As filed with the Securities and Exchange Commission on April 29, 2019.

Registration No. 333-230833

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1
to
FORM S-1

**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

Parsons Corporation

(Exact name of registrant as specified in its charter)

Delaware	**7373**	**95-3232481**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

**5875 Trinity Parkway #300
Centreville, Virginia 20120
(703) 988-8500**
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Charles L. Harrington
Chairman, Chief Executive Officer and President
5875 Trinity Parkway #300
Centreville, Virginia 20120
(703) 988-8500
(Name, address, including zip code, and telephone number, including area code, of agent for service)**

Copies to:

Steven B. Stokdyk, Esq. Cathy A. Birkeland, Esq. Latham & Watkins LLP 355 South Grand Avenue, Suite 100 Los Angeles, California 90071 (213) 485-1234	**Peter W. Wardle, Esq. Stewart McDowell, Esq. Gibson, Dunn & Crutcher LLP 333 South Grand Avenue Los Angeles, California 90071 (213) 229-7000**

**Approximate date of commencement of proposed sale to the public:
As soon as practicable after this registration statement is declared effective.**

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

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 7(a)(2)(B) of the Securities Act. ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee(2)
Common Stock, par value $1.00 per share	21,296,275	$28.00	$596,295,700	$72,271.04

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(a) under the Securities Act of 1933, as amended. Includes the aggregate offering price of any additional shares that the underwriters have the option to purchase from the registrant.

(2) The registrant previously paid $12,120 of this amount in connection with a prior filing of its Registration Statement.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

Subject to Completion. Dated April 29, 2019.

18,518,500 Shares

PARSONS

Parsons Corporation

Common Stock

This is an initial public offering of shares of common stock of Parsons Corporation. All of the 18,518,500 shares of common stock are being sold by the company.

Prior to this offering, there has been no public market for the common stock. It is currently estimated that the initial public offering price per share will be between $26.00 and $28.00. Parsons Corporation has applied to list the common stock on the New York Stock Exchange, or NYSE, under the symbol "PSN".

Upon completion of this offering, the shares beneficially owned by the Parsons Employee Stock Ownership Plan, or the ESOP, will represent 80.8% of the total voting power of our outstanding capital stock. As a result, we will be a "controlled company" within the meaning of the corporate governance rules of the NYSE. See "Management—Controlled Company Exception."

See "Risk Factors" on page 24 to read about factors you should consider before buying shares of the common stock.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Initial Public Offering Price	$	$
Underwriting Discount(1)	$	$
Proceeds Before Expenses(1)	$	$

(1) See "Underwriting (Conflicts of Interest)".

To the extent that the underwriters sell more than 18,518,500 shares of common stock, the underwriters have the option to purchase up to an additional 2,777,775 shares from us at the initial price to the public less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on , 2019.

Goldman Sachs & Co. LLC **BofA Merrill Lynch**

Morgan Stanley

Jefferies **Wells Fargo Securities**

Cowen **SunTrust Robinson Humphrey** **MUFG** **Scotiabank**

Prospectus dated , 2019

Table of Contents

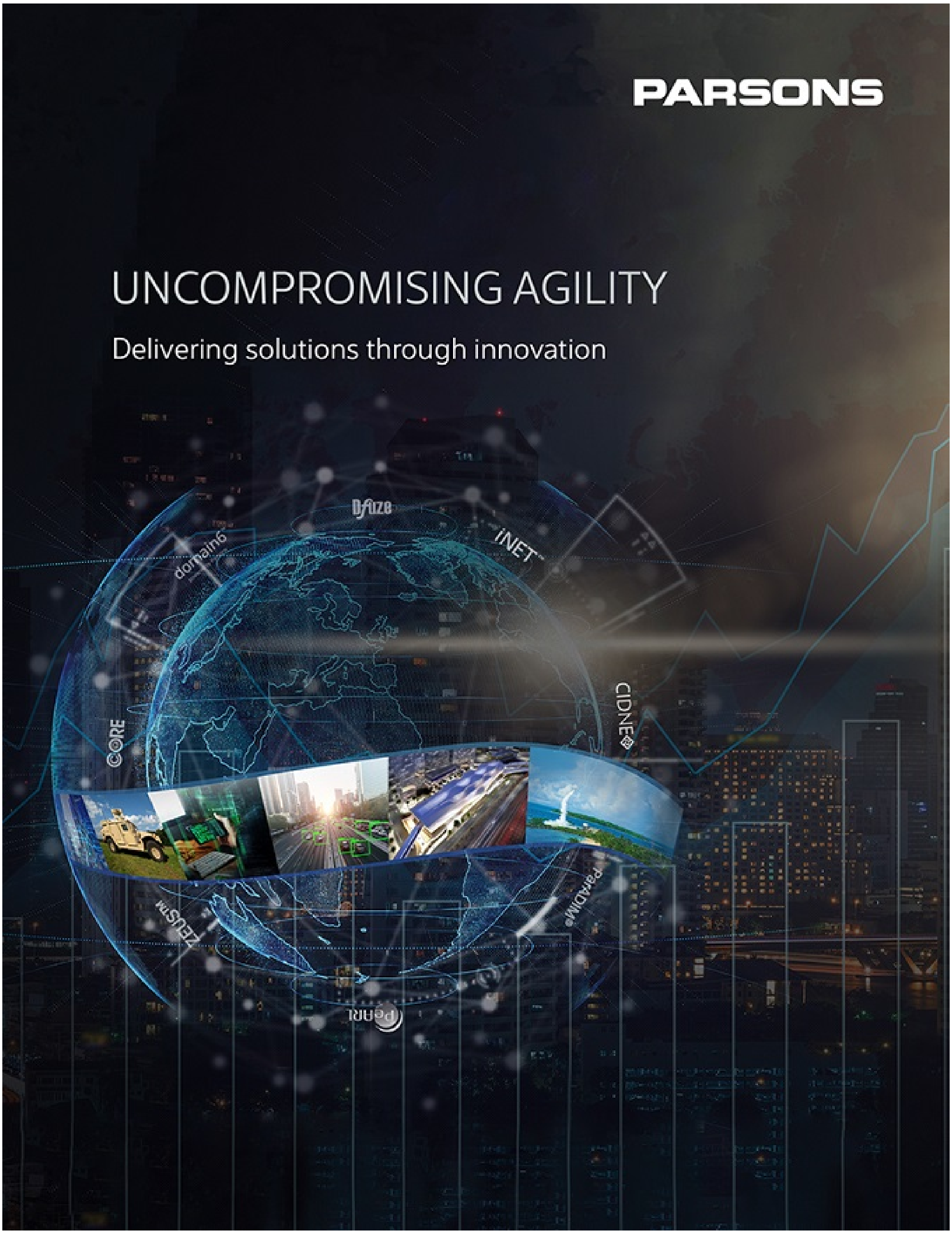


TABLE OF CONTENTS

You should rely only on the information contained in this prospectus or in any free writing prospectus we may authorize to be delivered or made available to you. We and the underwriters have not authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are offering to sell, and seeking offers to buy, shares of our common stock only under circumstances and in jurisdictions where offers and sales are permitted. The information in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of shares of our common stock. Our business, financial condition, results of operations and prospectus may have changed since that date.

For investors outside the U.S., we have not, and the underwriters have not, done anything that would permit this offering or possession or distribution of this prospectus or any free writing prospectus we may provide to you in connection with this offering in any jurisdiction where action for that purpose is required, other than in the U.S. Persons outside the U.S. who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of common stock and the distribution of this prospectus outside the U.S. See “Underwriting (Conflicts of Interest).”

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus and does not contain all of the information that you should consider in making your investment decision. Before investing in our common stock, you should carefully read this entire prospectus, including our consolidated financial statements and the related notes included elsewhere in this prospectus. You should also consider the matters described under the sections titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," in each case included elsewhere in this prospectus. Unless the context otherwise requires, the terms "Parsons," "the Company," "we," "us" and "our" refer to Parsons Corporation and its consolidated subsidiaries.

Overview

We are a leading provider of technology-driven solutions in the defense, intelligence and critical infrastructure markets. We provide technical design and engineering services and software to address our customers' challenges. We have developed significant expertise and differentiated capabilities in key areas of cybersecurity, intelligence, defense, military training, connected communities, physical infrastructure and mobility solutions. 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 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.

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 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:

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.

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

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

Critical Mission Support: We provide a diverse set of technical services to help our nation's military on land, sea, air and space. These services include mission training, protecting national airspace, fighting infectious diseases, digitizing the health environment, performing contingency operations and providing operations and maintenance for physical 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.

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 cybersecurity, machine learning, big data analytics and cloud applications. 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.

We operate in two reporting segments, Federal Solutions and Critical Infrastructure, with revenue contribution of 41.5% and 58.5%, respectively, and Adjusted EBITDA contribution of 49.9% and 42.6%, respectively, for fiscal 2018. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Segment Results" for further discussion on our segments.

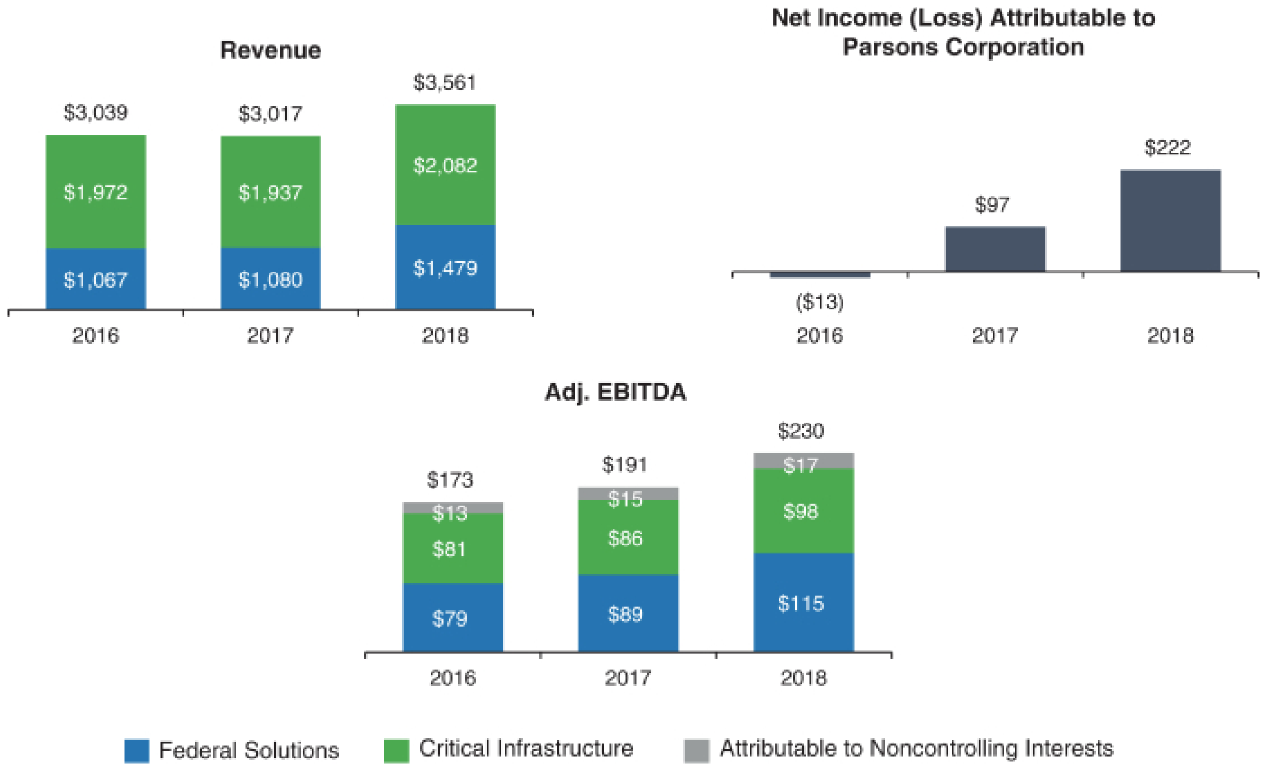
Federal Solutions: Our Federal Solutions segment is a high-end services and technology provider to the U.S. government, delivering timely, cost-effective solutions for mission-critical projects. We provide advanced technologies, including cybersecurity, missile defense systems, military training, subsurface munitions detection, military facility modernization, logistics support, chemical weapon 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 Missile Defense Agency, the United States intelligence community, the U.S. military, the Department of Energy 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. 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.

We have successfully grown our business in each segment and on a consolidated basis. In fiscal 2018, we generated revenues of $3.6 billion, net income attributable to Parsons Corporation of $222.3 million and Adjusted EBITDA of $229.8 million. In fiscal 2018, our Federal Solutions segment had 37.0% year-over-year revenue growth, or 15.9% excluding the results of Polaris Alpha, LLC, or Polaris

[Table of Contents](#)

Alpha, which we acquired in May 2018, and our Critical Infrastructure segment had 7.5% year-over-year revenue growth. The following table shows our growth over the last three years (in millions):



See "Summary Consolidated Financial and Other 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 usefulness of this metric. See also "Management's Discussion and Analysis of Financial Condition and Results of Operations—Segment Results" and "Note 20—Segments Information" in the notes to our consolidated financial statements included elsewhere in this prospectus for further discussion regarding our segment revenue and segment Adjusted EBITDA attributable to Parsons Corporation.

On new contracts and task orders for which we competed, we achieved an overall win rate of 39.9% in fiscal 2016, 34.9% in fiscal 2017 and 42.9% in fiscal 2018. As of December 31, 2018, our total backlog was $8.0 billion, an increase of 24.1% from December 29, 2017.

Our Services 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 capabilities of systems integration, software development, program management and critical mission support apply across our segments and business lines.

Federal Solutions

Our Federal Solutions business provides engineering, software and hardware solutions and services. It is focused on five business lines: Cyber & Intelligence, Geospatial, Defense, Mission Solutions, and Engineered Systems.

- Cyber & Intelligence—Focuses on two related, but discrete markets: cybersecurity and intelligence. Our customers include the U.S. Army and the United States intelligence community, which consists of 16 separate United States government intelligence agencies. 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.
- Geospatial—Focuses on providing geospatial intelligence, big data analytics and threat mitigation technology services to the defense, intelligence, space and command, control, communications, computer, cyber, intelligence, surveillance and reconnaissance, or C5ISR, end markets. An example is our work with the National Geospatial-Intelligence Agency, or NGA, in providing automated capabilities to analyze, collect and expose geospatial intelligence content from the open source environment.
- Defense—Focuses on the missile defense, space and C5ISR end markets. Our customer portfolio includes the Missile Defense Agency, or MDA, the U.S. Air Force and the U.S. Army. We provide mission planning for space situational awareness, small satellite systems integration, electronic warfare, directed energy modeling and simulation and command and control systems and support. An example is our role as the prime systems engineering technical assistance, or SETA, contractor for the MDA where we provide weapons and missile defense systems engineering and command and control, battle management and communications (C2BMC) system support.
- Mission Solutions—Supports military training and readiness and associated infrastructure. Our services and solutions include converged cyber-physical solutions for critical infrastructure, and global military mission readiness and training. Customers include the Federal Aviation Administration and the U.S. Army. Representative offerings include live, virtual, constructive and gaming training, converged cyber-physical security for industrial control systems and infrastructure upgrades, connected devices and smart meters. Differentiated technologies include our information assurance and compliance qualifications and our Domain6 cybersecurity toolset for industrial control systems protection.
- Engineered Systems—Focuses on advanced technology services for advanced energy production systems, healthcare systems, environmental systems and associated infrastructure. Customers include the U.S. Department of Energy, the U.S. Army Corps of Engineers and the U.S. Air Force. 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.

Critical Infrastructure

Our Critical Infrastructure business provides engineering, program management, systems engineering and software solutions. It is focused on three business lines: Connected Communities, Mobility Solutions and Industrial.

- Connected Communities—Provides intelligent transportation system management, advanced train controls integration, smart cities software and critical infrastructure cyber 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 Washington Metropolitan Area Transit Authority, or WMATA. Technology capabilities include positive and communications-based train controls systems integration, intelligent transportation network software, vehicle inspection data analytics software, tolling systems software 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 Intelligent NETworks, or iNET, platform. Our deployment for the Georgia Department of Transportation of this 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.
- Mobility Solutions—Provides engineering services for complex infrastructure including bridges and tunnels, roads and highways, airports and rail and transit. Within our diverse customer base, our customer relationships include the Port Authority of New York and New Jersey and Dubai’s Roads and Transport Authority. Our capabilities include technologies in long-span bridges, tunnels, international airports and automated people mover and baggage handling systems. An example is our role as the sole program manager of the recently awarded Diamond Head Extension Program at Honolulu International Airport.
- Industrial—Delivers engineering, program management and environmental solutions to private-sector industrial clients and public utilities. Customers are diverse with limited concentration, and include chemical, energy, utility, communications and manufacturing companies and some provincial agencies. Our capabilities include environmental remediation engineering, process engineering, cyber-physical security software and program management of capital projects. Differentiated technology solutions include our Domain6 cybersecurity toolset, advanced environmental analytics and modeling and the application of augmented and virtual reality.

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 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.

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 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.

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 multi-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.

Global Infrastructure Needs Significant Replacements and Technology-Driven Upgrades. Aging physical infrastructure is strained by the swift pace of technological change. 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 75 year 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 $53.2 million and average incentive fees of 96% in fiscal 2016, incentive fees of $10.1 million and average incentive fees of 86% in fiscal 2017 and incentive fees of $8.5 million and average incentive fees of 89% in fiscal 2018. 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 39.9% in fiscal 2016, 34.9% in fiscal 2017 and 42.9% in fiscal 2018 for new awards that we bid on. In fiscal 2018, our Federal Solutions revenues grew 37.0% and our Critical Infrastructure revenues grew 7.5% year-over-year. As of December 31, 2018, our backlog was $8.0 billion, up 24.1% from year end fiscal 2017.

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. In the Critical Infrastructure segment, we have supported the WMATA for over 50 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.

Technology Innovation

We are on the forefront of developing sophisticated engineering and technical services products for our customers, such as our iNET and Domain6 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.

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. 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.

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, 15,633 as of January 31, 2019, whose technical expertise is sought by our clients for their most sophisticated applications and challenges. 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. We have more than 11,710 degreed employees and 3,190 highly credentialed employees as of January 31, 2019. 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 17 years with the company and averages over 32 years of industry or functional experience.

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 five strategic acquisitions (four 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:

- *OGSystems*: Acquired in 2019, OGSystems, LLC, or 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.
- *Polaris Alpha:* Acquired in 2018, Polaris Alpha Holdings, LLC, or Polaris Alpha, is an advanced, technology-focused provider of innovative mission solutions for national security, intelligence, defense and other U.S. federal customers.
- *Delcan Technologies:* Acquired in 2014, 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.

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:

- 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 software, iNET, our intelligent transportation system connected city platform, modeling and simulation, data analytics and our software and security-as-a-service platforms.
- 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, with key market focuses that include:

- Space—Extend our space situational awareness, small satellite integration, command and control and critical infrastructure solutions to our current and new space customers in the government and commercial space markets.
- 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.
- Health—Extend our data analytics, artificial intelligence and cloud computing solutions to the federal disease research and greater federal healthcare ecosystem.
- 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.
- Critical Infrastructure Protection—Leverage our installed customer base and pursue market segments that are driven by high threat levels and regulatory concerns.

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.
- Internet of Things, or IoT, sensor systems integration, data capture and processing focused on mobility solutions for connected and smart cities.
- Space and geospatial software 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. 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.

