eligible Employee is a foreigner, how such gains or profits aforesaid will be taxed at the time the Eligible Employee ceases to work in Singapore.

(i) All taxes (including income tax) arising from the award of any Option or the vesting of any Option thereon shall be borne by the Eligible Employee.

(j) Where the Eligible Employee is a non-citizen of Singapore and about to leave employment with the Employing Entity (as defined below), the Employing Entity may be required under the Income Tax Act (Cap. 134) of Singapore to deduct or withhold taxes arising from the vesting of the option from the Eligible Employee's emoluments. An amount equal to the tax amount required to be deducted or withheld will have to be so deducted or withheld by the Employing Entity and paid to the Singapore tax authorities. Emoluments include income from gains or profits from any employment, which includes any wages, salary, leave pay, fee, commission, bonus, gratuity, perquisite or allowance (other than certain types of allowance) paid or granted in respect of the employment whether in money or otherwise, and any gains or profits, directly or indirectly, derived by any person from a right or benefit to acquire shares in any company where such right or benefit is obtained by reason of any office or employment held by him or her. "***Employing Entity***" shall mean the Company, a Singapore subsidiary of the Company, other affiliated company or any other person paying such emoluments, whether on his or her account or on behalf of another person.

PARSONS CORPORATION
EMPLOYEE STOCK PURCHASE PLAN
SUB-PLAN FOR
INTERNATIONAL PARTICIPANTS

UNITED KINGDOM

1. APPLICATION

This section sets forth additional terms and conditions applicable to the rights granted to, and the shares of Stock purchased by, Eligible Employees who are (or are deemed to be) resident in the United Kingdom for the purpose of payment of taxes or who exercise all of their employment duties in the United Kingdom and forms an integral part of the Plan and Sub-Plan.

2. TAX CONSEQUENCES

(a) The Eligible Employee agrees to indemnify and keep indemnified the Company Group from and against any liability for or obligation to pay any tax liability that is attributable to: (i) the grant or exercise of a right under the Plan; (ii) the acquisition by the Eligible Employee of Shares on exercise of the right; or (iii) the disposal of any shares of Stock (each, a "***Tax Liability***").

(b) At the discretion of the Committee, Options granted under the Plan cannot be exercised until the Eligible Employee has entered into an election with the Company or the Employer as appropriate (in a form approved by the Employer and HMRC) (a "***joint election***") under which any liability of the Company Group for Employer's National Insurance Contributions arising in respect of the grant, exercise of or other dealing in the rights granted under the Plan, or the acquisition of shares of Stock on exercise of the right, is transferred to and met by the Eligible Employee.

(c) Without prejudice to the terms of the Plan, rights cannot be exercised until the Eligible Employee has made such arrangements as the Company Group may require for the satisfaction of any Tax Liability that may arise in connection with the exercise of the right and/or the acquisition of the shares of Stock by the Eligible Employee. Where any Tax Liability is likely to arise, the Company Group may recover from the Eligible Employee an amount of money sufficient to meet the Tax Liability by any of the following arrangements:

(i) deduction from salary or other payments due to the Eligible Employee;

(ii) withholding the issue, allotment or transfer to the Eligible Employee of that number of shares of Stock (otherwise to be acquired by the Eligible Employee on the exercise of the right) whose aggregate market value on date of exercise is, so far as possible, equal to, but not less than, the amount of Tax Liability (together with the fees and expenses incurred in the sale of the shares of Stock, where the Company intends to sell the shares to meet the Tax Liability);

(iii) withholding the issue, allotment or transfer to the Eligible Employee of the shares of Stock otherwise to be acquired by the Eligible Employee pursuant to the right until the Eligible Employee has demonstrated to the satisfaction of the Company Group that he has given irrevocable instructions to a third party (for example, a broker) satisfactory to the Company Group to sell a sufficient number of those shares to ensure the net proceeds are so far as possible, equal to but not less than, the amount of the Tax Liability; or

(iv) where the Tax Liability arises as a result of a release or assignment by the Eligible Employee of the right, a deduction from the payment made to him as consideration for such release or assignment.

(d) Section 2(c) of this Sub-Plan will not apply where the Eligible Employee has, before the allotment, issuance or transfer of the shares of Stock to be issued or transferred to the Eligible Employee as a result of the exercise of the right, paid to the Company Group, in cleared funds a sum equal to the Tax Liability arising on the exercise of the right.