Summary Risk Factors

Our business is subject to numerous risks and uncertainties, including those in the section entitled "Risk Factors" and elsewhere in this prospectus. These risks include, but are not limited to, the following:

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

- The U.S. federal government and its agencies collectively are our largest single customer.
- 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.
- Government entities may adopt new contract rules and regulations or revise their procurement practices in a manner adverse to us at any time.
- 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.
- 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.
- We face aggressive industry competition that can impact our ability to obtain contracts and may affect our future revenues, profitability and growth prospects.
- Our ability to attract, train, retain and utilize skilled employees and senior management.
- Changes in the mix of our contracts and in our estimates and management of costs, time and resources for our contracts.
- Required compliance with numerous legal and regulatory requirements.
- Our operations 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.

Recent Developments

OGSystems Acquisition

On January 7, 2019, we acquired OGSystems for $300.3 million. OGSystems provides geospatial intelligence, big data analytics and threat mitigation for defense and intelligence customers. The acquisition was funded by $40.3 million of cash on hand, $150.0 million of borrowings under our $150.0 million unsecured term facility, or Term Loan, pursuant to a term loan agreement between us and certain lenders dated January 4, 2019, as amended, or Term Loan Agreement, and $110.0 million of borrowings under our $550.0 million unsecured credit facility, or Revolving Credit Facility, pursuant to a credit agreement between us and certain lenders dated November 15, 2017, as amended, or Credit Agreement. The financial results of OGSystems are not included in our consolidated results of operations for the periods presented in this prospectus, other than the preliminary financial results for the first quarter ended March 31, 2019 discussed in this section.

IPO Cash Dividend

On April 3, 2019, our board of directors declared a cash dividend to our existing stockholder in the amount of $2.00 per share, or $52.1 million in the aggregate. The payment of this dividend, which we refer to as the IPO Dividend, is conditioned upon the closing of this offering, and payable to our existing stockholder on the day immediately following the closing of this offering. Purchasers of our common stock in this offering will not be entitled to receive any portion of the IPO Dividend.

Common Stock Dividend

On April 15, 2019, our board of directors declared a common stock dividend in a ratio of two shares of common stock for every one share of common stock presently held by our stockholder. The payment of this common stock dividend, which we refer to as the Stock Dividend, is conditioned upon the closing of this offering. The record date of the Stock Dividend is the day immediately prior to the closing of this offering and the payment date of the Stock Dividend is the day of the closing of this offering. Purchasers of our common stock in this offering will not be entitled to receive any portion of the Stock Dividend.

Preliminary Financial Results for the Three Months Ended March 31, 2019

Set forth below are preliminary estimates of unaudited financial information, including consolidated statement of operations data, consolidated balance sheet data and other key metrics data, as of and for the three months ended March 31, 2019, and actual unaudited financial information and other key metrics data as of and for the three months ended March 30, 2018. Our actual results as of and for the three months ended March 31, 2019 will not be available until after the completion of this offering. We have provided ranges, rather than specific amounts, for the preliminary estimates primarily because our financial closing and review procedures for the three months ended March 31, 2019 are not yet complete. The estimated ranges are preliminary and have not been audited or reviewed and are thus inherently uncertain and subject to change as we complete our financial closing and review procedures for the three months ended March 31, 2019. We are in the process of completing these closing and review procedures and, while we currently expect that our final results will be consistent with the preliminary estimates set forth below, such final results may differ materially from the preliminary estimates as a result of various factors, including those that are set forth under “Risk Factors” and “Special Note Regarding Forward-Looking Statements.” The preliminary estimates are not necessarily indicative of the results to be achieved for the remainder of fiscal year 2019 or any future period.

The preliminary estimates set forth below have been prepared by, and are the responsibility of, our management. PricewaterhouseCoopers LLP has not audited, reviewed, compiled or performed any procedures with respect to the preliminary estimates. Accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto.

(U.S. dollars in thousands)	Three Months Ended March 31, 2019 (Estimated) Low	Three Months Ended March 31, 2019 (Estimated) High	March 30, 2018 (Actual)
Consolidated Statement of Operations Data:			
Revenue	$ 862,056	$ 907,159	$ 754,679
Net income attributable to Parsons Corporation	$ 10,990	$ 11,565	$ 25,287
Non-GAAP Measures and Other Key Metrics:			
Adjusted EBITDA(1)	$ 65,365	$ 68,784	$ 47,730
Awards(2)	$1,162,140	$1,223,247	$ 608,314
Book-to-Bill(3)	1.29	1.36	0.81

(U.S. dollars in thousands)	As of March 31, 2019 (Estimated) Low	High	March 30, 2018 (Actual)
Consolidated Balance Sheet Data:			
Cash and cash equivalents	$116,408	$122,478	$ 377,836
Total debt	$658,997	$658,997	$ 249,434

(1) See “Selected Consolidated Financial and Other Data” for a discussion of our definition of Adjusted EBITDA, our results in prior periods, how we use this metric, why we present this metric and the material limitations on usefulness of this metric.

The following table provides a preliminary estimate of a reconciliation of net income attributable to Parsons Corporation to preliminary estimated Adjusted EBITDA for the three months ended March 31, 2019, and a reconciliation of actual net income attributable to Parsons Corporation for the three months ended March 30, 2018.

(U.S. dollars in thousands)	Three Months Ended March 31, 2019 (Estimated) Low	High	March 30, 2018 (Actual)
Net income attributable to Parsons Corporation	$10,990	$11,565	$ 25,287
Interest expense, net	7,477	7,817	3,258
Income tax expense	1,761	1,853	5,353
Depreciation and amortization	29,355	30,889	9,009
Net income attributable to noncontrolling interests	3,545	3,728	3,815
Litigation related expenses	—	—	2,330
Amortization of deferred gain resulting from sale-leaseback transactions	—	—	(1,813)
Transaction related costs	7,330	7,767	125
Restructuring	2,171	2,233	—
HCM software implementation costs	2,736	2,932	—
Other	—	—	366
Adjusted EBITDA	$65,365	$68,784	$ 47,730

(2) 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. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Metrics” for further discussion on Awards, including our results in prior periods and how we define and use this metric.

(3) Book-to-bill is the ratio of total awards to total revenue recorded in the same period. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Metrics” for further discussion on our book-to-bill ratio, including our results in prior periods and how we define and use this metric.

For the three months ended March 31, 2019, our estimated revenue increased 14.2% to 20.2% over the three months ended March 30, 2018, or experienced between a 2.0% decrease to a 4.0% increase if the results of OGSystems and Polaris Alpha are excluded. The estimated change in revenue, excluding the results of OGSystems and Polaris Alpha, is attributable to an increase in business volume in our Critical Infrastructure segment, while Federal Solutions revenue did not materially change.

For the three months ended March 31, 2019, our estimated net income attributable to Parsons Corporation decreased 54.3% to 56.5% over the three months ended March 30, 2018, or 23.6% to 26.0% if the results of OGSystems and Polaris Alpha are excluded. The estimated decrease in net income attributable to Parsons Corporation, excluding the results of OGSystems and Polaris Alpha, is due to an increase in interest expense related to the debt incurred in connection with the OGSystems and Polaris Alpha acquisitions, and an increase in transaction costs related to our acquisitions in the first three months ended March 31, 2019 and this offering. The results of OGSystems and Polaris Alpha further decreased estimated net income attributable to Parsons Corporation for the three months ended March 31, 2019 due to increased amortization expense related to acquired intangible assets of OGSystems and Polaris Alpha.

For the three months ended March 31, 2019, our estimated Adjusted EBITDA increased 36.9% to 44.1% over the three months ended March 30, 2018, or 9.8% to 17.0% if the results of OGSystems and Polaris Alpha are excluded. The estimated increase in Adjusted EBITDA, excluding the results of OGSystems and Polaris Alpha, is due to improved profit margins on work performed in both our Critical Infrastructure and Federal Solutions segments.

The estimated increase in total debt as of March 31, 2019, as compared to our total debt as of March 30, 2018, is due to debt we incurred in connection with the acquisitions of OGSystems and Polaris Alpha.

For the three months ended March 31, 2019, our estimated Awards increased 91.0% to 101.1% over the three months ended March 30, 2018, or 61.9% to 71.9% if the results of OGSystems and Polaris Alpha are excluded. The estimated increase in Awards, excluding the results of OGSystems and Polaris Alpha, is due to an increase in Awards in our Federal Solutions segment offset by a slight decrease in Awards in our Critical Infrastructure segment.

If the results of OGSystems and Polaris Alpha are excluded, the estimated book-to-bill ratio for the three months ended March 31, 2019 increased 65.2% to 65.4% over the three months ended March 30, 2018. The estimated increase in book-to-bill as of March 31, 2019 is due to a larger increase in Awards relative to the increase in revenue over the comparable periods.

Corporate Information

We are a Delaware corporation and commenced our principal operations in 1944. Our principal executive offices are located at 5875 Trinity Parkway #300, Centreville, Virginia 20120, and our telephone number is (703) 988-8500. Our website address is www.parsons.com. The information on or that can be accessed through our website is not incorporated by reference into this prospectus, and you should not consider any such information as part of this prospectus or in deciding whether to purchase our common stock.

Parsons Employee Stock Ownership Plan

In 1984, we became 100% owned by the Parsons Employee Stock Ownership Plan, which we refer to as the ESOP. The ESOP is Parsons' sole stockholder prior to the consummation of this offering. Upon completion of this offering, the shares beneficially owned by the ESOP will represent 80.8% of the total voting power of our outstanding capital stock. The ESOP is a retirement plan and trust subject to the requirements of the Internal Revenue Code of 1986, as amended, or the Code, and the Employee Retirement Income Security Act of 1974, as amended, or ERISA. The trustee of the

ESOP is Newport Trust Company, which we refer to as the ESOP Trustee. Following consummation of this offering, each ESOP participant (or his or her beneficiaries) will have the right to direct the ESOP Trustee on how to vote the shares of common stock allocated to his or her account under the ESOP. The ESOP Trustee will vote any shares of common stock held in the ESOP, but not allocated to any ESOP participant's account, and any allocated shares for which no voting directions are timely received by the ESOP Trustee. In addition, the ESOP Trustee has fiduciary duties under ERISA to the ESOP and its participants which may cause the ESOP Trustee to override participants' voting directions.

S Corporation Status

Since 1999, we have elected to be taxed for U.S. federal income tax purposes as an "S" Corporation under the provisions of Sections 1361 through 1379 of the Code. As a result, our earnings have not been subject to, and we have not paid, U.S. federal income tax, and no provision or liability for U.S. federal income tax has been included in our consolidated financial statements. Instead, for U.S. federal income tax purposes our taxable income is "passed through" to our sole stockholder, the ESOP. As the ESOP is intended to be exempt from federal income taxes, we have not previously had to make any distributions to the ESOP for taxes. Unless specifically noted otherwise, no amount of our consolidated net income or our earnings per share presented in this prospectus, including in our consolidated financial statements and the accompanying notes appearing in this prospectus, reflects any provision for or accrual of any expense for U.S. federal income tax liability for any period presented. In connection with this offering, our status as an "S" Corporation will terminate. Thereafter, our taxable earnings will be subject to U.S. federal income tax and we will bear the liability for those taxes.

Basis of Presentation

Prior to fiscal 2018, Parsons was on a 52- or 53-week fiscal year ending on the last Friday on or before the end of the calendar year. In 2018, our board of directors approved a change in our fiscal year end from the last Friday on or before the calendar year to December 31st. Accordingly, references to fiscal 2018, fiscal 2017, fiscal 2016, fiscal 2015 and fiscal 2014 represent the financial results of Parsons Corporation and its subsidiaries for the fiscal years ended December 31, 2018, December 29, 2017, December 30, 2016, December 25, 2015 and December 26, 2014, respectively. In a 52-week fiscal year, each quarter contains 13 weeks of operations; in a 53-week fiscal year, three of the quarters include 13 weeks of operations and one of the quarters includes 14 weeks of operations. Fiscal 2017, fiscal 2015 and fiscal 2014 were all 52-week years. Fiscal 2016 was a 53-week year, which may have caused our revenue, expenses and other results of operations to be higher due to an additional week of operations.

Trademarks, Trade Names and Service Marks

Parsons, Polaris Alpha, iNET and Domain6 and our other registered or common law trademarks, service marks or trade names appearing in this prospectus are the property of Parsons Corporation. Other trademarks, service marks or trade names appearing in this prospectus are the property of their respective owners. We do not intend our use or display of other companies' trade names or trademarks to imply a relationship with, or endorsement or sponsorship of us by, any other companies. We have omitted the ® and ™ designations, as applicable, for the trademarks used in this prospectus.

Market, Industry and Other Data

Unless otherwise indicated, information contained in this prospectus concerning our industry and the markets in which we operate, including our general expectations and market position, market opportunity and market size, is based on reports from various sources. In some cases, we do not expressly refer to the sources from which this data is derived. In that regard, when we refer to one or more sources of this type of data in any paragraph, you should assume that other data of this type appearing in the same paragraph is derived from the same sources, unless otherwise expressly stated or the context otherwise requires.

Unless otherwise expressly stated, we obtained industry, business, market and other data from the reports, publications and other materials and sources listed below:

- Bloomberg Government, research data, December 24, 2018
- Center for Strategic and International Studies, February 2018
- Fitch Solutions, Inc., research data, January 22, 2018
- United States Department of Defense Fiscal Year 2019 Budget Request, February 2018
- H.Rept. 115-952 – Department of Defense for the Fiscal Year Ending September 30, 2019 and for other purposes
- Public Law No: 115-245
- H.R.6157 – Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019
- Office of the Director of National Intelligence News Release No. 11-18, February 27, 2018
- U.S. Department of Defense News Release No. NR-062-18, February 27, 2018

Because this information involves a number of assumptions and limitations, you are cautioned not to give undue weight to such information. We have not independently verified market data and industry forecasts provided by any of these or any other third-party sources referred to in this prospectus.

In addition, projections, assumptions and estimates of our future performance and the future performance of the industry in which we operate are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section captioned “Risk Factors” and elsewhere in this prospectus. These and other factors could cause results to differ materially from those expressed in the estimates made by third parties and by us.

THE OFFERING

Common stock offered by Parsons	18,518,500 shares
Common stock outstanding after this offering	96,657,331 shares
Underwriters' option to purchase additional shares of common stock from Parsons	2,777,775 shares
Use of proceeds	We estimate that the net proceeds to us from the sale of shares of our common stock in this offering will be approximately $462.9 million based upon the assumed initial public offering price of $27.00 per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use the net proceeds to us from this offering to fund the IPO Dividend of $52.1 million, repay the outstanding balance of $150.5 million under our Term Loan and repay outstanding indebtedness under our Revolving Credit Facility. See the section captioned "Use of Proceeds" for a more complete description of the intended use of proceeds from this offering.
Dividend Policy	Other than the IPO Dividend, 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, Credit Agreement and Term Loan Agreement, and other factors that our board of directors considers relevant. See "Dividend Policy" for further information.
Voting Rights	Shares of common stock are entitled to one vote per share. See the section captioned "Description of Capital Stock". Assuming no exercise of the underwriters' option to purchase additional shares, following this offering, outstanding shares of common stock beneficially held by our executive officers and the ESOP, the only holder of more than 5% of our capital stock, will represent approximately 80.8% of the voting power of our outstanding capital stock. The ESOP participants (or their beneficiaries) have the right to direct the ESOP Trustee on how to vote the shares of common stock allocated to his

	or her account under the ESOP. The ESOP Trustee will vote in its independent fiduciary discretion any shares of common stock held in the ESOP, but not allocated to any ESOP participant's account, and any allocated shares for which no voting directions are timely received from participants. In addition, the ESOP Trustee has fiduciary duties under ERISA to the ESOP and its participants which may cause the ESOP Trustee to override participants' voting directions.
Risk Factors	You should carefully read and consider the information set forth in the section entitled "Risk Factors" beginning on page 20, together with all of the other information set forth in this prospectus, before deciding whether to invest in our common stock.
Conflicts of Interest	Affiliates of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Wells Fargo Securities, LLC, MUFG Securities Americas Inc. and Scotia Capital (USA) Inc. are lenders under the Term Loan and Revolving Credit Facility. As described in the section entitled "Use of Proceeds," a portion of the net proceeds from this offering will be used to repay borrowings under the Term Loan and Revolving Credit Facility. Because we expect that more than 5% of the proceeds of this offering will be received by affiliates of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Wells Fargo Securities, LLC, MUFG Securities Americas Inc. and Scotia Capital (USA) Inc., each a lender under the Term Loan and Revolving Credit Facility, this offering is being conducted in compliance with Rule 5121, as administered by the Financial Industry Regulatory Authority, or FINRA. Goldman Sachs & Co. LLC has agreed to act as the qualified independent underwriter with respect to this offering and has performed due diligence investigations and participated in the preparation of this registration statement. See the section entitled "Underwriting (Conflicts of Interest)—Conflicts of Interest."
Proposed trading symbol	"PSN".

The total number of shares of our common stock that will be outstanding after this offering will be 96,657,331 shares, and excludes 11,700,000 shares of common stock reserved for future grant or issuance under our 2019 Incentive Award Plan, or the 2019 Plan (less any shares issued pursuant to awards granted under our other Incentive Plans (as defined below) after the effective date of the 2019 Plan), which will become effective on the day prior to the completion of this offering**.**

Except as otherwise indicated, all information in this prospectus assumes:

- the filing and effectiveness of our amended and restated certificate of incorporation and the adoption of our amended and restated bylaws immediately prior to the closing of this offering;
- the payment of a common stock dividend in a ratio of two shares of common stock for every one share of common stock presently held by our stockholder that is to occur in connection with the consummation of this offering; and
- no exercise by the underwriters of their right to purchase up to an additional 2,777,775 shares of common stock from us to cover overallotments, if any.

SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables present summary consolidated financial and other data and pro forma information to reflect our conversion from an “S” Corporation to a “C” Corporation for income tax purposes. The consolidated statement of operations data for the fiscal years ended December 30, 2016, December 29, 2017 and December 31, 2018 and the consolidated balance sheet data as of December 29, 2017 and December 31, 2018 are derived from our audited consolidated financial statements included elsewhere in this prospectus, except that share and per share information reflects the impact of the proposed payment of a common stock dividend in a ratio of two shares of common stock for every one share of common stock presently held by our stockholder that is to occur in connection with the closing of this offering.

You should read this data together with our audited consolidated financial statements and related notes, as well as the information under the captions “Selected Consolidated Financial Data” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” included elsewhere in this prospectus. Our historical results are not necessarily indicative of our future results.

	Fiscal Year Ended		
(U.S. dollars in thousands, except per share data)	**December 30, 2016**	**December 29, 2017**	**December 31, 2018**
Consolidated Statement of Operations Data:			
Revenue	$ 3,039,191	$ 3,017,011	$ 3,560,508
Direct costs of contracts	2,431,193	2,400,140	2,795,005
Equity in earnings of unconsolidated joint ventures	35,462	40,086	36,915
Indirect, general and administrative expenses	522,920	506,255	597,410
Impairment of goodwill, intangible and other assets	85,133	—	—
Operating income	35,407	150,702	205,008
Interest income	1,190	2,465	2,710
Interest expense	(16,509)	(15,798)	(20,842)
Other income (expense), net	1,340	5,658	(1,651)
(Interest and other expense) gain associated with claim on long-term contract	(9,422)	(10,026)	74,578
Total other (expense) income	(23,401)	(17,701)	54,795
Income before income tax expense	12,006	133,001	259,803
Income tax expense	(13,992)	(21,464)	(20,367)
Net (loss) income including noncontrolling interests	(1,986)	111,537	239,436
Net income attributable to noncontrolling interests	(11,161)	(14,211)	(17,099)
Net (loss) income attributable to Parsons Corporation	$ (13,147)	$ 97,326	$ 222,337
Net (loss) income attributable to Parsons Corporation per share(1):			
Basic and diluted	$ (0.15)	$ 1.16	$ 2.78
Weighted-average number of shares:			
Basic and diluted	88,497	83,574	80,014
Pro Forma Income Information (2):			
Historical income before income tax expense			$ 259,803
Pro forma provision for income taxes			(74,755)
Pro forma net income including noncontrolling interests			185,048
Pro forma net income attributable to Parsons Corporation			167,949
Pro forma net income attributable to Parsons Corporation per share, basic and diluted			$ 2.10
Weighted-average number of shares used in computing pro forma net income (loss) attributable to Parsons Corporation per share:			
Basic and diluted			80,014

(1) The weighted-average number of shares used in computing net income (loss) attributable to Parsons Corporation per share, basic and diluted, and pro forma net income attributable to Parsons Corporation per share, basic and diluted, gives effect in each period presented to the payment of a common stock dividend in a ratio of two shares of common stock for every one share of common stock presently held by our stockholder that is to occur in connection with the consummation of this offering.
(2) The unaudited pro forma net income information for 2018 gives effect to an adjusted income tax expense as if we had been a "C" Corporation at an assumed combined federal, state, local and foreign effective income tax rate of 28.77% for the fiscal year ended December 31, 2018.

	As of December 29, 2017	As of December 31, 2018	
(U.S. dollars in thousands)	Actual	Actual	Pro Forma(1)
Consolidated Balance Sheet Data:			
Cash and cash equivalents(2)	$ 376,368	$ 206,427	$ 206,427
Total assets	2,272,718	2,612,578	2,683,626
Total debt	249,407	429,164	429,164
Noncontrolling interests	27,494	46,461	46,461
Redeemable common stock held by the ESOP	1,855,305	1,876,309	1,876,309
Total shareholders' deficit	(1,049,916)	(921,076)	(850,413)

(1) This column gives effect to the termination of our "S" Corporation status in connection with our initial public offering and our election to be treated as a "C" Corporation under the Code, including an increase in net deferred tax assets of $70.7 million and the reclassification of undistributed retained earnings to additional paid-in capital, assuming our "S" Corporation status terminated on December 31, 2018. This column does not give effect to the payment of $40.3 million of cash on hand and $260.0 million of aggregate borrowings under our Term Loan and Revolving Credit Facility in connection with the consummation of our acquisition of OGSystems in January 2019.
(2) Cash and cash equivalents as of December 29, 2017 does not include $68.8 million of cash and cash equivalents of consolidated joint ventures and $1.0 million of restricted cash and investments. Cash and cash equivalents as of December 31, 2018 does not include $73.8 million of cash and cash equivalents of consolidated joint ventures and $1.0 million of restricted cash and investments.

	Fiscal Year Ended		
(U.S. dollars in thousands)	December 30, 2016	December 29, 2017	December 31, 2018
Other Information:			
Adjusted EBITDA(1)	$ 173,152	$ 190,631	$ 229,757
Net Income Margin(2)	(0.1)%	3.7%	6.7%
Adjusted EBITDA Margin(3)	5.7%	6.3%	6.5%

(1) A reconciliation of net income (loss) attributable to Parsons Corporation to Adjusted EBITDA is set forth below:

(U.S. dollars in thousands)	Fiscal Year Ended December 30, 2016	Fiscal Year Ended December 29, 2017	Fiscal Year Ended December 31, 2018
Net (loss) income attributable to Parsons Corporation	$ (13,147)	$ 97,326	$ 222,337
Interest expense, net	15,319	13,333	18,132
Income tax expense	13,992	21,464	20,367
Depreciation and amortization	42,156	35,198	69,869
Net income attributable to noncontrolling interests	11,161	14,211	17,099
Impairment of goodwill, intangible and other assets	85,133	—	—
Litigation related expenses(a)	9,422	10,026	(129,674)
Amortization of deferred gain resulting from sale-leaseback transactions(b)	(7,283)	(7,283)	(7,253)
Transaction related costs(c)	2,552	1,190	12,942
Restructuring(d)	12,407	—	—
HCM software implementation costs(e)	—	—	5,369
Other(f)	1,440	5,166	569
Adjusted EBITDA	173,152	190,631	229,757

(a) Fiscal 2016 and 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 the judgment entered against us in 2014 in connection with a lawsuit by the Los Angeles Metropolitan Transportation Authority. For fiscal 2018, due to the judgment being vacated, the Company reversed the accrued liability with an offset of $55.1 million to revenue and $74.6 million to other income.

(b) Reflects amortization of the deferred gain on prior sale-leaseback transactions in fiscal 2011. See “Note 9—Sale-Leasebacks” in the notes to our consolidated financial statements included elsewhere in this prospectus.

(c) Reflects costs incurred in connection with acquisitions and other non-recurring transaction costs, including primarily fees paid for professional services and employee retention. In 2019, we expect to incur transaction costs related to this offering, including for directors and officers insurance.

(d) Reflects costs associated with and related to our corporate restructuring initiatives, including expenses incurred in connection with a restructuring program we began implementing in 2015. See “Note 2—Summary of Significant Accounting Policies—Restructuring” in the notes to our consolidated financial statements included elsewhere in this prospectus.

(e) Reflects implementation costs incurred in connection with a new human resources and payroll application.

(f) Fiscal 2016 includes a $3.5 million loss from the sale of a subsidiary, a $0.9 million gain on the sale of fixed assets, a $0.8 million gain related to disposed businesses and a $0.5 million gain related to settlement proceeds received for an already completed contract. Fiscal 2017 includes non-operating lease termination costs of $1.8 million, a $1.8 million loss related to disposed businesses, a $1.0 million loss from the sale of fixed assets and a

$0.5 million loss related to several individually insignificant items that are non-recurring, infrequent or unusual in nature. Fiscal 2018 includes a $0.6 million loss related to several individually insignificant items that are non-recurring, infrequent or unusual in nature.

Adjusted EBITDA is a supplemental measure of our operating performance included in this prospectus 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 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 GAAP measure of our financial performance or liquidity and should not be considered as an alternative to net income (loss) as a measure of financial performance or cash flows from operations as measures of liquidity, or any other performance measure derived in accordance with GAAP. We define 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 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 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 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 30, 2016**	**December 29, 2017**	**December 31, 2018**
Federal Solutions Adjusted EBITDA attributable to Parsons Corporation	$ 79,376	$ 89,269	$ 114,571
Critical Infrastructure Adjusted EBITDA attributable to Parsons Corporation	81,206	86,471	97,779
Adjusted EBITDA attributable to noncontrolling interests	12,570	14,891	17,407
Total Adjusted EBITDA	$ 173,152	$ 190,631	$ 229,757

See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Segment Results," and "Note 20—Segments Information" in the notes to our consolidated financial statements included elsewhere in this prospectus for further discussion regarding our segment Adjusted EBITDA attributable to Parsons Corporation.

(2) Net Income Margin is calculated as net income (loss) including noncontrolling interests divided by revenue in the applicable period.

(3) Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by revenue in the applicable period.

RISK FACTORS

You should carefully consider the risks described below and the other information contained in this prospectus, 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.

Risks 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;
- 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. In particular, the Budget Control Act of 2011 provides for automatic spending cuts (referred to as sequestration) totaling approximately $1.2 trillion between 2013 and 2021, including an estimated $500.0 billion in federal defense spending cuts over this time period. Most recently, the Bipartisan Budget Act of 2018 amended the discretionary spending limits established by the Budget Control Act of 2011 for the government fiscal 2018 and 2019 budgets across the federal government and increased the prior discretionary spending cap in both defense and non-defense. Pursuant to the Consolidated Appropriations Act, 2018, the new Department of Defense spending limit is approximately $660.0 billion for government fiscal 2018, including an allocation of $65.0 billion in overseas contingency operations funding. While recent budget actions reflect a more measured and strategic approach to addressing the U.S. government’s fiscal challenges, 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 35%, 36% and 42% of consolidated revenues for the years ended December 30, 2016, December 29, 2017 and December 31, 2018, respectively, and approximately 25% and 29% of accounts receivable as of December 29, 2017 and December 31, 2018, 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;
- 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.

12.6% of our revenue during fiscal 2016, 14.8% of our revenue during fiscal 2017 and 15.2% of our revenue during fiscal 2018 was derived from our operations through consolidated joint ventures. In addition, 4.2% of our revenues in fiscal 2016, 3.7% of our revenues in fiscal 2017 and 4.1% of our revenues in fiscal 2018 related to services we provided to our unconsolidated joint ventures, where control resides with unaffiliated third parties, and 100.2% of our operating income during fiscal 2016, 26.6% of our operating income during fiscal 2017 and 18.0% of our operating income during fiscal 2018 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, 2018, we had $76.8 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.

The Polaris Acquisition and OGSystems Acquisition 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 Polaris Alpha and OGSystems with our business or otherwise realize the expected benefits of our acquisition of Polaris Alpha on May 31, 2018, which we refer to as the Polaris Acquisition, and our acquisition of OGSystems, on January 7, 2019, which we refer to as the OGSystems Acquisition. Our ability to realize the anticipated benefits of the Polaris Acquisition and OGSystems Acquisition will depend, to a large extent, on our ability to integrate Polaris Alpha and OGSystems with our business. The combination of multiple independent businesses will be a complex, costly, and time-consuming process. Our business may be negatively impacted following the Polaris Acquisition and OGSystems Acquisition 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 the Polaris Acquisition and OGSystems Acquisition could disrupt our current plans and operations, which could delay the achievement of our strategic objectives.

The expected synergies and operating efficiencies of each of the Polaris Acquisition and OGSystems Acquisition 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 Polaris Alpha's and OGSystems' information systems with ours;
- we may face difficulties in integrating Polaris Alpha's and OGSystems' employees, integrating different corporate cultures and in attracting and retaining key personnel; and

- we may face challenges in keeping existing Polaris Alpha and OGSystems 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 with Polaris Alpha's and OGSystems', we may not realize the full benefits of the Polaris Acquisition and OGSystems Acquisition, 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 33% of our total revenue during fiscal 2016, 35% of our total revenue during fiscal 2017 and 32% of our total revenue during fiscal 2018. 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. For example, we recognized net operating income decreases related to changes in estimates at contract completion of $22.4 million in fiscal 2016, $23.8 million in fiscal 2017 and $2.3 million in fiscal 2018.

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. As of December 31, 2018, we had recorded $45.3 million of unresolved pending claims on our balance sheet.

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. For example, in fiscal 2014, we recorded a loss of approximately $100.0 million when a California state court entered judgment against us in connection with a claim by the Los Angeles Metropolitan Transportation Authority, or the MTA Lawsuit, against a joint venture in which we were the managing partner, which we refer to as the MTA Judgment. We successfully appealed this judgment and, in 2018, the judgment was vacated. 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, 2018, we had goodwill and intangible assets of $916.5 million. 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 30.9% in fiscal 2016, 30.4% in fiscal 2017 and 29.8% in fiscal 2018. 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; and
- currency exchange rate fluctuations, devaluations and other conversion restrictions.

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, 2018, our total backlog was $8.0 billion, of which $5.3 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 delivery 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, 2018, our accounts receivable, net was $623.3 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, 2018, our total indebtedness was $429.2 million, which does not include $260.0 million of aggregate borrowings under our Term Loan and Revolving Credit Facility in connection with the consummation of our acquisition of OGSystems in January 2019. 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 sell the collateral securing the borrowings under our Credit Agreement, which constitutes substantially all of our domestic and foreign, 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 this offering, we were treated as an S Corporation, and claims of taxing authorities related to our prior status as an S Corporation could adversely affect us.

Upon consummation of this offering, our status as an “S” Corporation will terminate and we will be treated as a “C” Corporation under the provisions of Sections 301 through 385 of the Code, which treat the corporation as an entity that is subject to U.S. federal income tax. If the unaudited, open tax years in which we were an “S” Corporation are audited by the Internal Revenue Service, or IRS, and we are determined not to have qualified for, or to have violated any requirement for maintaining, our “S” Corporation status, we will be obligated to pay back taxes, interest and penalties. The amounts that we would be obligated to pay could include taxes on all our taxable income while we were an “S” Corporation. Any such claims could result in additional costs to us and could have a material adverse effect on our business, financial condition or results of operations.

Prior to this offering we are 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 330 of our more than 15,600 employees as of January 31, 2019. 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.

Foreign exchange rate risks may affect our ability to realize a profit from certain projects and negatively impact our backlog and our results of operations.

Our financial condition and results of operations are exposed to foreign currency exchange rate risks resulting from our operations outside of the U.S. While we generally attempt to denominate our contracts in the currencies of our expenditures, or otherwise include contractual clauses to provide protection from currency fluctuations, we do enter into contracts that expose us to currency risk, particularly to the extent contract revenue is denominated in a currency different than the contract costs. In addition, fluctuations in currency exchange rates may impact the U.S. dollar value of our backlog. We may also be exposed to limitations on our ability to reinvest earnings from operations in one country to fund the financing requirements of our operations in other countries. We also reflect the transaction gains or losses on movements in foreign currency rates, which were a $6,000 gain in fiscal 2016, $5.1 million gain in fiscal 2017 and $5.2 million loss in fiscal 2018.

Risks Related to Our Common Stock and This Offering

Our costs will increase significantly as a result of operating as a public company, and our management will be required to devote substantial time to complying with public company regulations.

As a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. In addition, the Sarbanes-Oxley Act of 2002, as well as rules subsequently implemented by the SEC, have imposed various requirements on public companies, including requiring changes in corporate governance practices. Our management and other personnel will need to devote a substantial amount of time to comply with these rules and regulations. Moreover, these rules and regulations relating to public companies will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. For example, we expect these new rules and regulations to make it more difficult and more expensive for us to obtain and maintain director and officer liability insurance. These rules and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as executive officers.

In addition, the Sarbanes-Oxley Act requires, among other things, that we maintain and periodically evaluate our internal control over financial reporting and disclosure controls and procedures. In particular, we must perform system and process evaluation and testing of our internal control over financial reporting to allow management and our independent registered public accounting firm to report on the effectiveness of our internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act. Our compliance with Section 404 will require that we incur substantial accounting expense and expend significant management efforts. We will need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge to satisfy the ongoing requirements of Section 404 and provide internal audit services. If our finance and accounting organization is unable for any reason to respond adequately to the increased demands that will result from being a public company, the quality and timeliness of our financial reporting may suffer and we could experience internal control weaknesses. Any consequences resulting from inaccuracies or delays in our reported financial statements could have an adverse effect on the trading price of our common stock as well as an adverse effect on our business, operating results and financial condition.

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.

There is no existing market for our common stock, and you cannot be certain that an active trading market or a specific share price will be established.

Prior to this offering, there was no public market for shares of our common stock. We have applied to list our common stock on the NYSE. We cannot predict the extent to which investor interest in our company will lead to the development of a trading market on such exchange or otherwise or how liquid that market might become. The initial public offering price for the shares of our common stock will be determined by negotiations between us and the underwriters, and may not be indicative of the price that will prevail in the trading market following this offering. The market price for our common stock may decline below the initial public offering price, and our stock price is likely to be volatile.

If our stock price fluctuates after this offering, 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 after this offering;
- 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 offering 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 after this offering may drop below the price you pay.

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. We and the underwriters will negotiate to determine the initial public offering price. You may not be able to resell your shares at or above the initial public offering price or at all. 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.

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.

Immediately after this offering, we will have outstanding 96,657,331 shares of our common stock. Of these shares, the 18,518,500 shares sold in this offering will be 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. At various times after the date of this prospectus, the remaining 78,138,831 shares will become available for resale in the public market, in compliance with the requirements of the federal securities laws and in accordance with lock-up agreements that the holders of these shares have with the underwriters. However, the underwriters can waive these restrictions and allow these stockholders to sell their shares at any time without prior notice. In addition, we expect to enter into a registration rights agreement with the ESOP Trustee in connection with the consummation of this offering, 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. See "Shares Eligible for Future Sale—Registration Rights."

If the 78,138,831 remaining shares not sold in this offering described above are sold, or if it is perceived that they will be sold in the public market, the trading price of our common stock could drop significantly.

Following the consummation of this offering, qualifying ESOP participants will have the right to receive distributions of shares of our common stock from the ESOP and to sell such shares in the market.

78,138,831 shares of common stock will be held in the ESOP following consummation of this offering. Shares held in the ESOP will be 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 as described in more detail under the heading "Executive Compensation—Employee Stock Ownership Plan (ESOP)".

During the 180-day lock-up period following the date of this prospectus, ESOP distributions will be made in the form of cash. Beginning on the 181st day following the date of this prospectus, ESOP distributions will be 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, subject to any requirements of the federal securities laws and any further lock-up agreement restrictions that the participant may have with the underwriters.

As of December 31, 2018, there were approximately 21 million shares eligible for distribution and approximately one million shares were eligible for diversification elections. We cannot predict if participants will make diversification elections or elect to take distributions from the ESOP. As a result, we cannot predict the effect, if any, that these distributions and the corresponding sales of shares by the participants following expiration of the 180-day lock-up period 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.

After this offering, we will have an aggregate of 891,642,669 shares of common stock authorized but not outstanding and not reserved for issuance under our 2019 Plan, under our existing Incentive Plans (as defined below) 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 1,968,081 shares in fiscal 2016, 1,790,496 shares in fiscal 2017 and 1,874,988 shares in fiscal 2018 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 2016, 2017 and 2018, 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 2019 and fiscal 2020, 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.

Investors in this offering will suffer immediate and substantial dilution.

The initial public offering price of our common stock is substantially higher than the net tangible book value per share of our outstanding common stock immediately after this offering. Therefore, if you purchase our common stock in this offering, you will incur an immediate dilution of $21.62 in net tangible book value per share from the price you paid.

Your ability to influence corporate matters may be limited because the ESOP will beneficially own 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 after the offering.

Our common stock, which is the stock we are selling in this offering, has one vote per share. Upon completion of this offering, the ESOP will beneficially own approximately 80.8% 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, following completion of this offering, 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 NYSE listing standards and, as a result, will 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.

Following the closing of this offering, the ESOP will hold common stock representing approximately 80.8% of the voting power of our common stock. As a result, we will be considered a "controlled company" for the purposes of NYSE rules and corporate governance standards. As a controlled company, we will be 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 management will have broad discretion over the use of the proceeds we receive in this offering and might not apply the proceeds in ways that increase the value of your investment.

Our management will have broad discretion to use our net proceeds from this offering, and you will be relying on the judgment of our management regarding the application of these proceeds. Our management may not apply our net proceeds from this offering in ways that increase the value of your investment. We intend to use the net proceeds from this offering to fund the IPO Dividend of $52.1 million, repay the outstanding balance of $150.5 million under our Term Loan and repay outstanding indebtedness under our Revolving Credit Facility. Our management might not be able to yield a significant return, if any, on any investment of these net proceeds. You will not have the opportunity to influence our decisions on how to use our net proceeds from this offering.

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.

Upon the consummation of this offering, provisions of our certificate of incorporation and bylaws that will become effective prior to the completion of this offering 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 will be in place prior to the completion of this offering that will 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 will be 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 will provide 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.

Our certificate of incorporation which will become effective prior to the closing of this offering will provide 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.