Exhibit 10.32

CONFIDENTIAL SEPARATION AGREEMENT
AND RELEASE OF ALL CLAIMS

This Confidential Separation Agreement and Release and Waiver of Claims ("Agreement") is entered into this 27th day of November, 2019 by and between Adam Taylor ("Employee") on the one hand, and Parsons Corporation and its parents, subsidiaries, affiliates, officers, directors, employees and agents on the other hand (collectively the "Company") (Employee and Company are referred to collectively hereafter as the "Parties").

The Parties have entered into this Agreement to effect an orderly and mutually satisfactory transition regarding the ending of Employee's employment with Company. In consideration of the mutual execution of this Agreement, and the covenants, promises and releases herein, the Parties agree as follows:

1. Separation of Employment. Employee's last day of employment with Company was November 11, 2019 (the "Separation Date").

2. Payments/Benefits.

a. Separation Payment. In consideration for signing this Agreement and complying with its terms, Company agrees to pay Employee four hundred and five thousand dollars ($405,000) to be paid in four installments of $101,250 each on the following dates: (i) within fifteen days of execution of the Separation Agreement; (ii) on February 15, 2020; (iii) on July 1, 2020; and (iv) on October 1, 2020. less standard withholding and authorized payroll deductions. Employee acknowledges that Employee has no entitlement to said sum except in return for entering into this Agreement.

b. Benefits. The Company acknowledges that Employee will be notified of election of continuation of medical and dental insurance coverage under the Consolidated Omnibus Budget Reconciliation Act, as amended (“COBRA”), in accordance with its terms. Employee’s medical and dental insurance plan benefits, previously provided by the Company, terminate on November 30, 2019. Notwithstanding the above, and as additional consideration for signing this Agreement, and complying with its terms, the Company agrees to pay Employee for COBRA expenses in the lump sum of thirty-seven thousand dollars ($37,000), less standard withholding and authorized payroll deductions, within thirty days of execution of the Separation Agreement.

As further consideration for signing this agreement, and complying with its terms, the Company agrees to:

c. Outplacement. supply, at Parsons’ expense, LHH Select Executive Service outplacement services for up to twelve months as requested.

d. 401K match. Pay Employee for estimated value of 2019 401K match in the lump sum of eleven thousand dollars ($11,000), less standard withholding and authorized payroll deductions, within thirty days of the execution of the Separation Agreement.

e. Incentive Compensation. pay the following as incentive compensation to the Employee, less standard withholding and authorized payroll deductions:

i. 2019 Annual Incentive Plan – Management (MIP) will be paid in accordance with the MIP payout schedule, expected in March 2020, based on actual 2019 MIP performance through the end of the 2019 MIP performance period.

ii. New hire Restricted Award Units: 6,177 of the outstanding (unvested) shares will be settled in cash, pursuant to a stock price valuation based upon the trailing 60-trading day weighted average up to and including May 4, 2020, paid to the Employee in May 2020 and New hire Restricted Award Units: 6,399 of the outstanding (unvested) shares will be settled in cash, pursuant to a stock price valuation based upon the trailing 60-trading day weighted average up to and including May 4, 2021, paid to the Employee in May 2021.

iii. Long term incentive compensation: Two-thirds (2/3) of the 2018 awards granted to the Employee under each of the Shareholder Value Plan, Restricted Award Unit Plan, and Long Term Growth Plan, if any will be payable to the Employee. These 2018 long term incentive cash settled payouts, if any, pursuant to a stock price valuation based upon the trailing 60-trading day weighted average up to and including December 31, 2020, will be paid to the Employee in accordance with the 2018-2020 LTI payout schedule, expected in March 2021, based on actual award achievement through the end of the 2018-2020 award cycle.

The remaining one-third (1/3) of the 2018 long term incentive awards, in addition to the long term incentive awards granted in 2019, will be cancelled upon the Separation Date.

Employee acknowledges that Employee has no entitlement to the Severance Payment provided for in Paragraphs 2(a) through 2(c) above, except in return for entering into this Agreement.

f. Sole Entitlement. Employee acknowledges and agrees that no other monies or benefits other than 1) those set forth in this Agreement and 2) Parsons Corporation Retirement Savings Plan [401(k)] and Employee Stock Ownership Plan benefits, if any, are owing to Employee.

g. Taxes. Employee has had an opportunity to seek advice from an attorney or tax advisor regarding the tax consequences of the payments and benefits provided for in this paragraph and has not relied on any representations by the Company regarding the tax consequences of such payments and benefits. Employee agrees that Employee is responsible for all applicable taxes, if any, as a result of the receipt of these monies. Employee agrees to indemnify Company and hold Company harmless for all taxes, penalties and interest, withholding or otherwise, for which Company may be found liable as a consequence of having paid monies to

Employee pursuant to this Agreement. It is expressly agreed that if Company is required to provide payments for taxes or interest or penalties to any taxing authority, Employee shall reimburse Company for such payments with ten (10) days after Company notifies Employee, in writing, via certified mail, return receipt requested, that it has incurred such liability.