After the completion of this offering, we do not expect to declare any dividends in the foreseeable future.

After the completion of this offering, other than the IPO Dividend, 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 will depend, in part, on the research and reports that securities or industry analysts publish about us or our business. We do not currently have, and may never obtain, research coverage by securities and industry analysts. If no securities or industry analysts commence coverage of our company, the trading price for our common stock would be negatively impacted. If we obtain securities or industry analyst coverage and if one or more of the analysts who cover 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.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus 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 prospectus.

We have based the forward-looking statements contained in this prospectus 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 prospectus. These risks are not exhaustive. Other sections of this prospectus 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 prospectus. 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 prospectus, 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 prospectus and the documents that we reference in this prospectus and have filed as exhibits to the registration statement of which this prospectus 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 prospectus 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 prospectus or to conform such statements to actual results or revised expectations, except as required by law.

USE OF PROCEEDS

We estimate that the net proceeds to us from the sale of shares of our common stock in this offering will be approximately $462.9 million, based upon the assumed initial public offering price of $27.00 per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. If the underwriters exercise their option to purchase additional shares in full, we estimate that the net proceeds to be received by us will be approximately $533.8 million, after deducting underwriting discounts, commissions and estimated offering expenses payable by us.

A $1.00 increase (decrease) in the assumed initial public offering price of $27.00 per share would increase (decrease) the net proceeds that we receive from this offering by approximately $17.5 million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase (decrease) of 1.0 million in the number of shares offered by us would increase (decrease) the net proceeds that we receive from this offering by approximately $25.5 million, assuming that the assumed initial public offering price remains the same and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us.

The principal purposes of this offering are to increase our capitalization and financial flexibility, create a public market for our common stock and thereby enable access to the public equity markets for us and our stockholders. We intend to use the net proceeds to us from this offering to fund the IPO Dividend of $52.1 million, repay the outstanding balance of $150.5 million under our Term Loan and repay outstanding indebtedness under our Revolving Credit Facility.

In January 2019, we borrowed $150.0 million under our Term Loan Agreement to partially finance the OGSystems Acquisition. Our Term Loan is comprised of Offshore Rate Loans and Base Rate Loans (each as defined in the Term Loan Agreement), with an initial aggregate principal amount of $150.0 million. The Offshore Rate Loans bear interest at a rate per annum of LIBOR, divided by 1.00 minus the Eurodollar Reserve Percentage, plus 1.25%. The Base Rate Loans bear interest at a rate per annum of the sum of (a) the highest of (1) the administrative agent's reference rate; (2) the rate equal to 1.50% per annum above the Offshore Rate; and (3) the rate equal to 0.50% per annum above the latest federal funds rate, plus (b) 0.25%. The Term Loan has a maturity date of January 3, 2020. We intend to use $150.5 million of our net proceeds from this offering to repay the outstanding balance under our Term Loan upon the consummation of this offering.

As of December 31, 2018, the outstanding indebtedness under our Revolving Credit Facility was $180.0 million, which does not include $110.0 million we borrowed under our Revolving Credit Facility in January 2019 to partially finance the OGSystems Acquisition. In May 2018, we borrowed $260.0 million under our Revolving Credit Facility to partially finance the acquisition of Polaris Alpha. Under the terms of our Credit Agreement, borrowings under our Revolving Credit Facility bear interest, at our 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 our leverage ratio at the end of each fiscal quarter. The Credit Agreement has a maturity date of November 15, 2022.

We will have broad discretion over the uses of the net proceeds from this offering and investors will be relying on the judgment of our management regarding the application of the net proceeds from this offering. Pending the use of proceeds from this offering as described above, we plan to invest the net proceeds that we receive in this offering in short-term and long-term interest-bearing obligations, including government- and investment-grade debt securities and money market funds.

Affiliates of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Wells Fargo Securities, LLC, MUFG Securities Americas Inc. and Scotia Capital (USA) Inc. are each a lender under the Term Loan and Revolving Credit Facility. A portion of the net proceeds from this offering will be used to repay borrowings under the Term Loan and Revolving Credit Facility. As a result, we expect more than 5% of the net proceeds from this offering will be paid to affiliates of each of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Wells Fargo Securities, LLC, MUFG Securities Americas Inc. and Scotia Capital (USA) Inc. Therefore, this offering is being made in compliance with FINRA Rule 5121. As a result of this conflict of interest, Goldman Sachs & Co. LLC has agreed to act as the qualified independent underwriter with respect to this offering. See the section entitled “Underwriting (Conflicts of Interest)—Conflicts of Interest.”

DIVIDEND POLICY

We currently intend to retain all available funds and any future earnings for use in the operation of our business and, other than the IPO Dividend, 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, Credit Agreement and Term Loan Agreement, general business conditions, and other factors that our board of directors considers relevant. Our ability to pay dividends may also be restricted by the terms of any future credit agreement or any future debt or preferred equity securities of us or our subsidiaries. See "Risk Factors—Risks Related to Our Common Stock and This Offering—After the completion of this offering, we do not expect to declare any dividends in the foreseeable future."

CAPITALIZATION

The following table sets forth cash and cash equivalents, as well as our capitalization, as of December 31, 2018:

- on an actual basis, giving effect to (i) the filing and effectiveness of our amended and restated certificate of incorporation in connection with our offering and (ii) the payment of the Stock Dividend in a ratio of two shares of common stock for every one share of common stock presently held by our stockholder that is to occur in connection with the closing of this offering;
- on a pro forma basis to give effect to the termination of our "S" Corporation status in connection with this offering and our election to be treated as a "C" Corporation under the Code, assuming our "S" Corporation status terminated on December 31, 2018, which includes the net effect of recording deferred tax assets and liabilities at an assumed statutory income tax rate of 28.8%, totaling $70.7 million, and the reclassification of undistributed retained earnings to additional paid-in capital; and
- on a pro forma as adjusted basis to give further effect to (i) the issuance and sale by us of 18,518,500 shares of common stock in our initial public offering, the receipt of the net proceeds from our sale of these shares at an assumed initial public offering price of common stock of $27.00 per share, the midpoint of the price range on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, (ii) the payment of the IPO Dividend of $52.1 million and (iii) repayment of $410.9 million of outstanding indebtedness under our Term Loan and Revolving Credit Facility (including repayment of $150.4 million of outstanding indebtedness under our Revolving Credit Facility existing as of December 31, 2018).

	As of December 31, 2018		
	Actual	Pro Forma	Pro Forma As Adjusted(1)
	(U.S. dollars in thousands, except share and per share data)		
Cash and cash equivalents(2)	$ 206,427	$ 206,427	$ 206,427
Debt(3)	$ 429,164	$ 429,164	$ 278,774
Redeemable common stock held by the ESOP(4): $1.00 par value; authorized 1,000,000,000 shares; 125,097,684 shares issued, 78,172,809 shares outstanding, recorded at redemption value	$1,876,309	$1,876,309	$ 1,876,309
Shareholders' equity:			
Common stock: $1.00 par value; authorized 1,000,000,000 shares; 0 shares issued and outstanding, actual and pro forma; 18,518,500 shares issued and outstanding, pro forma as adjusted	—	—	18,519
Treasury stock, 46,918,140 shares at cost	(957,025)	(957,025)	(957,205)
Additional paid-in capital	—	83,108	475,445
Retained earnings	12,445	—	—
Accumulated other comprehensive loss	(22,957)	(22,957)	(22,957)
Total Parsons Corporation redeemable common stock and shareholders' deficit	908,772	979,435	1,390,290
Noncontrolling interests	46,461	46,461	46,461
Total capitalization	$1,384,397	$1,455,060	$ 1,715,526

(1) A $1.00 increase (decrease) in the assumed initial public offering price of our common stock of $27.00 per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted amount of debt, additional paid-in capital, total Parsons Corporation redeemable common stock and shareholders' deficit and total capitalization by approximately $17.5 million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We may also increase or decrease the number of shares we are offering. Each increase (decrease) of 1.0 million in the number of shares offered by us would increase (decrease) the pro forma as adjusted amount of debt, common stock and additional paid-in capital, total Parsons Corporation redeemable common stock and shareholders' deficit and total capitalization by $25.5 million, assuming that the assumed initial public offering price remains the same and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

(2) Does not include $73.8 million of cash of consolidated joint ventures and $1.0 million of restricted cash and investments as of December 31, 2018. In addition, in January 2019, the Company used $40.3 million of cash on hand to pay for a portion of the OGSystems Acquisition.

(3) As of December 31, 2018, we had (i) $250.0 million of borrowings outstanding under the Senior Notes and (ii) $180.0 million outstanding under the Revolving Credit Facility. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Debt". In January 2019, the Company borrowed $150.0 million under our Term Loan and $110.0 million under the Revolving Credit Facility in connection with the consummation of the OGSystems Acquisition. We intend to use the net proceeds from this offering to repay the outstanding balance of $150.5 million under our Term Loan and repay certain outstanding indebtedness under our Revolving Credit Facility.

(4) While this offering will create a public market for our common stock, to the extent the IPO Dividend is not sufficient to satisfy all qualifying distribution elections to be paid to ESOP participants during the 180-day lock-up period, we may be required to settle ESOP redemptions in cash during the 180-day lock up period. As all ESOP shares are potentially redeemable (e.g., upon death of an employee) for cash during the 180-day lock up period, the table does not reflect a reclassification of redeemable common stock held by the ESOP from temporary equity to permanent equity, as such reclassification is not expected until the 180-day lock-up period lapses and the interests redeemed by ESOP participants become settleable in shares of the public company.

The table above does not include 11,700,000 shares of common stock reserved for future grant or issuance under our 2019 Plan (less any shares issued pursuant to awards granted under our other Incentive Plans (as defined below) after the effective date of the 2019 Plan), which will become effective upon the day prior to the completion of this offering.

The table above assumes no exercise by the underwriters of their option to purchase additional shares of our common stock.

DILUTION

Dilution is the amount by which the offering price paid by the purchasers of our common stock in this offering exceeds the pro forma net tangible book value per share of our common stock after this offering. Our net tangible book value as of December 31, 2018 was $38.8 million. Net tangible book value per share is determined at any date by subtracting our total liabilities from the total book value of our tangible assets and dividing the difference by the number of shares of our common stock deemed to be outstanding at that date.

If you invest in our common stock in this offering, your ownership interest will be immediately diluted to the extent of the difference between the initial public offering price per share and the pro forma net tangible book value per share of our common stock after this offering.

Our pro forma net tangible book value as of December 31, 2018 would have been $109.4 million, or $1.40 per share of common stock. Pro forma net tangible book value per share is determined at any date by subtracting our total liabilities from the total book value of our tangible assets and dividing the difference by the number of shares of our common stock, after giving effect to the termination of our “S” Corporation status in connection with our initial public offering and our election to be treated as a “C” Corporation under the Code, including an increase in net deferred tax assets of $70.7 million, assuming our “S” Corporation status terminated on December 31, 2018.

Our pro forma as adjusted net tangible book value as of December 31, 2018 would have been $520.3 million, or $5.38 per share of common stock, after giving effect to (i) the sale of 18,518,500 shares of our common stock in this offering at an assumed initial public offering price of $27.00 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us and (ii) the payment of the IPO Dividend of $52.1 million in connection with the consummation of this offering. This represents an immediate dilution in pro forma net tangible book value of $21.62 per share to investors purchasing our common stock in this offering. We determine dilution by subtracting the pro forma as adjusted net tangible book value per share after this offering from the amount of cash that a new investor paid for a share of our common stock.

The following table illustrates this dilution:

Assumed initial public offering price per share		$27.00
Net tangible book value per share as of December 31, 2018	$0.50	
Increase in net tangible book value per share of common stock attributable to our conversion from an “S” Corporation to a “C” Corporation	0.90	
Pro forma net tangible book value per share as of December 31, 2018 before this offering	1.40	
Increase in pro forma net tangible book value per share attributable to this offering and payment of the IPO Dividend	3.98	
Pro forma as adjusted net tangible book value per share after this offering		$ 5.38
Dilution per share to investors in this offering		$21.62

A $1.00 increase (decrease) in the assumed initial public offering price of common stock of $27.00 per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease), our pro forma as adjusted net tangible book value per share after this offering by $0.18, and would increase (decrease) dilution per share to new investors in this offering by $0.82, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase (decrease) of 1.0 million shares in the number of shares offered by us would increase (decrease) our pro forma as adjusted net tangible book value per share after this offering by $0.21 per share and decrease (increase) the dilution to new investors by $0.21 per share, assuming that the assumed initial public offering price remains the same, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

If the underwriters fully exercise their option to purchase additional shares and all such shares are sold by the Company, pro forma as adjusted net tangible book value after this offering would increase to approximately $0.56 per share, and there would be an immediate dilution of approximately $21.06 per share to investors in this offering.

In addition, we may choose to raise additional capital due to market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans. Furthermore, we may choose to issue common stock as part or all of the consideration in acquisitions of other companies and as part of our planned growth and acquisition strategy. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the issuance of these securities could result in further dilution to our stockholders.

The following table shows, as of December 31, 2018, after giving effect to the pro forma adjustments described above, including this offering, the number of shares of common stock purchased from us, the total consideration paid to us and the average price paid per share by existing stockholders and by new investors purchasing common stock in this offering at an assumed initial public offering price of $27.00 per share, before deducting underwriting discounts and commissions and estimated offering expenses payable by us (in thousands, except per share amounts and percentages):

	Shares Purchased		Total Consideration		Average Price
	Number	Percent	Amount	Percent	Per Share
Existing stockholders	78,172,809	80.8%	$ 662,165	57.0%	$ 8.47
New investors	18,518,500	19.2%	500,000	43.0%	$ 27.00
Total	96,691,309	100.0%	$1,162,165	100.0%	

A $1.00 increase (decrease) in the assumed initial public offering price of $27.00 per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase (decrease) the total consideration paid by new investors and total consideration paid by all stockholders by $18.5 million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same.

The above table and discussion excludes 11,700,000 shares of common stock reserved for future grant or issuance under our 2019 Plan (less any shares issued pursuant to awards granted under our other Incentive Plans (as defined below) after the effective date of the 2019 Plan), which will become effective upon the completion of this offering.

Except as otherwise indicated, the above discussion and tables assume (i) the impact of the proposed payment of a common stock dividend in a ratio of two shares of common stock for every one share of common stock presently held by our stockholder that is to occur in connection with the closing of this offering and (ii) no exercise of the underwriters' option to purchase additional shares of our common stock from us. If the underwriters' option to purchase additional shares of our common stock were exercised in full, our existing stockholders would own 78.6% and the investors purchasing shares of our common stock in this offering would own 21.4% of the total number of shares of our common stock outstanding immediately after completion of this offering.

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables present consolidated financial and other data and pro forma information to reflect our conversion from an “S” Corporation to a “C” Corporation for income tax purposes. The consolidated statement of operations data for the fiscal years ended December 30, 2016, December 29, 2017 and December 31, 2018 and the consolidated balance sheet data as of December 29, 2017 and December 31, 2018 are derived from our audited consolidated financial statements included elsewhere in this prospectus, except that share and per share information reflects the impact of the proposed payment of a common stock dividend in a ratio of two shares of common stock for every one share of common stock presently held by our stockholder that is to occur in connection with the closing of this offering. The consolidated statement of operations data for the fiscal years ended December 26, 2014 and December 25, 2015 and the consolidated balance sheet data as of December 26, 2014, December 25, 2015 and December 30, 2016 is derived from audited consolidated financial statements that are not included in this prospectus.

Table of Contents

You should read this data together with our audited consolidated financial statements and related notes, as well as the information under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus. Our historical results are not necessarily indicative of our future results.

	Fiscal Year Ended				
(U.S. dollars in thousands, except per share data)	**December 26, 2014**	**December 25, 2015**	**December 30, 2016**	**December 29, 2017**	**December 31, 2018**
Consolidated Statement of Operations Data:					
Revenue	$ 3,097,615	$ 3,218,616	$ 3,039,191	$ 3,017,011	$ 3,560,508
Direct costs of contracts	2,441,935	2,535,504	2,431,193	2,400,140	2,795,005
Equity in earnings of unconsolidated joint ventures	20,665	19,450	35,462	40,086	36,915
Indirect, general and administrative expenses	501,996	542,066	522,920	506,255	597,410
Impairment of goodwill, intangible and other assets	—	—	85,133	—	—
Operating income	174,349	160,496	35,407	150,702	205,008
Interest income	441	520	1,190	2,465	2,710
Interest expense	(9,710)	(16,165)	(16,509)	(15,798)	(20,842)
Other (expense) income, net	(8,681)	(2,673)	1,340	5,658	(1,651)
Loss on extinguishment of long-term debt	(1,286)	—	—	—	—
(Interest and other expense) gain associated with claim on long-term contract	(10,697)	(14,034)	(9,422)	(10,026)	74,578
Total other expense	(29,933)	(32,352)	(23,401)	(17,701)	54,795
Income before income tax expense	144,416	128,144	12,006	133,001	259,803
Income tax expense	(10,833)	(13,790)	(13,992)	(21,464)	(20,367)
Net income (loss) including noncontrolling interests	133,583	114,354	(1,986)	111,537	239,436
Net income attributable to noncontrolling interests	(37,293)	(26,098)	(11,161)	(14,211)	(17,099)
Net income (loss) attributable to Parsons Corporation	$ 96,290	$ 88,256	$ (13,147)	$ 97,326	$ 222,337
Net income (loss) attributable to Parsons Corporation per share(1):					
Basic and diluted	$ 0.96	$ 0.93	$ (0.15)	$ 1.16	$ 2.78
Weighted-average number of shares:					
Basic and diluted	99,900	94,551	88,497	83,574	80,013
Pro Forma Income Information (unaudited)(2):					
Historical income before income tax expense					$ 259,803
Pro forma provision for income taxes					(74,755)
Pro forma net income including noncontrolling interests					$ 185,048
Pro forma net income attributable to Parsons Corporation					167,949
Pro forma net income attributable to Parsons Corporation per share, basic and diluted					$ 2.10
Weighted-average number of shares used in computing pro forma net income attributable to Parsons Corporation per share:					
Basic and diluted					80,013

(1) The weighted-average number of shares used in computing net income (loss) attributable to Parsons Corporation per share, basic and diluted, and pro forma net income attributable to Parsons Corporation per share, basic and diluted, gives effect in each period to the payment of a common stock dividend in a ratio of two shares of common stock for every one share of common stock presently held by our stockholder that is to occur in connection with the consummation of this offering.

(2) The unaudited pro forma net income information for 2018 gives effect to an adjusted income tax expense as if we had been a "C" Corporation at an assumed combined federal, state, local and foreign effective income tax rate of 28.77% for the fiscal year ended December 31, 2018.

	As of				
	December 26, 2014	December 25, 2015	December 30, 2016	December 29, 2017	December 31, 2018
Consolidated Balance Sheet Data:					
Cash and cash equivalents(1)	$ 397,908	$ 349,033	$ 332,368	$ 376,368	$ 206,427
Total assets	2,356,391	2,403,074	2,153,494	2,272,718	2,612,578
Total debt	250,000	250,000	249,301	249,407	429,164
Noncontrolling interests	63,430	82,476	57,169	27,494	46,461
Redeemable common stock held by the ESOP	1,876,182	1,818,576	1,739,431	1,855,305	1,876,309
Total shareholders' deficit	(904,404)	(869,409)	(935,542)	(1,049,916)	(921,076)

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

	Fiscal Year Ended		
(U.S. dollars in thousands)	December 30, 2016	December 29, 2017	December 31, 2018
Other Information:			
Adjusted EBITDA(1)	$ 173,152	$ 190,631	$ 229,757
Net Income Margin(2)	(0.1)%	3.7%	6.7%
Adjusted EBITDA Margin(3)	5.7%	6.3%	6.5%

(1) A reconciliation of net income (loss) attributable to Parsons Corporation to Adjusted EBITDA is set forth below.