3. General Release.

Employee releases all disputes relating to or arising out of any state, municipal, or federal statute, ordinance, regulation, order, or common law, including, but not limited to, the Uniformed Service Employment and Reemployment Rights Act of 1994, 38 U.S.C. Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. § 2000(e), *et seq.*; the Civil Rights Act of 1866, as amended, 42 U.S.C. Sections 1981, *et seq.*; the Equal Pay Act, as amended, 29 U.S.C. § 206(d); the Fair Labor Standards Act of 1939, as amended, 29 U.S.C. § 201, *et seq.*; the Rehabilitation Act of 1973, as amended, 29 U.S.C. § 701, *et seq.*; the Americans with Disabilities Act of 1990, 42 U.S.C. § 12100, *et seq.*; the Family and Medical Leave Act of 1993, 29 U.S.C. § 2601, *et seq.*; the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1001, *et seq.*; the National Labor Relations Act, as amended, 29 U.S.C. § 151, *et seq.*, the Age Discrimination in Employment Act and the Older Workers Benefit Protection Act, 29 U.S.C. § 621, *et seq.*, and any action based on contract, quasi-contract, *quantum meruit,* implied contract, tort, wrongful or constructive discharge, breach of the covenant of good faith and fair dealing, defamation, libel, slander, immigration issues, infliction of emotional distress, assault, battery, conspiracy, discrimination on any basis prohibited by statute or public policy, negligence, any interference with business opportunity or with contract, etc.

This release extends to all claims of every nature and kind, known or unknown, suspected or unsuspected, vested or contingent, past, present, or future, arising from or attributable to any alleged act or omission of the Company, their past, present and future officers, directors, partners, agents, servants, lawyers, employees, assigns, insurers, predecessors-in-interest, successors-in-interest, underwriters, and all their parent, affiliated and subsidiary entities occurring prior to the execution of this Release, and that any and all rights granted Employee under Section 1542 of the California Civil Code or any analogous law or regulation affecting any other jurisdiction are hereby waived. Said Section 1542 of the California Civil Code reads in full as follows:

Section 1542. General Release. A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

The parties intend that the disputes released herein be construed as broadly as possible. Employee does not waive any vested rights under Parsons Employee Stock Ownership Plan or the Parsons Retirement Savings Plan; the Company will meet its obligations, if any, under such plans. This release does not release claims that cannot be released as a matter of law, including, but not limited to, claims under Division 3, Article 2 of the California Labor Code, which includes indemnification rights.

Employee affirms that Employee is not a party to, and that Employee has not filed or caused to be filed, any claim, complaint, or action against any of the Released Parties in any forum or form. Both Parties acknowledge that nothing in this Section 3, or elsewhere in this Agreement, prevents or prohibits Employee from filing a claim with a government agency, such as the U.S. Equal Employment Opportunity Commission, that is responsible for enforcing a law on behalf of the government. However, Employee understands that, because Employee is waiving and releasing all claims for monetary damages and any other form of personal relief, Employee agrees that if such an administrative claim is made, Employee shall not be entitled to recover any individual monetary relief or other individual remedies.

4. Other Contractual Obligations. Nothing in this Agreement effects or extinguishes Employee's obligations under the Employee Agreement and Acknowledgement of Obligation, executed by Employee on May 14, 2018, including without limitation Employee's continuing obligation to protect Company's Confidential Information from unauthorized disclosure to third parties or appropriate Confidential Information for Employee’s own personal use. Employee acknowledges that the obligation to maintain the secrecy of Company’s Confidential Information does not prohibit Employee from reporting possible violations of law or regulation to any governmental agency or entity, including but not limited to the US Department of Justice, the Securities and Exchange Commission, Congress, and any agency Inspector General, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation. Employee does not need the prior authorization of the Law Department to make any such reports or disclosures and is not required to notify the Company that such reports or disclosures have been made.

Pursuant to 18 USC § 1833(b), an individual may not be held criminally or civilly liable under any federal or state trade secret law for disclosure of a trade secret: (i) made in confidence to a government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; and/or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Additionally, an individual suing an employer for retaliation based on the reporting of a suspected violation of law may disclose a trade secret to his or her attorney and use the trade secret information in the court proceeding, so long as any document containing the trade secret is filed under seal and the individual does not disclose the trade secret except pursuant to court order.

5 No Admission of Liability or Wrongdoing. Nothing contained in this Agreement shall be construed as an admission of any wrongdoing or liability by either the Employee or the Company.

6. Non-Disparagement. Employee agrees not to orally or in writing, publicly or privately, make or express any comment, view or opinion critical or disparaging of the Company, its parents, subsidiaries or affiliates, or of any of their employees or to authorize any agent or representative to make or express such comment, view or opinion; provided, however, that nothing in this Separation Agreement shall prohibit Employee from providing truthful information or testimony in response to any court order, subpoena, litigation, deposition, or government investigation. The Company agrees that it shall inform its executive leadership team not to make any false or disparaging remarks regarding the Employee; provided, however, that nothing in this

Separation Agreement shall prohibit any such executive leader from providing truthful information or testimony in response to any court order, subpoena, litigation, deposition or government investigation.

7. Return of Company Property. By signing this Agreement, Employee affirms that he/she has returned any and all property, including without limitation all copies or duplicates thereof, belonging to Company, including but not limited to keys, security cards, equipment, computers, laptops, cell phones , Blackberries, i-Phones, credit cards, records, supplies, customer lists and customer information, trade secrets, and any other Company Confidential Information.

8. Cooperation. Subject to Employee's personal and professional obligations and on reasonable notice and at reasonable times, Employee will cooperate with Company and its counsel in connection with any investigation, administrative or regulatory proceeding or litigation relating to any matter in which Employee was involved or of which Employee has knowledge as a result of Employee's employment with Company.

9. Non-Competition. (a) During the two (2) year period immediately following the termination of your employment (the "Restricted Period"), Employee will not, anywhere in the markets where the Company (as defined below) provides, or has active plans to provide, services or products, with the sole exception of the State of California (the "Territory"), engage in, own, manage, operate, finance, control, represent, advise, or work with (whether as an officer, director, shareholder, owner, co-owner, affiliate, partner, employee, agent, representative, consultant, independent contractor, advisor, or in any other role) the following companies, and their subsidiaries, affiliates and related entities, which sell or provide products or services that are competitive with the products or services sold or provided by the Company: AECOM Technology Corporation, Booz Allen Hamilton, CACI International, Jacobs Engineering Group, Leidos, ManTech International Corporation, WSP Global Inc., SAIC, Stantec, Inc., at any time during the Restricted Period (a "Competitor").

(b) The foregoing shall not prevent you from owning, as a passive investment, shares of capital stock of any Competitor if (i) such shares are listed on a national securities exchange or traded on a national market system in the United States, (ii) you, together with any of your affiliates and your immediate family members owns beneficially (directly or indirectly) less than five percent (5%) of the total number of shares of such entity's issued and outstanding capital stock, and (iii) neither you nor any of your affiliates is otherwise associated directly or indirectly with such Competitor or any of its affiliates; and provided, further, however, that nothing in this Section 1 shall restrict you from being employed directly by or serving as an unpaid advisor, in any role whatsoever, to: (A) the United States federal government; (B) any state or local government entity; (C) any educational institution, provided that the employment by such educational institution is in a capacity that is not competitive with the Company or a Covered Party; (D) a company which has a distinct subsidiary, division, affiliated entity or line of business (an "Operating Line") which is a Competitor as long as your service for such company does not include your direct or indirect personal exercise of services to or managerial, advisory, or strategic functions for the Operating Line that is a Competitor and such Operating Line does not generate more than twenty percent (20%) of such company's total revenues.

(c) Non-Solicitation. During the Restricted Period, you will not, either on your own behalf or on behalf of any third party (except the Company), hire, solicit, or encourage to leave the employment or service of the Company, any officer or employee of, or any consultant to, the Company, or hire or participate (with another third party) in the process of hiring any person or entity who is then, or who within the preceding one (1) year period was an employee or consultant of the Company, or provide names or other information about the Company's employees or consultants to any person or entity under circumstances which could lead to the use of that information for purposes of recruiting or hiring; provided however that you will not be deemed to have violated this subsection if an employee or consultant of the Company responds directly to a general advertisement of another person or entity as long as you have no involvement or participation, either directly or indirectly, in the recruitment or employment of such person or entity (and at the written request of the Company provide an affidavit to that effect).

Employee will not disrupt, damage, impair or interfere with Company's business whether by way of interfering with or raiding its employees or otherwise.