	Fiscal Year Ended		
(U.S. dollars in thousands)	December 30, 2016	December 29, 2017	December 31, 2018
Net (loss) income attributable to Parsons Corporation	$ (13,147)	$ 97,326	$ 222,337
Interest expense, net	15,319	13,333	18,132
Income tax expense	13,992	21,464	20,367
Depreciation and amortization	42,156	35,198	69,869
Net income attributable to noncontrolling interests	11,161	14,211	17,099
Impairment of goodwill, intangible and other assets	85,133	—	—
Litigation related expenses(a)	9,422	10,026	(129,674)
Amortization of deferred gain resulting from sale-leaseback transactions(b)	(7,283)	(7,283)	(7,253)
Transaction related costs(c)	2,552	1,190	12,942
Restructuring(d)	12,407	—	—
HCM software implementation costs(e)	—	—	5,369
Other(f)	1,440	5,166	569
Adjusted EBITDA	173,152	190,631	229,757

(a) Fiscal 2016 and 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 the judgment entered against us in 2014 in connection with a lawsuit by the Los Angeles Metropolitan Transportation Authority. For fiscal 2018, due to the judgment being vacated, the Company reversed the accrued liability of $55.1 million to revenue and $74.6 million to other income.

(b) Reflects amortization of the deferred gain on prior sale-leaseback transactions in fiscal 2011. See “Note 9—Sale-Leasebacks” in the notes to our consolidated financial statements included elsewhere in this prospectus.

(c) Reflects costs incurred in connection with acquisitions and other non-recurring transaction costs, including primarily fees paid for professional services and employee retention. In 2019, we expect to incur transaction costs related to this offering, including for directors and officers Insurance.

(d) Reflects costs associated with and related to our corporate restructuring initiatives, including expenses incurred in connection with a restructuring program we began implementing in 2015. See “Note 2—Summary of Significant Accounting Policies—Restructuring” in the notes to our consolidated financial statements included elsewhere in this prospectus.

(e) Reflects implementation costs incurred in connection with a new human resources and payroll application.

(f) Fiscal 2016 includes a $3.5 million loss from the sale of a subsidiary, a $0.9 million gain on the sale of fixed assets, a $0.8 million gain related to disposed businesses and a $0.5 million gain related to settlement proceeds received for an already completed contract. Fiscal 2017 includes non-operating lease termination costs of $1.8 million, a $1.8 million loss related to disposed businesses, a $1.0 million loss from the sale of fixed assets and a $0.5 million loss related to several individually insignificant items that are non-recurring, infrequent or unusual in nature. Fiscal 2018 includes a $0.6 million loss related to several individually insignificant items that are non-recurring, infrequent or unusual in nature.

Adjusted EBITDA is a supplemental measure of our operating performance included in this prospectus 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 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 GAAP measure of our financial performance or liquidity and should not be considered as an alternative to net income (loss) as a measure of financial performance or cash flows from operations as measures of liquidity, or any other performance measure derived in accordance with GAAP. We define 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 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 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 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 30, 2016	December 29, 2017	December 31, 2018
Federal Solutions Adjusted EBITDA attributable to Parsons Corporation	$ 79,376	$ 89,269	$ 114,571
Critical Infrastructure Adjusted EBITDA Attributable to Parsons Corporation	81,206	86,471	97,779
Adjusted EBITDA attributable to noncontrolling interests	12,570	14,891	17,407
Total Adjusted EBITDA	$ 173,152	$ 190,631	$ 229,757

See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Segment Results," and "Note 20—Segments Information" in the notes to our consolidated financial statements included elsewhere in this prospectus for further discussion regarding our segment Adjusted EBITDA attributable to Parsons Corporation.

(2) Net Income Margin is calculated as net income (loss) 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is intended to help prospective 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 prospectus.

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 provider of technology-driven solutions in the defense, intelligence and critical infrastructure markets. We provide technical design and engineering services and software to address our customers' challenges. We have developed significant expertise and differentiated capabilities in key areas of cybersecurity, intelligence, defense, military training and development, connected communities, physical infrastructure and mobility solutions. 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 is a high-end services and technology provider to the U.S. government. Our Critical Infrastructure business provides integrated design and engineering 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 delivery or 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:

(U.S. dollars in millions, except Book-to-Bill)	Fiscal Year Ended December 30, 2016	December 29, 2017	December 31, 2018
Awards	$ 3,767.7	$ 3,404.7	$ 4,484.5
Backlog(1)	$ 6,287.3	$ 6,422.6	$ 7,971.0
Book-to-Bill	1.24	1.13	1.26

(1) Difference between our backlog of $8.0 billion and our remaining unsatisfied performance obligations, or RUPO, of $5.3 billion, each as of December 31, 2018, is due to (i) unissued

delivery 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:

	Fiscal Year Ended		
(U.S. dollars in millions)	**December 30, 2016**	**December 29, 2017**	**December 31, 2018**
Federal Solutions	$ 1,600.6	$ 1,278.5	$ 1,806.5
Critical Infrastructure	2,167.1	2,126.2	2,678.0
Total Awards	$ 3,767.7	$ 3,404.7	$ 4,484.5

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.

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 delivery 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:

	As of		
(U.S. dollars in millions)	December 30, 2016	December 29, 2017	December 31, 2018
Backlog:			
Federal Solutions			
Funded	$ 1,672.4	$ 1,313.8	$ 1,858.4
Unfunded	1,407.5	1,948.8	2,629.6
Total Federal Solutions Backlog	3,079.9	3,262.6	4,488.0
Critical Infrastructure			
Funded	3,207.3	3,160.0	3,483.0
Unfunded	—	—	—
Total Critical Infrastructure Backlog	3,207.3	3,160.0	3,483.0
Total Backlog(1)	$ 6,287.3	$ 6,422.6	$ 7,971.0

(1) Difference between our backlog of $8.0 billion and our RUPO of $5.3 billion, each as of December 31, 2018, is due to (i) unissued delivery 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 and 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 $2.6 billion of our funded backlog at December 31, 2018 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. 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 from year to year were primarily due to ordinary course fluctuations in our business. 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 our 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 is 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 30, 2016	December 29, 2017	December 31, 2018
Federal Solutions	1.50	1.18	1.22
Critical Infrastructure	1.10	1.10	1.29
Overall	1.24	1.13	1.26

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 reductions, 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 United States 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, we 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 June 1, 2018 onward.

OGSystems

On January 7, 2019, we acquired OGSystems for $300.3 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 is not included in our consolidated results of operations for the periods presented in this prospectus.

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.

Post-Offering Expenses

As a public company, we will be implementing additional procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. We expect to incur additional annual expenses related to these steps and, among other things, additional directors' and officers' liability insurance, director fees, reporting requirements of the SEC, transfer agent fees, additional accounting, legal and administrative personnel, increased auditing and legal fees and similar expenses.

Taxes

Historically, we have elected to be taxed under the provisions of Subchapter "S" of the Code for federal tax purposes. As a result, our income has not been subject to U.S. federal income taxes or state income taxes in those states where the "S" Corporation status is recognized. No provision or liability for federal or state income tax has been provided in our financial statements except for those states where the "S" Corporation status is not recognized and for the 1.5% California franchise tax to which we are also subject as a California "S" Corporation. The provision for income tax in the historical periods prior to our initial public offering consists of these taxes.

In connection with our initial public offering, our "S" Corporation status will terminate and we will be treated as a "C" Corporation under Subchapter C of the Code. The revocation of our "S" Corporation election will have a material impact on our results of operations, financial condition and cash flows. Our effective income tax rate will increase and our net income will decrease since we will be subject to both 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 to December 31st. Accordingly, the fiscal year end for fiscal 2018 is December 31, 2018, the fiscal year end for fiscal 2017 is December 29, 2017 and the fiscal year end for fiscal 2016 is December 30, 2016.

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 nonreimbursable under the terms of the contract. Revenue for cost-plus contracts are generally recognized using the cost-to-cost measure of progress method. Accounting for the revenue and profits on performance obligations for which progress is measured using the cost-to-cost method involves the preparation of estimates of: (1) transaction price and (2) total costs at completion, which is equal to the sum of the actual incurred costs to date on the contract and the estimated costs to complete the contract's statement of work.

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. Revenue on time-and-materials contracts are recognized as services are performed and are contractually billable.

Under firm fixed price, or FFP contracts, clients pay an agreed fixed-amount negotiated in advance for a specified scope of work. Revenue on FFP contracts is generally recognized using the cost-to-cost measure of progress method.

Please 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 prospectus 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 30, 2016	December 29, 2017	December 31, 2018
Cost-plus	38%	36%	41%
Time-and-materials	29%	29%	27%
Fixed-price	33%	35%	32%

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. We recognized a net operating income decrease related to changes in estimates at contract completion of $22.4 million in fiscal 2016, $23.8 million in fiscal 2017 and $2.3 million in fiscal 2018.

In fiscal 2016, fiscal 2017 and fiscal 2018, 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 income statement (including revenues and expenses attributable to noncontrolling interests). For the joint ventures we do not control, we recognize equity in earnings (loss) of unconsolidated joint ventures. Our revenues included $127.7 million in fiscal 2016, $112.1 million in fiscal 2017 and $144.7 million in fiscal 2018 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 2016, 2017 and 2018 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). Total ESOP contribution expense was $41.8 million for fiscal 2016, $40.6 million for fiscal 2017 and $47.0 million for fiscal 2018, 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. In particular, under our existing incentive compensation plans, we will adjust our compensation expense on a quarterly basis for any change in our share price from the end of the prior quarter. For example, based upon the assumed initial public offering price of $27.00 per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, we would expect to incur an additional expense of approximately $14 million in the second quarter of fiscal 2019. 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 consists 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.

With regard to the MTA 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 a joint venture in which we were the managing partner and the only other partner was bankrupt. 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 each of fiscal 2016 and 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 statement of income (loss). In addition, for fiscal 2016 and 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 statement of income, of which $55.1 million was recorded as an increase in revenue with the remainder recorded as other income.

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
Revenue	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 (expense), net	0.2	0.05
(Interest and other expense) gain associated with claim on long-term contract	(0.3)	2.1
Total other (expense) income	(0.6)	1.5
Income before income tax expense	4.4	7.3
Income tax expense	(0.7)	(0.6)
Net income (loss) including noncontrolling interests	3.7	6.7
Net income attributable to noncontrolling interests	(0.5)	(0.5)
Net income (loss) 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 increased in fiscal 2018 primarily due to an increase in revenue in our Federal Solutions segment of $399.1 million and from our Critical Infrastructure segment of $144.4 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 costs 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 in part due to the acquisitions of Polaris Alpha, which added $174.0 million, and Williams Electric, which was acquired October 6, 2017 and added a net increase of $20.5 million. The remaining increase in our direct costs of contracts in Federal Solutions was due to the ramp up of certain projects in our Defense business line, as well as growth on existing contracts in our Defense, Engineered Systems and Mission Solutions business lines. 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 of $35.0 million from Polaris Alpha, $32.3 million from the amortization of intangible assets related to the Polaris Alpha and Williams Electric 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

	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 expense (income), net	(5,658)	1,651	7,309	129.2
Interest and other expense (income) associated with claim on long-term contract	10,026	—	(10,026)	100
Gain associated with claim on long term contract	—	(74,578)	(74,578)	n/a
Total other expense (income)	$ 17,701	$ (54,795)	$(72,496)	409.6%

Interest income increased in fiscal 2018 primarily due to higher interest rates earned on our outstanding cash balances. 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 $5.2 million in net transaction losses on movements in foreign currency rates offset in part by $4.1 million in sublease income. See "Results of Operations—Other income and expenses" above for an explanation of the $74.6 million recorded in "Gain associated with claim on long term contract" in fiscal 2018 related to the MTA Lawsuit.

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.

Historically, we have recognized income taxes as an "S" Corporation for federal and state income tax purposes and, therefore, with the exception of a limited number of state and local jurisdictions, our income has not been subject to income taxes. In connection with this offering, we will convert to a "C" Corporation. On a pro forma basis, if we had been taxed as a "C" Corporation at an assumed combined federal, state, local and foreign effective income tax rate of 28.77%, our income tax expense in fiscal 2018 would have been $74.8 million.

Year ended December 30, 2016 compared to year ended December 29, 2017

The following table sets forth our results of operations for fiscal 2016 and fiscal 2017 as a percentage of revenue.

	Fiscal Year Ended	
	December 30, 2016	**December 29, 2017**
Revenue	100.0%	100.0%
Direct costs of contracts	80.0	79.6
Equity in earnings of unconsolidated joint ventures	1.2	1.3
Indirect, general and administrative expenses	17.2	16.8
Impairment of goodwill, intangible and other assets	2.8	0.0
Operating income	1.2	5.0
Interest income	0.0	0.1
Interest expense	(0.5)	(0.5)
Other income, net	0.0	0.2
Interest and other expense associated with claim on long-term contract	(0.3)	(0.3)
Total other expense	(0.8)	(0.6)
Income before income tax expense	0.4	4.4
Income tax expense	(0.5)	(0.7)
Net (loss) income including noncontrolling interests	(0.1)	3.7
Net income attributable to noncontrolling interests	(0.4)	(0.5)
Net (loss) income attributable to Parsons Corporation	(0.4)%	3.2%

Revenue

	Fiscal Year Ended		Variance	
(U.S. dollars in thousands)	December 30, 2016	December 29, 2017	Dollar	Percent
Revenue	$ 3,039,191	$ 3,017,011	$ (22,180)	(0.7)%

Revenue decreased in fiscal 2017 primarily due to a decrease in revenue in our Critical Infrastructure segment of $35.3 million, partially offset by an increase in revenue in our Federal Solutions segment of $13.2 million. See "—Segment Results" below for further discussion.

Direct costs of contracts

	Fiscal Year Ended		Variance	
(U.S. dollars in thousands)	December 30, 2016	December 29, 2017	Dollar	Percent
Direct costs of contracts	$ 2,431,193	$ 2,400,140	$ (31,053)	(1.3)%

Direct costs of contracts decreased in fiscal 2017 primarily due to a decrease of $27.3 million in our Critical Infrastructure segment attributable to a $35.3 million decrease in Critical Infrastructure revenue in fiscal 2017. In our Federal Solutions segment, direct cost of contracts decreased $3.7 million primarily due to changes in the amount of work performed in various business lines and the finalization of Engineered Systems work on a U.S. Department of Energy project, which resulted in a $8.7 million decrease in pass-through material costs. See "—Segment Results" below for further discussion.

Equity in earnings of unconsolidated joint ventures

	Fiscal Year Ended		Variance	
(U.S. dollars in thousands)	December 30, 2016	December 29, 2017	Dollar	Percent
Equity in earnings of unconsolidated joint ventures	$ 35,462	$ 40,086	$ 4,624	13.0%

Equity in earnings of unconsolidated joint ventures increased in fiscal 2017 primarily due to an $8.1 million increase in our proportionate share of the net earnings from a joint venture rail project in fiscal 2017 compared to fiscal 2016.

Indirect, general and administrative expenses

	Fiscal Year Ended		Variance	
(U.S. dollars in thousands)	December 30, 2016	December 29, 2017	Dollar	Percent
Indirect, general and administrative expenses	$ 522,920	$ 506,255	$ (16,665)	(3.2)%

Indirect, general and administrative expenses decreased in fiscal 2017 primarily due to $12.4 million of restructuring expenses recognized in fiscal 2016 and no restructuring expenses recognized in fiscal 2017. Our restructuring actions included involuntary terminations and exiting operations in certain geographical regions. Indirect, general and administrative expenses also decreased in fiscal 2017 due to reduced administrative expenses obtained from our 2016 restructuring program to improve operational efficiency and reduce costs, which was fully implemented by the end of fiscal 2016.

Impairment of goodwill, intangible and other assets

(U.S. dollars in thousands)	Fiscal Year Ended December 30, 2016	Fiscal Year Ended December 29, 2017	Variance Dollar	Variance Percent
Impairment of goodwill, intangible and other assets	$ 85,133	$ —	$(85,133)	n/a

In fiscal 2016, we recorded an impairment charge of $85.1 million associated with goodwill, intangible and other assets related to a Critical Infrastructure reporting unit. We did not record any asset impairment losses in fiscal 2017.

Total other expense

(U.S. dollars in thousands)	Fiscal Year Ended December 30, 2016	Fiscal Year Ended December 29, 2017	Variance Dollar	Variance Percent
Interest income	$ (1,190)	$ (2,465)	$(1,275)	(107.1)%
Interest expense	16,509	15,798	(711)	(4.3)
Other income, net	(1,340)	(5,658)	(4,318)	(322.2)
Interest and other expense associated with claim on long-term contract	9,422	10,026	604	6.4
Total other expense	$ 23,401	$ 17,701	$(5,700)	(24.4)

Interest income increased in fiscal 2017 primarily due to larger average cash balances and higher interest rates in fiscal 2017 compared to fiscal 2016. Interest expense decreased because fiscal 2017 had one less week of operation compared to fiscal 2016 and there was a one-time interest expense charge of $0.3 million in fiscal 2016 that did not recur in fiscal 2017. The amounts in other income, net are primarily related to transaction gains or losses on movements in foreign currency rates. Interest and other expense associated with a claim on a long-term contract increased primarily due to payment of a performance bond related to the MTA Judgment, which was later vacated in fiscal 2018.

Income tax expense

(U.S. dollars in thousands)	Fiscal Year Ended December 30, 2016	Fiscal Year Ended December 29, 2017	Variance Dollar	Variance Percent
Income tax expense	$ 13,992	$ 21,464	$7,472	53.4%

Income tax expense increased in fiscal 2017 primarily due to increased pre-tax net income in foreign jurisdictions in which we operate. Pre-tax net income in the foreign jurisdictions in which we operate increased $14.4 million from fiscal 2016 to fiscal 2017.

Historically, we have recognized income taxes as an “S” Corporation for federal and state income tax purposes and therefore, with the exception of a limited number of state and local jurisdictions, we have not been subject to income taxes. In connection with the consummation of this initial public offering, we will convert to a “C” Corporation.

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 Consolidated Financial and Other 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 usefulness of this metric. See "Note 20—Segments Information" in the notes to our consolidated financial statements included elsewhere in this prospectus 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 30, 2016**	**December 29, 2017**	**December 31, 2018**
Federal Solutions Adjusted EBITDA attributable to Parsons Corporation	$ 79,376	$ 89,269	$ 114,571
Critical Infrastructure Adjusted EBITDA attributable to Parsons Corporation	81,206	86,471	97,779
Adjusted EBITDA attributable to noncontrolling interests	12,570	14,891	17,407
Total Adjusted EBITDA	$ 173,152	$ 190,631	$ 229,757

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

Federal Solutions

	Fiscal 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	89,269	114,571	25,302	28.3%

The increase in Federal Solutions revenue was primarily due to the acquisition of Polaris Alpha, which added $227.4 million of revenue since its acquisition date of May 31, 2018, and a $27.5 million net increase from Williams Electric business, which we acquired in October 2017. Federal Solutions legacy revenue increased $144.2 million primarily due to an increase of $119.7 million, or 38.4%, in our Engineered Systems business line, a $12.7 million, or 4.4%, increase in our Defense business line and a $7.5 million increase, or 2.7%, in our Mission Solutions business line.