10. Confidentiality. (a) Employee agrees to hold confidential and not to make public or communicate orally or in writing with any person or entity, directly or indirectly, the terms of this Agreement, the amount of the payment described in paragraph 2 above, or any matters set forth herein except (1) to Employee's spouse, if any; (2) to individuals (such as accountants or lawyers) who reasonably must be informed of its terms; (3) as may be necessary to enforce this Agreement; (4) as may be compelled by lawful discovery or court order; (5) as may be necessary to accomplish the filing of income tax returns or claims for refund; or (6) as may be agreed to in writing by the Parties. Employee agrees to instruct any such individual provided with information concerning this Agreement, not to make public or to communicate orally or in writing to any person or entity, directly or indirectly, the terms of this Agreement or the amounts of any payments hereunder. The Company agrees that it will only publicly disclose information related to the terms of this Agreement as required to comply with applicable laws and regulatory requirements, including, but not limited to, requirements of the Securities and Exchange Commission. Nothing in this Agreement precludes disclosure of factual information related to claims filed in civil courts or administrative agencies involving sexual assault or abuse, sexual harassment, and workplace harassment or discrimination based on sex. Nothing in this Agreement precludes disclosure of factual information related to claims filed in civil courts or administrative agencies involving sexual assault, sexual abuse, sexual harassment, and workplace harassment or discrimination based on sex.

(b) Employee understands and agrees that any breach of this confidentiality provision will result in irreparable harm to the Company, which may be difficult to quantify or ascertain. Potential damages that could result from a breach of this confidentiality provision include, for example, the filing of unwarranted claims against the Company, attorneys' fees and costs to defend against those unwarranted claims, and unwarranted payments which may be necessary to reduce litigation costs to defend those unwarranted claims. In the event Employee violates this confidentiality provision, Employee shall pay the Company the amount of the separation payment set forth in paragraph 2 above as liquidated damages.

(c) The Parties intend that this confidentiality provision be construed as broadly as possible, in a manner consistent with its terms, in order to provide maximum confidentiality. Employee shall consult Company's counsel regarding any uncertainties Employee may have about whether the information Employee might disclose is confidential information within the meaning of this provision and the Employee Agreement and Acknowledgment of Obligation.

11. References for Prospective Employers. Employee agrees to direct general inquiries from any potential employers to contact Debra Fiori, Chief People Officer, who will confirm dates of employment and positions Employee held. Company agrees to provide references from CEO and other named executives upon request.

13. No Pending or Future Actions. Except with respect to enforcing rights created or preserved under this Agreement or any vested benefits Employee may have with respect to any benefit plan sponsored by the Company, Employee hereby covenants not to commence suit against Company, or to initiate any action or proceeding against Company or against any person or entity released in this Agreement, or to participate in same, individually or as a member of a class, under any contract, law or regulation, federal, state or local, pertaining in any manner whatsoever to Employee's employment with Company, including, but not limited to, the ending thereof.

14. Arbitration. If a dispute arises regarding the meaning or application of this Agreement, an alleged breach, or any alleged misrepresentation, the Parties agree to resolve the dispute through final and binding arbitration by a single arbitrator in North Carolina in accordance with the American Arbitration Association's ("AAA") then existing National Employment Dispute Resolution Rules. The Parties expressly waive any and all rights to a jury trial with respect to any statutory or other claims between them as set forth above. The arbitrator shall be selected by the parties from a list of arbitrators provided by the AAA. The party requesting arbitration shall contact the AAA for a list of five retired or former jurists with substantial professional experience in employment matters. The Company shall pay all costs unique to arbitration that the Employee would not incur if the dispute had been filed in a court. The arbitrator shall issue a written decision, revealing the essential findings and conclusions on which the award is based. Judgment upon any arbitration award may be entered in any state or federal court having jurisdiction thereof. The Parties have the right to move to compel arbitration, to enforce the arbitration award, to vacate the arbitration award, and to oppose such requests in a court of competent jurisdiction. In the event of any arbitration or litigation to enforce the terms of this Agreement, the prevailing party shall be entitled to recover its reasonable costs and attorneys' fees in addition to any other remedy authorized by law. Any controversy over whether a dispute is an arbitrable dispute or as to the interpretation or enforceability of this paragraph with respect to such arbitration shall be determined by the arbitrator. The parties agree to consider mediation before arbitrating any dispute.

15. No Transfer or Assignment/Binding on Parties and Representatives. Employee represents and warrants that no other person or entity has or has had any interest in the matters covered by this Agreement, and that Employee has the sole right and exclusive authority to execute this Agreement and receive the sums specified in it; and that Employee has not sold, assigned, transferred, conveyed or otherwise disposed of any claims, demands, obligations, or causes of action released herein. This Agreement shall be binding upon Employee, Employee's heirs, administrators, representatives, executors, successors, and assigns, and shall inure to the benefit of

Released Parties and each of them, and to their heirs, administrators, representatives, executors, successors and assigns.

16. Entire Agreement. This Agreement constitutes a single integrated contract expressing the entire agreement of the Parties hereto, with the sole exception of the Employee Agreement and Acknowledgment of Obligation and any benefit plan documents, such as 401K, pension, and Employee Stock Ownership Program (collectively "Other Agreements"). There are no agreements, written or oral, express or implied, between the Parties hereto concerning the subject matter hereof, except the provisions set forth in this Agreement and the Other Agreements. This Agreement supersedes all previous understandings, whether written or oral, with the sole exception of the Other Agreements.

17. Invalid Provisions. The Parties agree not to challenge this Agreement as illegal, invalid, or unenforceable. If any provision of this Agreement is determined to be invalid or unenforceable, all of the other provisions shall remain valid and enforceable notwithstanding, unless the provision found to be unenforceable is of such material effect that this Agreement cannot be performed in accordance with the intent of the Parties in the absence thereof.

18. Governing Law. This Agreement shall be governed by the substantive law of the State of the North Carolina.

19. Attorney Review. Each party has had a full and complete opportunity to review this Agreement, and make suggestions or changes and seek legal advice. Accordingly, each party understands that this Agreement is deemed to have been drafted jointly by the parties and agrees that the common-law principles of construing ambiguities against the drafter shall have no application hereto. It should be construed fairly and not in favor of or against one party as the drafter hereof.

20. Execution in Counterparts and by Facsimile. This Agreement may be executed in one or more counterparts, all of which shall constitute one and the same document. Counterparts may be exchanged by facsimile directed to counsel for the parties. Each counterpart, whether an original signature or a facsimile copy, shall be deemed an original as against any party who signed it.

21. Amendments/Modifications. This Agreement can be amended, modified, or terminated only by a writing executed by each of the Parties.

22. Knowing, Voluntary, and Competent Decision to Sign Agreement. Employee states that Employee is in good health and fully competent to manage Employee's business affairs, Employee has carefully read this Agreement, Employee fully understand its final and binding effect, the only promises made to Employee to sign this Agreement are those stated and contained in this Agreement, and Employee is signing this Agreement knowingly and voluntarily.

EMPLOYEE IS ADVISED THAT EMPLOYEE HAS UP TO TWENTY-ONE (21) CALENDAR DAYS TO CONSIDER THIS CONFIDENTIAL AGREEMENT AND GENERAL RELEASE. EMPLOYEE ALSO IS ADVISED TO CONSULT WITH AN

ATTORNEY PRIOR TO EMPLOYEE SIGNING THIS CONFIDENTIAL AGREEMENT AND GENERAL RELEASE.

EMPLOYEE MAY REVOKE THIS CONFIDENTIAL AGREEMENT AND GENERAL RELEASE FOR A PERIOD OF SEVEN (7) CALENDAR DAYS FOLLOWING THE DAY EMPLOYEE SIGNS THIS CONFIDENTIAL AGREEMENT AND GENERAL RELEASE. ANY REVOCATION WITHIN THIS PERIOD MUST BE SUBMITTED, IN WRITING, TO LEANNE RODGERS AND STATE, "I HEREBY REVOKE MY ACCEPTANCE OF OUR CONFIDENTIAL AGREEMENT AND GENERAL RELEASE." THE REVOCATION MUST BE PERSONALLY DELIVERED TO LEANNE RODGERS OR HER DESIGNEE, OR MAILED TO LEANNE RODGERS AT PARSONS, 100 WEST WALNUT STREET, PASADENA, CA 91124 AND POSTMARKED WITHIN SEVEN (7) CALENDAR DAYS AFTER EMPLOYEE SIGNS THIS CONFIDENTIAL AGREEMENT AND GENERAL RELEASE.

EMPLOYEE AGREES THAT ANY MODIFICATIONS, MATERIAL OR OTHERWISE, MADE TO THIS CONFIDENTIAL AGREEMENT AND GENERAL RELEASE, DO NOT RESTART OR AFFECT IN ANY MANNER THE ORIGINAL UP TO TWENTY-ONE (21) CALENDAR DAY CONSIDERATION PERIOD.