Federal Solutions Adjusted EBITDA attributable to Parsons Corporation increased primarily due to the acquisitions of Polaris Alpha, which contributed $18.4 million, and Williams Electric, which contributed $6.2 million.

Critical Infrastructure

	Fiscal 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	86,471	97,779	11,308	13.1%

The increase in Critical Infrastructure revenue was primarily related to the Mobility Solutions business line with an overall increase of $81.1 million (inclusive of $55.1 million related to the favorable resolution of the MTA Lawsuit), or 7.4%, with an increase of $38.3 million in the Middle East and a decrease of $12.3 million in North America, excluding the MTA Lawsuit. The Connected Communities business line increased $53.5 million, or 8.9%, from fiscal 2017, nearly all of which was a result of growth in the Middle East. The Industrial business line showed more modest growth overall with a $9.7 million, or 4.2%, increase from fiscal 2017.

The increase in Critical Infrastructure Adjusted EBITDA attributable to Parsons Corporation was primarily related to an increase in revenue of $89.3 million, offset in part by $67.6 million in direct cost of contracts, a change in other income and expense of $8.0 million, primarily related to foreign currency transaction gains and losses, and a $2.3 million increase in net income attributable to noncontrolling interests.

Year ended December 30, 2016 compared to year ended December 29, 2017

Federal Solutions

	Fiscal Year Ended		Variance	
(U.S. dollars in thousands)	**December 30, 2016**	**December 29, 2017**	**Dollar**	**Percent**
Revenue	$ 1,066,740	$ 1,079,906	$13,166	1.2%
Adjusted EBITDA attributable to Parsons Corporation	79,376	89,269	9,893	12.5%

The increase in Federal Solutions revenue in fiscal 2017 was primarily due to an increase in revenues in our Cyber & Intelligence business line of $42.7 million, or 30.0%, and our Mission Solutions business line of $7.5 million, or 2.6%, driven by new awards, an increase in the scope of existing contracts and new IDIQ task awards, which was partially offset by a decrease in revenue of $28.0 million, or 8.2%, in our Engineered Systems business line and $9.0 million, or 3.0%, in our Defense business line due to delays in awards in fiscal 2017.

The increase in Federal Solutions Adjusted EBITDA attributable to Parsons Corporation in fiscal 2017 was primarily due to the increase in revenue of $13.2 million and a decrease in our direct cost of contracts of $3.7 million, primarily due to the finalization of a large program in our Engineered Systems business line, offset by a $6.0 million increase in our indirect, general and administrative expenses primarily due to an increase in corporate costs allocated to Federal Solutions as a result of an increase in Federal Solutions' corporate allocation base.

Critical Infrastructure

	Fiscal Year Ended		Variance	
(in thousands)	**December 30, 2016**	**December 29, 2017**	**Dollar**	**Percent**
Revenue	$ 1,972,451	$ 1,937,105	$(35,346)	(1.8)%
Adjusted EBITDA attributable to Parsons Corporation	81,206	86,471	5,265	6.5%

The decrease in Critical Infrastructure revenue in fiscal 2017 was primarily due to a decrease in revenue in our Industrial business line of $96.4 million, or 29.4%, which was primarily driven by a decrease in business volume due to lower oil prices in fiscal 2017, which in turn delayed investment by our customers and negatively impacted demand for our services in both North America and the Middle East. Revenue in our Mobility Solutions business line decreased $4.4 million, or 0.4%, primarily from a combination of a reduction of revenue in the Middle East of $24.1 million as a result of the factors described above for our Industrial business line, offset by growth in the North America market of $19.7 million primarily due to an increase in design-build programs. Revenue in our Connected Communities business line increased by $65.4 million, or 12.2%, primarily driven by positive train control projects and other rail systems programs in the United States and built environment programs in the Middle East.

The increase in Critical Infrastructure Adjusted EBITDA attributable to Parsons Corporation in fiscal 2017 was primarily due to a decrease in direct costs of contracts of $27.4 million, an increase in equity in earnings of unconsolidated joint ventures of $4.7 million, reduced indirect, general and administrative expenses of $5.7 million obtained from our 2016 restructuring, and an increase in other income of $5.1 million, offset by a decrease in revenue of $35.3 million and net income attributable to noncontrolling interests of $2.2 million.

Quarterly Results of Operations

The following table sets forth selected unaudited quarterly results of operations data for each of the eight quarters in the period ended December 31, 2018. The information for each of these quarters has been prepared on the same basis as our audited consolidated financial statements included elsewhere in this prospectus and, in the opinion of management, includes all adjustments, which include only normal recurring adjustments, necessary for the fair statement of the results of operations for these periods in accordance with GAAP. This data should be read in conjunction with our audited consolidated financial statements and related notes included elsewhere in this prospectus. These quarterly operating results are not necessarily indicative of our operating results for a full year or any future period.

	Fiscal Quarter Ended							
(U.S. dollars in thousands)	**March 31, 2017**	**June 30, 2017**	**September 29, 2017**	**December 29, 2017**	**March 30, 2018**	**June 29, 2018(1)(2)**	**September 28, 2018(2)**	**December 31, 2018(2)**
Federal Solutions revenue	$ 253,264	$266,234	$ 268,472	$ 291,936	$ 291,335	$ 341,065	$ 443,725	$ 402,882
Critical Infrastructure revenue	480,335	471,745	460,446	524,579	463,344	559,667	532,432	526,058
Total revenue	$ 733,599	$737,979	$ 728,918	$ 816,515	$ 754,679	$ 900,732	$ 976,157	$ 928,940
Operating income	$ 30,794	$ 33,781	$ 46,683	$ 39,444	$ 38,891	$ 86,912	$ 55,113	$ 24,092
Net income (loss) attributable to Parsons Corporation	$ 18,847	$ 21,631	$ 30,246	$ 26,602	$ 25,287	$ 148,381	$ 41,222	$ 7,447
Federal Solutions Adjusted EBITDA attributable to Parsons Corporation	$ 20,256	$ 19,462	$ 19,948	$ 29,603	$ 20,154	$ 31,677	$ 43,285	$ 19,455
Critical Infrastructure Adjusted EBITDA attributable to Parsons Corporation	17,049	21,563	30,375	17,484	23,656	14,150	35,228	24,745
Adjusted EBITDA attributable to noncontrolling interests	3,333	3,554	4,917	3,087	3,920	1,759	5,002	6,726
Total Adjusted EBITDA(3)	$ 40,638	$ 44,579	$ 55,240	$ 50,174	$ 47,730	$ 47,586	$ 83,515	$ 50,926

(1) Includes a $55.1 million increase in revenue and $74.6 million increase in other income for our Critical Infrastructure segment as a result of the favorable resolution of the MTA Lawsuit. Please see "Results of Operations—Other income and expenses" above for further discussion regarding the MTA Lawsuit.
(2) Includes the results of operations from Polaris Alpha from its date of acquisition on May 31, 2018.
(3) The following table presents a reconciliation of net income (loss) 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 footnote 1 in the "Other Information" table located in "Selected Consolidated Financial Data".

	Fiscal Quarter Ended							
(U.S. dollars in thousands)	**March 31, 2017**	**June 30, 2017**	**September 29, 2017**	**December 29, 2017**	**March 30, 2018**	**June 29, 2018**	**September 28, 2018**	**December 31, 2018**
Net income attributable to Parsons Corporation	$ 18,847	$ 21,631	$ 30,246	$ 26,602	$ 25,287	$ 148,381	$ 41,222	$ 7,447
Interest expense, net	3,619	3,282	3,390	3,042	3,258	3,270	5,589	6,015
Income tax expense	4,071	4,731	6,650	6,012	5,353	9,019	4,154	1,841
Depreciation and amortization	8,333	8,573	9,007	9,285	9,009	14,048	23,599	23,213
Net income attributable to noncontrolling interests	3,136	3,398	4,712	2,965	3,815	1,657	4,844	6,783
Litigation related expenses (income)(a)	2,330	2,331	3,035	2,330	2,330	(132,004)	—	—
Amortization of deferred gain resulting from sale-leaseback transactions(b)	(1,821)	(1,821)	(1,820)	(1,821)	(1,813)	(1,829)	(1,798)	(1,813)
Transaction related costs(c)	385	(3)	4	804	125	4,930	2,456	5,431
HCM software implementation costs(d)	—	—	—	—	—	337	3,032	2,000
Other(e)	1,738	2,457	16	955	366	(223)	417	9
Total Adjusted EBITDA	$ 40,638	$ 44,579	$ 55,240	$ 50,174	$ 47,730	$ 47,586	$ 83,515	$ 50,926

(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 the judgment entered against us in 2014 in connection with the MTA Lawsuit. For fiscal 2018, due to the judgment being vacated in the second quarter of fiscal 2018, the Company reversed the accrued liability with an offset of $55.1 million to revenue and $74.6 million to other income.
(b) Reflects amortization of the deferred gain on prior sale-leaseback transactions in fiscal 2011. See "Note 9—Sale-Leasebacks" in the notes to our consolidated financial statements included elsewhere in this prospectus.
(c) Reflects costs incurred in connection with acquisitions and other non-recurring transaction costs, including primarily fees paid for professional services and employee retention.
(d) Reflects implementation costs incurred in connection with a new human resources and payroll application.
(e) Fiscal 2017 includes non-operating lease termination costs of $1.8 million, a $1.8 million loss related to disposed businesses, a $1.0 million loss from the sale of fixed assets and a $0.5 million loss related to several individually insignificant items that are non-recurring, infrequent or unusual in nature. Fiscal 2018 includes a $0.6 million loss related to several individually insignificant items that are non-recurring, infrequent or unusual in nature.

Liquidity and Capital Resources

Historically, we have financed our operations and capital expenditures and 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.

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, pay the IPO Dividend, support our debt service and support our ongoing acquisition strategy for 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.

By selling shares of our common stock to the public in this offering, we will be able to expand ownership in our stock, gain access to the public capital markets, use shares of our common stock to satisfy redemptions of ESOP interests and repay a portion of our outstanding indebtedness. From time to time we will evaluate alternative uses for excess cash resources, including funding acquisitions or repurchasing outstanding shares of common stock.

Debt

Senior Notes

On July 1, 2014, we completed a private placement of senior notes, or Senior Notes, in the aggregate amount of $250,000,000 with the following principal terms:

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

We made interest payments of $12.4 million during fiscal 2018, fiscal 2017 and fiscal 2016 with respect to our Senior Notes.

Each of the Senior Notes may be redeemed in full or in part at our option at a redemption premium equal to the excess, if any, of the discounted value of the remaining scheduled payments with respect to the amount of the Senior Note that is being prepaid over the amount of such Senior Note that is being prepaid.

The Senior Notes contain certain covenants that limit our ability to, among other things, engage in transactions with affiliates, merge or consolidate with another person, sell assets, or incur liens. We were in compliance with these covenants as of December 31, 2018.

Revolving Credit Facility

In November 2013, we entered into the Credit Agreement with respect to our Revolving Credit Facility, which was amended and restated in November 2017. The Credit Agreement consists of (i) a revolving credit facility, allowing for borrowings of up to $550.0 million, and (ii) commercial and financial letters of credit available for issuance of up to $100.0 million. The maturity date for borrowings under the Credit Agreement is November 15, 2022. Borrowings under the Credit Agreement bear interest, at our 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 our leverage ratio at the end of each fiscal quarter. As of December 31, 2018, the applicable interest rate under the Credit Agreement was 4.253%. Borrowings under the Credit Agreement are guaranteed by certain of our operating subsidiaries. As of December 31, 2018, we had $180.0 million of borrowings under the Revolving Credit Facility and $49.8 million of letters of credit outstanding, and in January 2019, we borrowed an additional $110.0 million under our Revolving Credit Facility to partially finance the OGSystems Acquisition. The Credit Agreement includes various covenants, including restrictions on indebtedness, liens, acquisitions, investments or dispositions, payment of dividends and maintenance of certain financial ratios and conditions. We were in compliance with these covenants as of December 31, 2018. We intend to use net proceeds from this offering to repay outstanding indebtedness under our Revolving Credit Facility.

Term Loan

In January 2019, we borrowed $150.0 million under our Term Loan Agreement to partially finance the OGSystems Acquisition. Our Term Loan is comprised of Offshore Rate Loans and Base Rate Loans (each as defined in the Term Loan Agreement), with an initial aggregate principal amount of $150.0 million. The Offshore Rate Loans bear interest at a rate per annum of LIBOR, divided by 1.00 minus the Eurodollar Reserve Percentage, plus 1.25%. The Base Rate Loans bear interest at a rate per annum of the sum of (a) the highest of (1) the administrative agent's reference rate; (2) the rate equal to 1.50% per annum above the Offshore Rate; and (3) the rate equal to 0.50% per annum above the latest federal funds rate, plus (b) 0.25%. The Term Loan has a maturity date of January 3, 2020. We intend to use $150.5 million of our net proceeds from this offering to repay the outstanding balance under our Term Loan upon the consummation of this offering and cancel the Term Loan Agreement.

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 $223.0 million as of December 31, 2018, including $49.8 million of letters of credit outstanding under the Credit Agreement.

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 contracts. 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.

Accounts receivable is the principal component of our working capital and is generally driven by revenue growth. Accounts receivable reflects amounts billed to our clients as of each balance sheet date and receivable amounts that are currently due but unbilled. 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). In the last few years we have focused on collecting outstanding receivables to reduce Net DSO and working capital. Net DSO was 74 days at December 30, 2016, 68 days at December 29, 2017 and 52 days at December 31, 2018. Our working capital (current assets less current liabilities) was $570.4 million at December 30, 2016, $554.2 million at December 29, 2017 and $482.6 million at December 31, 2018.

Our cash, cash equivalents and restricted cash decreased by $164.9 million to $281.2 million at December 31, 2018 from $446.1 million at December 29, 2017. This compares to an increase in cash, cash equivalents and restricted cash of $53.1 million from $393.0 million at December 30, 2016 to $446.1 million at December 29, 2017.

The following table summarizes our sources and uses of cash over the periods indicated:

	Fiscal Year Ended		
(in thousands)	**December 30, 2016**	**December 29, 2017**	**December 28, 2018**
Net cash provided by (used in) operating activities	$ 198,559	$ 265,029	$ 284,634
Net cash (used in) provided by investing activities	(29,302)	(52,961)	(503,295)
Net cash (used in) provided by financing activities	(185,217)	(160,171)	55,411
Effect of exchange rate changes	(1,200)	1,235	(1,699)
Net increase (decrease) in cash and cash equivalents	$ (17,160)	$ 53,132	$ (164,949)

Operating Activities

Net cash provided by (used in) operating activities consist primarily of net income (loss) adjusted for noncash items, such as: equity in earnings (loss) 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 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 increase in our business volume.

Net cash provided by operating activities increased $66.5 million to $265.0 million during fiscal 2017 compared to $198.6 million during fiscal 2016. The increase in net cash provided by operating activities is primarily due to a $32.2 million improvement in cash flows from our working capital accounts driven by a decrease in net DSOs from 74 days to 68 days, a change in other long-term liabilities of $10.8 million, primarily related to our long-term incentive plans, a change in income taxes of $5.3 million, and a $18.2 million increase in net income after adjusting for non-cash items.

Investing Activities

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

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.

Net cash used in investing activities increased $23.7 million from fiscal 2016 to fiscal 2017, primarily due to the use of $25.7 million, net of cash acquired, in fiscal 2017 for the acquisition of Williams Electric Company. We had no significant business acquisitions in fiscal 2016.

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 $148.7 million in fiscal 2016, $111.4 million in fiscal 2017 and $125.8 million in fiscal 2018 in connection with the redemption of ESOP participants' interests. With a public market for the Company's common stock, cash will no longer be required for ESOP redemptions following the 180-day lock-up period, and instead participants will receive distributions in shares of our common stock.

Net cash provided by financing activities increased $215.6 million from fiscal 2017 to fiscal 2018, primarily due to an increase in borrowings under our Credit Agreement of $180.0 million, net of $80.0 million of repayments, 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 our common stock, related to redemptions of ESOP interests in fiscal 2018 compared to redemptions in fiscal 2017.

Net cash used in financing activities decreased $25.0 million from fiscal 2016 to fiscal 2017, primarily due to a $37.3 million reduction in the purchases of our common stock, related to redemptions of ESOP interests in fiscal 2017 compared to redemptions in fiscal 2016.

Contractual Obligations

The following table summarizes our contractual obligations that require us to make future cash payments as of December 31, 2018. For contractual obligations, we included payments that we have an unconditional obligation to make.

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.

(in thousands)	Total(1)	2019	2020-2021(1)	2022-2023	Thereafter
Senior Notes(2)	$334,836	$12,430	$ 74,860	$ 20,420	$227,126
Credit Agreement(3)	210,875	7,833	15,755	187,226	—
Operating lease obligations(4)	276,665	67,879	93,468	65,293	50,025
Capital lease obligations	1,621	680	840	101	—
Total minimum payments	$823,997	$88,872	$ 184,934	$273,040	$277,151

(1) Does not include $150.0 million of borrowings under our Term Loan in January 2019. The maturity date of our Term Loan is January 3, 2020.

(2) Consists of our obligations under our Senior Notes. See "Note 11—Debt and Credit Facilities" in the notes to our consolidated financial statements included elsewhere in this prospectus for additional information regarding our debt and related matters.

(3) Consists of our obligations under our Credit Agreement. The amounts do not include an additional $110.0 million of borrowings under our Revolving Credit Facility in January 2019. See "Note 11—Debt and Credit Facilities" in the notes to our consolidated financial statements included elsewhere in this prospectus for additional information regarding our debt and related matters.

(4) See “Note 9—Sale-Leasebacks” and “Note 14—Commitments and Contingencies” in the notes to our consolidated financial statements included elsewhere in this prospectus for additional information regarding our commitments and contingencies.

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 prospectus. 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 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 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 sheet 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 2016 and 2017 periods were 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 statement of income (loss).

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.

See “*—Components of Results of Operations—Revenue” above for additional information.*

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.

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 exceeds its fair value, a second step is performed to measure the amount of potential impairment. In the second step, we compare the implied fair value of reporting unit goodwill with the carrying amount of the reporting unit’s goodwill. If the carrying amount of a reporting units goodwill exceeds the implied 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.

We perform a goodwill impairment test on an annual basis as of the end of November for each reporting unit that requires certain assumptions and estimates be made regarding industry economic factors and future profitability. In fiscal 2016, the Company recorded an impairment charge of $84.7 million in fiscal 2016 associated with goodwill and intangible assets related to a Critical Infrastructure reporting unit. For the years ended December 29, 2017 and December 31, 2018, 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 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 2021.

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 its 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

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 are presented as temporary equity as they include a cash redemption feature that is not solely within our control. 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.

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, participants' interests in their ESOP accounts are redeemable at the current price per share of the stock. Prior to the completion of this offering, such per share prices were 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 the end of the plan year preceding distribution. Prior to the completion of this offering, under the terms of the ESOP, we are obligated to redeem eligible participants' interests in their ESOP accounts for cash upon an eligible participant's election. We present all shares held by the ESOP as temporary equity on the consolidated balance sheet at their redemption value based on the share price as of the end of the preceding plan year. Beginning on the 181st day following the date of this prospectus, distributions from the ESOP will be made in our common stock (other than distributions in respect of fractional shares, which will be made in cash, based on the then-current market value of our common stock). Upon receiving a distribution of our common stock from the ESOP, a participant will be able to sell such shares of common stock in the market, subject to any requirements of the federal securities laws. During the 180-day lock-up period, any qualifying distribution elections made by participants will be paid in cash using proceeds from the IPO Dividend. If the IPO Dividend is not sufficient to satisfy all qualifying distribution elections made by participants during the 180-day lock-up period which the ESOP Trustee is directed to make during this period, the ESOP Trustee will have the right to cause us to purchase shares in order to allow the ESOP Trustee to pay participants in cash. To the extent there are proceeds from the IPO Dividend that were not used to satisfy distributions during the 180-day lock-up period, such remaining proceeds will be reinvested in our common stock on or before December 31, 2019.