EMPLOYEE FREELY AND KNOWINGLY, AND AFTER DUE CONSIDERATION, ENTERS INTO THIS CONFIDENTIAL AGREEMENT AND GENERAL RELEASE INTENDING TO WAIVE, SETTLE AND RELEASE ALL CLAIMS EMPLOYEE HAS OR MIGHT HAVE AGAINST RELEASEES.

The Parties knowingly and voluntarily sign this Confidential Separation Agreement and General Release as of the date(s) set forth below:

Dated: November 27 , 2019 /s/ Adam Taylor

Adam Taylor

PARSONS CORPORATION

Dated: November 27 , 2019

/s/ Michael R. Kolloway

By: Michael R. Kolloway_______________

Exhibit 21.1

LIST OF SUBSIDIARIES OF THE REGISTRANT

Subsidiary	Registered Jurisdiction
3D/International, Inc.	Texas
Argotek, Inc.	Virginia
Barton-Aschman Associates, Inc. of Ohio	Ohio
Bonifica S.P.A.	Italy
Bright Star For Engineering Services LLC	Iraq, Republic of
BSX Parsons LLC	Delaware
Centerra-Parsons Pacific, LLC	Florida
Chas. T. Main of Louisiana, Inc.	Louisiana
Chas. T. Main, Inc.	Massachusetts
Checkmark Vehicle Safety Services, Inc.	Delaware
Command Engineering International Limited	Ontario
De Leuw, Cather & Company	Illinois
De Leuw, Cather International Inc.	Illinois
De Leuw, Cather International Limited	Delaware
Delcan Corporation	Illinois
Delcan Ltée	Quebec
Delcan Technologies, Inc.	Georgia
Delcather Limited Inc.	Illinois
DZSP 21 LLC	Delaware
EXi Parsons Telecom Inc.	Delaware
EXi Parsons Telecom LLC	Delaware
Finley McNary Engineers, Inc.	Florida
First Defense Services Pte. Ltd.	Singapore
Fourth Dimension Engineering LLC	Delaware
Global Response Services LLC	Delaware
Holding S.r.L.	Italy
Intelligent Software Solutions Global Limited	United Kingdom
KP Leasing Company	Nebraska
Nateng Technology Group, Inc.	Illinois
OGS Holdings, Inc.	Delaware
OGSystems, LLC	Virginia
PARCAN, Inc.	Delaware
Parfinco, Inc.	California
Parmetek, S.A. De C.V.	Mexico
Parsons 401Hot GP Inc.	Ontario
Parsons Advanced Technologies Inc.	Delaware
Parsons Architectural Services of Illinois Inc.	Illinois
Parsons Architecture of Florida Inc.	Florida
Parsons Architecture of New Jersey P.C.	New Jersey
Parsons Construction Craft Services Inc.	Texas
Parsons Construction Group Inc.	Delaware
Parsons Constructors & Fabricators Inc.	Delaware
Parsons Constructors Inc.	Delaware
Parsons Corporation	Delaware
Parsons CTMain Projetos de Infraestrutura Sociedade Simples Ltda.	Brazil
Parsons Delcan Inc.	Delaware

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Parsons do Brasil Construcoes Ltda.	Brazil
Parsons Engineering Inc. of Michigan	Michigan
Parsons Engineering Limited	Cork
Parsons Engineering of New York, Inc.	New York
Parsons Engineering Science International, Inc.	Delaware
Parsons Engineering Science, Inc.	California
Parsons Enterprises, Inc.	Delaware
Parsons Environment & Infrastructure Group Inc.	Delaware
Parsons Evergreene, LLC	Delaware
Parsons Federal Construction Inc.	California
Parsons Global Services, Ltd.	Cayman Islands (B.W.I.)
Parsons Government Services Inc.	Nevada
Parsons Government Services International Inc.	Delaware
Parsons Government Support Services Inc.	Texas
Parsons Group International Limited	United Kingdom
Parsons Hanford Fabricators Inc.	Washington
Parsons Inc.	Federally Chartered
Parsons Infrastructure & Technology Group Inc. of Ohio	Ohio
Parsons Infrastructure & Technology Group of Illinois P.C.	Illinois
Parsons Infrastructure & Technology Group of Michigan Inc.	Nevada
Parsons Infrastructure & Technology Group of New York Inc.	New York
Parsons Ingeniería, S. de R.L. de C.V	Mexico
Parsons Inspection & Maintenance Corporation	Delaware
Parsons International & Company LLC	Sultanate of Oman
Parsons International Limited	Nevada
Parsons International Limited	Delaware
Parsons International Limited (L.L.C.), a Limited Liability Company	Egypt, Arab Republic of
Parsons Investments Corp.	Delaware
Parsons Italia S.r.L.	Italy
Parsons Main of New York, Inc.	New York
Parsons Main, Inc.	Massachusetts
Parsons Middle East Corporation	Nevada
Parsons Middle East Ltd.	Delaware
Parsons of North Carolina Inc.	North Carolina
Parsons of Puerto Rico Professional Engineers, P.S.C.	Puerto Rico
Parsons Overseas Company	Nevada
Parsons Overseas Limited Inc.	Delaware
Parsons PATCO Inc.	Delaware
Parsons Professional Corporation	District of Columbia
Parsons Professional Services Inc.	Ontario
Parsons Project Services, Inc.	California
Parsons RCI Inc.	Washington
Parsons S.I.P. Inc.	Delaware
Parsons Savannah Construction Company	South Carolina
Parsons Savannah Services Company	Delaware
Parsons Secure Solutions Inc.	Virginia
Parsons Services Company	Texas
Parsons SGTP GP Holdings Inc.	Federally Chartered
Parsons Technical Services Inc.	Delaware
Parsons Technical Services International Inc.	Texas