Valuation of Common Stock

Prior to this offering, our share price was determined using a combination of income and market based methods that utilize 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 have 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.

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 prospectus.

Off-Balance Sheet Arrangements

As of December 31, 2018, 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.

Qualitative and Quantitative Disclosure About Market Risk

Interest Rate Risk

We are exposed to interest rate risks related to both the Revolving Credit Facility and our Term Loan Agreement. Borrowings under the Revolving Credit Facility bear interest, at our option, at either (i) the Base Rate (as defined in the Revolving Credit Facility) plus an applicable margin or (ii) LIBOR plus an applicable margin. As of December 31, 2018, we had outstanding borrowings under the Revolving Credit Facility of $180.0 million. Based on the $180.0 million outstanding under the Credit Agreement, an increase or decrease of 100 basis points in the Base Rate and/or LIBOR rates would result in an increase or decrease in annual interest expense of approximately $1.8 million. Borrowing under our Term Loan is comprised of Offshore Rate Loans and Base Rate Loans (each as defined in the Term Loan Agreement), with an initial aggregate principal amount of $150.0 million. The Offshore Rate Loans bear interest at a rate per annum of LIBOR, divided by 1.00 minus the Eurodollar Reserve Percentage, plus 1.25%. The Base Rate Loans bear interest at a rate per annum of the sum of (a) the highest of (1) the administrative agent's reference rate; (2) the rate equal to 1.50% per annum above the Offshore Rate; and (3) the rate equal to 0.50% per annum above the latest federal funds rate, plus (b) 0.25%. Based on the $150.0 million outstanding principal balance under the Term Loan, an increase or decrease of 100 basis points in the Term Loan's applicable interest rate would result in an increase or decrease in annual interest expense of approximately $1.5 million. The Term Loan has a maturity date of January 3, 2020 and we intend to use proceeds from this offering to pay off the full outstanding balance under the Term Loan.

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.

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.

BUSINESS

Overview

We are a leading provider of technology-driven solutions in the defense, intelligence and critical infrastructure markets. We provide technical design and engineering services and software to address our customers' challenges. We have developed significant expertise and differentiated capabilities in key areas of cybersecurity, intelligence, defense, military training, connected communities, physical infrastructure and mobility solutions. 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 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.

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 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:

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.

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

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

Critical Mission Support: We provide a diverse set of technical services to help our nation's military on land, sea, air and space. These services include mission training, protecting national airspace, fighting infectious diseases, digitizing the health environment, performing contingency operations and providing operations and maintenance for physical 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.

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 cybersecurity, machine learning, big data analytics and cloud applications. 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.

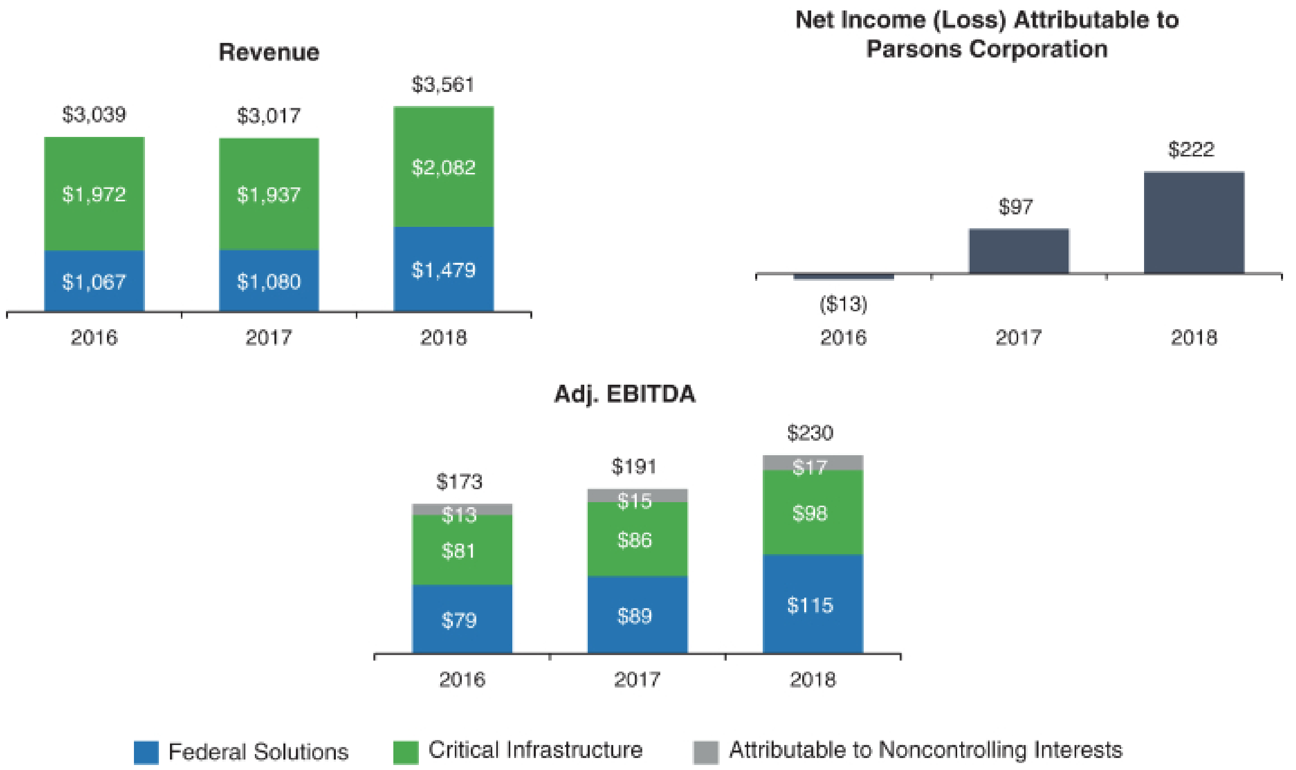
We operate in two reporting segments, Federal Solutions and Critical Infrastructure, with revenue contribution of 41.5% and 58.5%, respectively, and Adjusted EBITDA contribution of 49.9% and 42.6%, respectively, for fiscal 2018. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Segment Results” for further discussion on our segments.

Federal Solutions: Our Federal Solutions segment is a high-end services and technology provider to the U.S. government, delivering timely, cost-effective solutions for mission-critical projects. With evolving threats, the U.S. government relies on us to innovate and enhance our technology-driven solutions, which help keep people safe. We provide advanced technologies, including cybersecurity, missile defense systems, military training, subsurface munitions detection, military facility modernization, logistics support, chemical weapon 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 Missile Defense Agency, the United States intelligence community, the U.S. military, the Department of Energy 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. 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. These solutions are delivered to aviation, ground transportation and industrial end markets. 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.

[Table of Contents](#)

We have successfully grown our business in each segment and on a consolidated basis. In fiscal 2018, we generated revenues of $3.6 billion, net income attributable to Parsons Corporation of $222.3 million and Adjusted EBITDA of $229.8 million. In fiscal 2018, our Federal Solutions segment had 37.0% year-over-year revenue growth, or 15.9% excluding the results of Polaris Alpha, and our Critical Infrastructure segment had 7.5% year-over-year revenue growth. The following table shows our growth over the last three years (in millions):

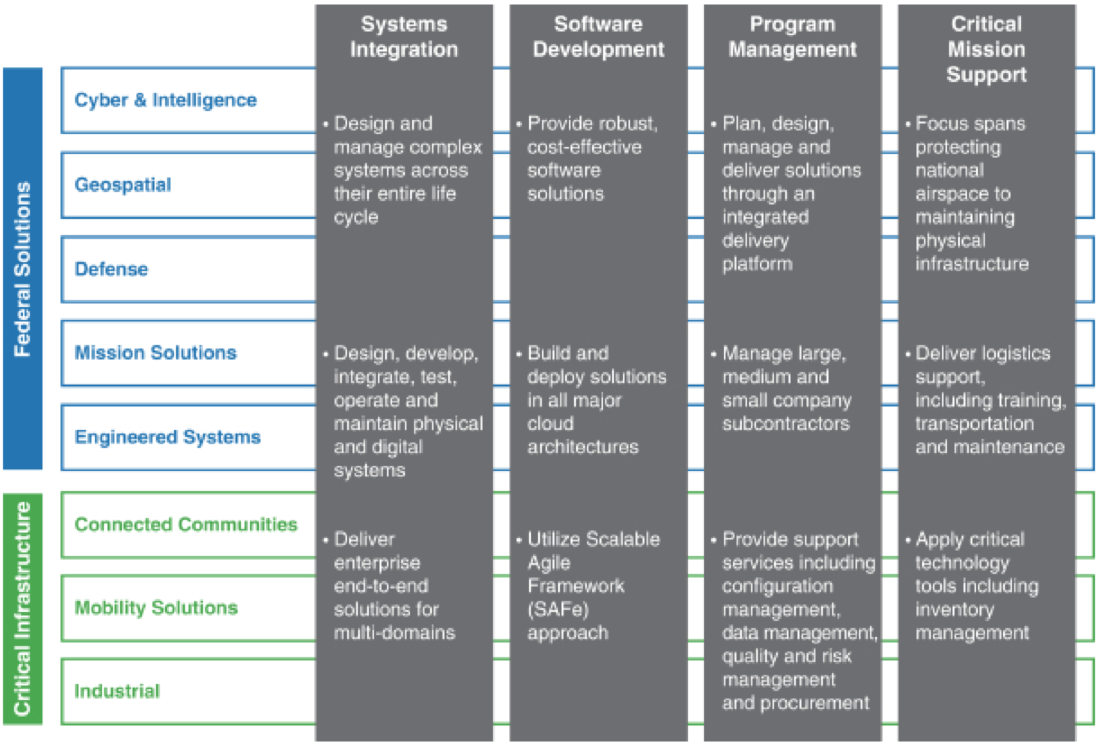


See "Summary Consolidated Financial and Other Data" for a discussion of our definition of Adjusted EBITDA, how we use this metric, why we present this metric and the material limitations on usefulness of this metric. See also "Management's Discussion and Analysis of Financial Condition and Results of Operations—Segment Results" and "Note 20—Segments Information" in the notes to our consolidated financial statements included elsewhere in this prospectus for further discussion regarding our segment revenue and segment Adjusted EBITDA attributable to Parsons Corporation.

On new contracts and task orders for which we competed, we achieved an overall win rate of 39.9% in fiscal 2016, 34.9% in fiscal 2017 and 42.9% in fiscal 2018. As of December 31, 2018, our total backlog was $8.0 billion, an increase of 24.1% from December 29, 2017.

Our Services 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 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, software development, program management and critical mission support apply across our segments and business lines.



Federal Solutions

Our Federal Solutions business provides engineering, software and hardware solutions and services. It is focused on five business lines: Cyber & Intelligence, Geospatial, 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. Army, the United States intelligence community, which consists of 16 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 cyber platform; Advanced Video Activity Analytics, or AVAA, which enables the automated analysis of actionable data produced from massive volumes of motion imagery; Domain6, our cybersecurity toolset; and Topic Builder, an open source intelligence search engine.

    - Our Cyber & Intelligence team is comprised of nearly 2,000 professional engineers, computer scientists and data analysts as of January 31, 2019, over 1,500 of whom have high levels of security clearance.

- Geospatial—Our Geospatial business line focuses on providing geospatial intelligence, big data analytics and threat mitigation technology services to the defense, intelligence, space and C5ISR end markets. Our customers include the NGA, National Reconnaissance Office, or NRO, and multiple units within the U.S. Department of Defense Special Operations Commands, or SOCOM.

    - 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 400 engineers, software developers and analysts as of January 31, 2019, the majority of which have high-level security clearances.

- Defense—Our Defense business line focuses on the missile defense, space and the C5ISR end markets. Our customers include the MDA, the U.S. Air Force, the U.S. Army, the NRO and U.S. Department of Defense military services. We provide mission planning for space situational awareness, small satellite systems integration, electronic warfare, directed energy modeling and simulation 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 January 31, 2019. We provide weapons and missile defense systems engineering and command and control, battle management and communications (C2BMC) system support.

    - Other 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 1,600 professional engineers and computer scientists as of January 31, 2019, many with high levels of security clearance.

- Mission 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, 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, and the Federal Emergency Management Agency, or FEMA. Representative offerings include live, virtual, constructive and 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 Domain6 cybersecurity toolset for industrial control systems protection.

    - Our Mission Solutions team of nearly 1,000 technical professionals as of January 31, 2019 works globally to support military readiness, and many of these professionals hold security clearances.

- Engineered Systems—Our Engineered Systems business line focuses on advanced technology services for advanced 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, the Jet Propulsion Laboratory and the Department of Veterans Affairs. 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.
    - Our Engineered Systems team is comprised of over 1,700 personnel as of January 31, 2019, including experienced professional engineering and technical personnel, and many of these professionals hold security clearances.

Critical Infrastructure

Our Critical Infrastructure business provides engineering, program management, systems engineering and software solutions. It is focused on three business lines: Connected Communities, Mobility Solutions and Industrial. Our growth strategy includes leveraging our portfolio of sophisticated engineering solutions for complex physical infrastructure and their control systems to expand our portfolio of converged cybersecurity software and integrated transportation system integration software to our existing customers.

- Connected Communities—Our Connected Communities business line includes intelligent transportation system management, advanced train controls integration, smart cities software and critical infrastructure cyber 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, tolling systems software 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.
    - Our Connected Communities team is comprised of over 3,000 personnel as of January 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, airports and rail and transit. 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, international airports and automated people mover and baggage handling systems.
    - An example is our role as key program manager for several international airports. We are the sole program manager of the recently awarded Diamond Head Extension

Program at Honolulu International Airport and the Abu Dhabi International Airport, and a key program manager of the Landside Access Modernization Program for Los Angeles International Airport.

- Another example is our role as the leading designer of the Tacoma Narrows Bridge, the largest twin tower suspension bridge in the world.
- Our Mobility Solutions team is comprised of over 5,300 personnel as of January 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 with limited concentration, and include chemical, energy, utility, communications and manufacturing companies and some provincial agencies. Our capabilities include environmental remediation engineering, process engineering, cyber-physical security software and program management of capital projects.
  - Differentiated technology solutions include our Domain6 cybersecurity toolset, advanced environmental analytics and modeling and the application of augmented and virtual reality.
  - Our Industrial team is comprised of nearly 1,000 personnel as of January 31, 2019.

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 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. In September 2018, the President signed the U.S. Department of Defense appropriations bill, which approved a 2019 U.S. Department of Defense budget of $606.5 billion (an increase of almost 15.8% from the 2017 U.S. Department of Defense budget $523.5 billion), representing a compound annual growth rate, or CAGR, of approximately 8% from 2017 to 2019. We believe the U.S. Department of Defense will continue to invest in space and cyberspace as warfighting domains, C5ISR, missile defense, advanced autonomous systems and resilient and agile logistics. For example, U.S. federal government spending on space and missile research and development is expected to grow from $10.5 billion in 2018 to $12.1 billion in 2021 according to Bloomberg Government, representing a CAGR of 4.8% between 2018 and 2021.

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. U.S. Department of Defense cybersecurity and cloud obligations were estimated at $4.7 billion in 2018 and are on pace to reach approximately $6.6 billion in

2021 according to Bloomberg Government, representing a CAGR of approximately 12% between 2018 and 2021. 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 multi-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. The United States intelligence community's requested 2019 budget was approximately $81 billion and has grown at approximately a 5% CAGR since 2017.

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. While U.S. federal government spending on infrastructure and environment is estimated to contract by 2.0% from U.S. federal government fiscal years 2018 through 2021, U.S. federal government obligations for structures and civil infrastructure is expected to grow from approximately $50.1 billion in fiscal 2018 to approximately $66.6 billion in U.S. federal government fiscal 2021, or a CAGR of approximately 10%, according to Bloomberg Government. 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. The connected communities market was estimated at $921 million in U.S. federal government fiscal year 2018 and is estimated to grow at 10.7% from fiscal 2018 to fiscal 2021, according to Bloomberg Government. 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 75 year 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 $53.2 million and average incentive fees of 96% in fiscal 2016, incentive fees of $10.1 million and average incentive fees of 86% in fiscal 2017 and incentive fees of $8.5 million and average incentive fees of 89% in fiscal 2018. 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 39.9% in fiscal 2016, 34.9% in fiscal 2017 and 42.9% in fiscal 2018 for new awards that we bid on (including a win rate on re-compete contracts and task orders in the Federal Solutions segment of 90.0% in fiscal 2016, 92.0% in fiscal 2017 and 96.0% in fiscal 2018). In fiscal 2018, our Federal Solutions revenues grew 37.0% and our Critical Infrastructure revenues grew 7.5% year-over-year. As of December 31, 2018, our backlog was $8.0 billion, up 24.1% from year end fiscal 2017.

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, 2019 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, Domain6, 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, 15,633 as of January 31, 2019, 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. We have more than 11,712 degreed employees and 3,196 highly credentialed employees, including those with registrations and certifications in technical areas like Agile methodology, Project Management, Registered Engineering, Architecture, Technology and Security as of January 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 17 years with the company and averages over 32 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 five strategic acquisitions (four 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:

- *OGSystems*: Acquired in 2019 at a purchase price of $300.3 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 software, 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 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 cybersecurity, data analytics, cloud 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:

- Space—Extend our space situational awareness, small satellite integration, command and control and critical infrastructure 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.
- 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.
- Health—Extend our data analytics, artificial intelligence and cloud computing solutions to the federal disease research and greater federal healthcare ecosystem.
- 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.
- Critical Infrastructure Protection—Leverage our installed customer base and pursue market segments that are driven by high threat levels and regulatory concerns, so that we are positioned to implement our Domain6 cybersecurity toolset into the health, energy, government and industry facilities and transportation sectors.

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 systems integration, data capture and processing focused on mobility solutions for connected and smart cities.
- Space and geospatial software 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 delivery 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 and 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, 2018, our total backlog was $8.0 billion, consisting of $5.3 billion of funded backlog and $2.7 billion of unfunded backlog. We expect to recognize $2.6 billion of our funded backlog at December 31, 2018 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.

The following table sets forth information regarding our ten largest contracts (by backlog) as of December 31, 2018 (U.S. dollars in millions):

Contract	Customer	Segment	Start Date	End Date	Backlog ($)
1	Federal Aviation Administration	Federal Solutions	Aug. 2012	Aug. 2022	$ 619.7
2	Royal Commission for Yanbu (related to the development of Yanbu Industrial City in Saudi Arabia)	Critical Infrastructure	Jan. 1978	Dec. 2023	415.7
3	U.S. Army	Federal Solutions	Nov. 2008	Dec. 2023	320.0
4	Missile Defense Agency	Federal Solutions	Aug. 2016	Aug. 2021	317.0
5	Department of Energy	Federal Solutions	Sep. 2002	Jul. 2021	260.3
6	Missile Defense Agency	Federal Solutions	Apr. 2017	Apr. 2022	241.7
7	National Science Foundation(1)	Federal Solutions	Jun. 2018	Dec. 2022	237.5
8	Maryland Procurement Office	Federal Solutions	Apr. 2017	Oct. 2021	177.2
9	New York City Department of Transportation	Critical Infrastructure	Oct. 2017	Dec. 2026	170.9
10	Defense Intelligence Agency	Federal Solutions	May 2018	May 2028	164.7
Sum of Top 10 Contracts					$ 2,924.7

(1) Consists of two interrelated contracts with National Science Foundation covering the same scope of work.