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Parsons Technical Support Inc.	Delaware
Parsons Technologies, LLC	Delaware
Parsons Telecommunication Services Inc.	Delaware
Parsons Transportation Architectural Services LLC	Delaware
Parsons Transportation Concessionaires LLC	Delaware
Parsons Transportation Group Inc.	Illinois
Parsons Transportation Group Inc. of Michigan	Michigan
Parsons Transportation Group Inc. of Virginia	Virginia
Parsons Transportation Group of New York, Inc.	New York
Parsons Transportation Group, Professional Corporation	District of Columbia
Parsons Turkey Ulastirma Altyapi Sanayi ve Ticaret Limited Sirketi	Turkey
Parsons Water & Infrastructure Inc.	Delaware
Parsons Water Resources, Inc.	California
Parsons-Granite LLC	Delaware
Parsons-Jurden International Corporation	Nevada
Parsons-Versar LLC	Delaware
Partnership for Temporary Housing LLC	Delaware
Polaris Alpha Advanced Systems, Inc.	Virginia
Polaris Alpha Cyber and Sigint, LLC	Delaware
Polaris Alpha Cyber Technologies, LLC	Delaware
Polaris Alpha Equity Holdings, LLC	Delaware
Polaris Alpha Holdings Parent, LLC	Delaware
Polaris Alpha, LLC	Delaware
PTG Construction Services Company	Delaware
PTSI Managed Services Inc.	California
QRC, LLC	Virginia
Research and Development Solutions, LLC	Delaware
RMP Infrastructure Holdings Inc.	Federally Chartered
S&P Geology Services P.C.	New York
S.I.P. Engineering, Inc.	Delaware
S.I.P., Inc.	Delaware
Saudi Arabian Parsons Limited	Saudi Arabia
SGTP Highway Bypass GP Inc.	Saskatchewan
SGTP Highway Bypass Limited Partnership	Saskatchewan
Solidyn Solutions, LLC	Delaware
Steinman Boynton Gronquist & Birdsall	New York
Steinman Inc.	New York
T.J. Cross Engineers, Inc.	California
The C. T. Main Corporation	Massachusetts
The De Leuw Cather Group Ltd.	Ontario
The Ralph M. Parsons Company	Nevada
Wholesale Supply Co., Inc.	Nevada
Williams Electric Co., Inc.	Florida

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-234626 and 333-231387) of Parsons Corporation of our report dated March 10, 2020 relating to the financial statements and financial statement schedule, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Los Angeles, California
March 10, 2020

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Charles L. Harrington, certify that:

1. I have reviewed this Annual Report on Form 10-K of Parsons Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 10, 2020

By: /s/ Charles L. Harrington
Charles L. Harrington
Chief Executive Officer

Exhibit 31.2

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, George L. Ball, certify that:

1. I have reviewed this Annual Report on Form 10-K of Parsons Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 10, 2020

By: /s/ George L. Ball
George L. Ball
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Parsons Corporation (the “Company”) on Form 10-K for the period ending December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Charles L. Harrington, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: March 10, 2020

By: /s/ Charles L. Harrington
Charles L. Harrington
Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Parsons Corporation (the "Company") on Form 10-K for the period ending December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, George L. Ball, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: March 10, 2020

By: /s/ George L. Ball
George L. Ball
Chief Financial Officer