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, CSRA Inc., 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 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 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, 2019, we had 15,633 employees. We employ more than 11,712 degreed employees and over 3,196 highly credentialed employees, including those with registrations and certifications in technical areas like agile methodology, project management, registered engineering, architecture, technology & security. As of January 31, 2019, approximately 21.0% of our employees held security clearances (including more than 60% of our employees in our Federal Solutions segment) and approximately 16.0% of our employees with security clearances held a Top Secret / Sensitive Compartmented Information-level clearance, which often requires the completion of a polygraph. In addition, our executive management has an average tenure of 17 years with the company and over 32 years of industry or functional experience. As of January 31, 2019, approximately 330 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.

Properties

Our headquarters are located in Centreville, Virginia. As of December 31, 2018, we leased 202 commercial facilities (including our headquarters) with an aggregate of approximately 2.8 million square feet of space across 35 U.S. states and 18 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.

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.

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.

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 accepted the petition and the case was heard on March 19, 2019. At this time, it is too soon to determine the outcome of the litigation or assess the potential range of exposure, if any, and a ruling is not expected until the second quarter of 2019.

Table of Contents

MANAGEMENT

Executive Officers and Directors

The following table sets forth information regarding our executive officers and directors, as of January 31, 2019:

Name	Age	Position(s)
Executive Officers		
Charles L. Harrington(4)	60	Chairman, Chief Executive Officer, President and Director
George L. Ball	60	Chief Financial Officer
Carey A. Smith	55	Chief Operating Officer
Adam W. Taylor	40	Chief Transformation and Administrative Officer
Michael R. Kolloway	58	Chief Legal Officer and Secretary
Non-Employee Directors		
Kenneth C. Dahlberg(1)(2)	74	Director
Mark K. Holdsworth(3)(4)	53	Director
Steven F. Leer(1)(2)	65	Director
Tamara L. Lundgren(1)(4)	61	Director
James F. McGovern(3)(4)	72	Director
Harry T. McMahon(1)(2)	65	Director
M. Christian Mitchell(2)(3)(4)	63	Director
Major General Suzanne M. “Zan” Vautrinot, USAF (ret)(2)(3)	59	Director

(1) Member of the compensation committee.
(2) Member of the audit committee.
(3) Member of the nominating and corporate governance committee.
(4) Member of the executive committee.

Executive Officers

Charles L. Harrington was appointed our Chief Executive Officer in May 2008, Chairman of our board of directors in November 2008 and President of Parsons Corporation in 2009. 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 NCI Building Systems, Inc., Wells Fargo Real Estate Investment Corporation 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. 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 33 years of aerospace and defense experience. Ms. Smith has also served on the NN Inc. board of directors, including on the Governance and Audit Committees, and in several capacities for the Professional Services Council, including on the board of directors and 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.

Adam W. Taylor was appointed Chief Transformation and Administrative Officer in 2018. Prior to joining Parsons, Mr. Taylor served as the Chief Strategy Officer and Senior Vice President of Veritiv Corporation from 2015 to 2018. Additionally, Mr. Taylor served as Vice President of Strategy and Innovation and Corporate Development for Office Depot from 2014 to 2015. Previously, Mr. Taylor held various executive roles in strategy, corporate development and operations for AT&T. Further, Mr. Taylor has worked in private equity, co-founded and operated two separate medical communications software companies and held advisory roles with other operating companies. Mr. Taylor holds a bachelor of arts degree in economics from Tulane University, a master of business administration degree from Suffolk University and a juris doctor from Suffolk Law School.

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.

Non-Employee Directors

Kenneth C. Dahlberg joined our board of directors in 2011. Until 2009, Mr. Dahlberg was Chairman, Chief Executive Officer and President of Science Applications International Corporation ("SAIC") from 2004 to 2009. Before joining SAIC, he was Executive Vice President of General Dynamics from 2001 to 2003. Prior to General Dynamics, Mr. Dahlberg worked at the Raytheon Company from 1997 to 2001, serving as President and Chief Operating Officer of Raytheon Systems Company from 1997 to 2000, and subsequently, as President of Raytheon International to 2001. Prior to his service at Raytheon, Mr. Dahlberg was Senior Vice President of Hughes Aircraft and Corporate Vice President of Hughes Electronics. Mr. Dahlberg is also a director on the board of directors of Teledyne Technologies, Inc. and previously was a director at Motorola Solutions. Mr. Dahlberg received a bachelor's degree in electrical engineering from Drexel University and a master's degree in electrical engineering from the University of Southern California.

Mark K. Holdsworth joined our board of directors in 2006. From 1999-2018, Mr. Holdsworth was a Co-Founder, Managing Partner and an Operating Partner of Tennenbaum Capital Partners, LLC (“TCP”), a Los Angeles-based private multi-strategy investment firm that was acquired by BlackRock, Inc. in August 2018, and was a Managing Director at BlackRock until April 2019. Additionally, Mr. Holdsworth is the Founder of Holdsworth & Co., LLC, a private family office. Prior to joining TCP, Mr. Holdsworth was an investment banker and a Principal of Tennenbaum & Co., LLC, the predecessor to TCP. Mr. Holdsworth has almost 20 years of board experience and specializes in active management oversight, strategy, M&A activity and complex financings. He has also served as a board director or board chairperson of many public and private companies in a variety of industries. Mr. Holdsworth earned a bachelor of arts degree from Pomona College, a bachelor of science degree from the California Institute of Technology and a master of business administration degree from Harvard Business School. We believe Mr. Holdsworth is qualified to serve on our board of directors due to his substantial business and corporate finance experience from key leadership positions in numerous public and private companies.

Steven F. Leer joined our board of directors in 2013. Mr. Leer is the former Chairman of the board of directors of Arch Coal, Inc., a position he held from 2005 to April 2015. He previously served as Chief Executive Officer and President of Arch Coal from 1992 to 2012 and from 1992 to 2006, respectively. Prior to Arch Coal’s formation, Mr. Leer served as President and Chief Executive Officer of Arch Mineral Corporation, one of Arch Coal’s predecessor companies, from 1992 to 2012. In addition, he serves on the boards of directors of Norfolk Southern Corporation, USG Corporation and Cenovus Energy Inc. and is a former regent of the University of the Pacific and a former trustee of Washington University in St. Louis. Mr. Leer earned a bachelor of science degree from the University of the Pacific and a master of business administration degree from Washington University’s Olin School of Business. We believe Mr. Leer is qualified to serve on our board of directors due to his management experience as an executive and director of various companies in the manufacturing, energy and transportation industries.

Tamara L. Lundgren joined our board of directors in 2011. Ms. Lundgren is the President and Chief Executive Officer of Schnitzer Steel Industries, Inc. (“SSI”), having held both positions since 2008. Previously, Ms. Lundgren served as Executive Vice President and Chief Operating Officer of SSI from 2006 to 2008 and Vice President and Chief Strategy Officer from 2005 to 2006. Before joining SSI, Ms. Lundgren was a Managing Director at both JPMorgan Chase and Deutsche Bank, and a partner in the law firm Hogan & Hartson, LLP. Ms. Lundgren is a member of the board of directors of Ryder System, Inc. and the Federal Reserve Bank of San Francisco. She is also on the Executive Committee of the board of directors of the U.S. Chamber of Commerce and previously served as the chairman of the Chamber of Commerce’s board of directors from 2014 to 2015. In 2016, Ms. Lundgren was appointed by President Obama to the President’s Advisory Committee for Trade Policy and Negotiations and was re-appointed by President Trump. Ms. Lundgren is a member of the Business Roundtable, the Committee of 200 and the President’s Advisory Council of Wellesley College. Ms. Lundgren earned a bachelor of arts degree from Wellesley College and a juris doctorate degree from the Northwestern University School of Law. We believe Ms. Lundgren is qualified to serve on our board of directors due to her extensive leadership experience as an executive and director at Schnitzer Steel Industries, Inc., as well as her legal and finance experience.

James F. McGovern joined our board of directors in 2005. Mr. McGovern also serves as Senior Managing Director of McGovern & Associates, and as the Chief Executive Officer and President of Dunhill Technologies, LLC. Previously, Mr. McGovern served as the President and Chief Operating Officer of Calpoint, LLC and President of Teledyne Brown Engineering, Inc. From 1986 to 1989, Mr. McGovern served as Under Secretary and Acting Secretary of the United States Air Force, and Mr. McGovern has also served as Chief of Staff of the Senate Committee on Armed Services. Mr. McGovern’s civilian career began as an attorney with the law firm of Dickstein, Shapiro, Morin &

Oshinsky, LLP where he specialized in corporate finance, mergers and acquisitions. Mr. McGovern, in addition to serving on our board of directors, also has been an Independent Director of Ingram Micro Inc. since 2016. Mr. McGovern received a bachelor of science degree from the United States Naval Academy and a juris doctorate degree from Georgetown University School of Law. We believe Mr. McGovern is qualified to serve on our board of directors due to his substantial business, management and legal experience, as well as his leadership experience in the government sector.

Harry T. McMahon joined our board of directors in 2018. Mr. McMahon previously served as Executive Vice Chairman of Bank of America Merrill Lynch from 2009 to 2015, co-head of Global Corporate Finance from 1998 to 2003 and Vice Chairman from 2003 to 2009. He currently serves as an independent director at California Resources Corporation, where he also chairs its Compensation Committee. Mr. McMahon also serves on the board of directors at Cottage Health, a non-profit hospital system, and is a Trustee of Claremont McKenna College, where he was previously Board Chair for eight years. He earned a bachelor of arts degree and honorary doctorate from Claremont McKenna College and a masters of business administration from the University of Chicago Booth School. We believe that Mr. McMahon is qualified to serve on our board of directors due to his substantial experience in the finance and banking sectors as well as his leadership and advisory experience.

M. Christian Mitchell joined our board of directors in 2012. Mr. Mitchell was National Managing Partner of Deloitte & Touche LLP's mortgage banking and finance practice from 2001 to 2003. Before his position as National Managing Partner, his roles within Deloitte included Regional Managing Partner for various practices. Mr. Mitchell currently serves as a director for Pacific Premier Bancorp, Inc., Stearns Holdings, LLC and Western Asset Mortgage Capital Corporation. In addition, since 2008 Mr. Mitchell has served as Vice Chairman of the board of directors of Marshall & Stevens. Mr. Mitchell also serves as Chairman Emeritus of the Pacific Southwest Chapter of the National Association of Corporate Directors ("NACD"), and has served on the national board of directors of NACD since 2017. He is recognized by NACD as a Board Leadership Fellow and was named to the "100 Most Influential People in Corporate Governance" list by Directorship magazine in 2011 and 2012. Mr. Mitchell earned a bachelor of science degree in accounting, summa cum laude, from the University of Alabama. We believe Mr. Mitchell is qualified to serve on our board of directors due to his substantial business, finance and accounting experience from his leadership positions in numerous public and private companies.

Major General Suzanne M. "Zan" Vautrinot, USAF (ret) joined our board of directors in 2014. Maj. Gen. Vautrinot is President of Kilovolt Consulting, Inc., a cybersecurity strategy and technology consulting firm, and has served as President since October 2013. She serves as a director on the boards of directors for Symantec Corporation, Ecolab Inc., the Battelle Memorial Institute, and Wells Fargo & Company. Before retiring in October 2013 after 31 years of service, she was a Major General in the United States Air Force and served as Commander, 24th Air Force, Air Forces Cyber and Air Force Network Operations. Ms. Vautrinot earned a bachelor of science degree from the United States Air Force Academy, a master of science degree from the University of Southern California and a master of science degree from the Air University Air Command and Staff College. We believe Ms. Vautrinot is qualified to serve on our board of directors due to her leadership experience in numerous executive and director roles in the security, technology and finance industries, as well as her extensive military and government experience.

Board Composition

Our bylaws that will become effective upon the closing of this offering provide that our board of directors shall consist of nine members. Currently, our board of directors consists of nine members: Mmes. Lundgren and Vautrinot and Messrs. Dahlberg, Harrington, Holdsworth, Leer, McGovern, McMahon and Mitchell.

In accordance with our certificate of incorporation that will be in effect upon the closing of this offering, our board of directors will be divided into three classes with staggered three year terms. At each annual meeting of stockholders after the initial classification, the successors to the directors whose terms will then expire will be elected to serve from the time of election and qualification until the third annual meeting following their election. Our directors will be divided among the three classes as follows:

- the Class I directors will be Tamara L. Lundgren, James F. McGovern and Harry T. McMahon, and their terms will expire at the annual meeting of stockholders to be held in 2020;
- the Class II directors will be Mark K. Holdsworth, Steven F. Leer and M. Christian Mitchell, and their terms will expire at the annual meeting of stockholders to be held in 2021; and
- the Class III directors will be Kenneth C. Dahlberg, Charles L. Harrington and Major General Suzanne M. Vautrinot, USAF (ret), and their terms will expire at the annual meeting of stockholders to be held in 2022.

Any increase or decrease in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors. This classification of our board of directors may have the effect of delaying or preventing changes in control of our company.

Our board of directors has determined that upon completion of this offering, Mmes. Lundgren and Vautrinot and Messrs. Dahlberg, Holdsworth, Leer, McGovern, McMahon and Mitchell will be independent directors. In making this determination, our board of directors applied the NYSE listing standards and Rule 10A-3 under the Securities Exchange Act of 1934, as amended, or the Exchange Act. In evaluating the independence of Mmes. Lundgren and Vautrinot and Messrs. Dahlberg, Holdsworth, Leer, McGovern, McMahon and Mitchell, our board of directors considered their current and historical employment, any compensation we have given to them, any transactions we have with them, their beneficial ownership of our capital stock, their ability to exert control over us, all other material relationships they have had with us and the same facts with respect to their immediate family. The board of directors also considered all other relevant facts and circumstances known to it in making this independence determination. In addition, Mmes. Lundgren and Vautrinot and Messrs. Dahlberg, Holdsworth, Leer, McGovern, McMahon and Mitchell are non-employee directors, as defined in Rule 16b-3 of the Exchange Act.

Both the Nominating and Corporate Governance Committee and the board of directors seek the talents and backgrounds that would be most helpful to Parsons in selecting director nominees. In particular, the Nominating and Corporate Governance Committee, when recommending director candidates to the full board of directors for nomination, may consider whether a director candidate, if elected, assists in achieving a mix of board members that represents a diversity of background and experience. In addition, our corporate governance guidelines that will become effective upon the closing of this offering provide that a director shall retire from our Board at the next annual meeting of stockholders after he or she has reached the age of 75.

Board Leadership Structure

Our board of directors recognizes that one of its key responsibilities is to evaluate and determine its optimal leadership structure so as to provide effective oversight of management. Our bylaws and corporate governance guidelines provide our board of directors with flexibility to combine or separate the positions of chairman of the board of directors and chief executive officer. Our board of directors currently believes that our existing leadership structure is effective, provides the appropriate balance of authority between independent and non-independent directors, and achieves the optimal governance model for us and for our stockholders.

Mr. Harrington serves as our Chief Executive Officer, President and Chairman of the board of directors. Our board of directors believes that Mr. Harrington's services as Chairman of the board of directors, Chief Executive Officer and President is in the best interest of the Company and its stockholders. Mr. Harrington possesses detailed and in-depth knowledge of the issues, opportunities and challenges we face and is thus best positioned to develop agendas that ensure that the board of directors' time and attention are focused on the most critical matters. Specifically, his combined role enables decisive leadership, ensures clear accountability, and enhances our ability to communicate our message and strategy clearly and consistently to our stockholders, employees, customers and manufacturers.

Our corporate governance guidelines provide that we have a lead independent director. Our lead independent director is James F. McGovern. In that role, he calls meetings of the independent directors and chairs such meetings, including all executive sessions of the board of directors, facilitates communications between our Chairman and the independent directors of the board of directors, and reviews the quantity, quality and timeliness of information provided to the board of directors, among other duties described in our corporate governance guidelines.

Board Oversight of Risk

Although management is responsible for the day-to-day management of the risks our company faces, our board of directors and its committees take an active role in overseeing the management of our risks and bear the ultimate responsibility for of risk management. The board of directors regularly reviews information regarding our operational, financial, legal and strategic risks. Specifically, senior management attends quarterly meetings of the board of directors, provides presentations on operations including significant risks, and is available to address any questions or concerns raised by our board of directors.

In addition, we expect that our four board of directors committees will assist the board of directors in fulfilling its oversight responsibilities in certain areas of risk. The Audit Committee will coordinate the board of directors' oversight of our internal control over financial reporting, disclosure controls and procedures, related party transactions and code of conduct and corporate governance guidelines and management will regularly report to the Audit Committee on these areas. The Compensation Committee will assist the board of directors in fulfilling its oversight responsibilities with respect to the management of risks arising from our compensation policies and programs as well as succession planning as it relates to our Chief Executive Officer. The Nominating and Corporate Governance Committee will assist the board of directors in fulfilling its oversight responsibilities with respect to the management of risks associated with board organization, membership and structure, succession planning for our directors and corporate governance. The Executive Committee will assist the board of directors in conducting its duties, including meeting with greater frequency than the board of directors in connection with key actions to be taken by us, such as major acquisitions, divestitures, mergers or changes in capital structure or ownership, in addition to meeting on an ad hoc basis in order to review major investments or divestitures outside of our normal investment plan. When any of the committees receives a report related to material risk oversight, the chairman of the relevant committee will report on the discussion to the full board of directors.

Codes of Conduct and Ethics

We have adopted written codes of conduct and ethics that apply to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, and to third parties with whom we conduct business, including agents, representatives, joint venture partners, consultants and subcontractors. We have posted current copies of these codes on our website, www.parsons.com. In addition, we intend to post on our website all disclosures that are required by law or NYSE listing standards concerning any amendments to, or waivers from, any provision of the codes.

Controlled Company Exception

After giving effect to this offering, the ESOP will continue to control a majority of the voting power of our outstanding common stock. As a result, under our certificate of incorporation, the ESOP will be able to nominate a majority of the total number of directors comprising our board of directors and we will remain a "controlled company" within the meaning of the NYSE corporate governance standards. As a controlled company, exemptions under the NYSE standards will mean that we are not required to comply with certain corporate governance requirements, including the following requirements:

(1) that a majority of our board of directors consist of independent directors;

(2) that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities;

(3) that we have a nominating and corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities, and

(4) for an annual performance evaluation of the nominating and corporate governance and compensation committees.

Although we intend to comply with these listing requirements whether or not we are a controlled company, there is no guarantee that we will not take advantage of these exemptions in the future. Accordingly, you may not have the same protections afforded to stockholders of companies that are subject to all of the NYSE corporate governance requirements.

Board Committees

Following this offering, we anticipate that we will have the following board of directors committees: an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee and an Executive Committee. The anticipated composition and responsibilities of each committee are described below. Members will serve on these committees until their resignation or until otherwise determined by our board of directors.

Audit Committee

Our audit committee oversees our corporate accounting and financial reporting process. Among other matters, the audit committee:

- appoints our independent registered public accounting firm;
- evaluates the independent registered public accounting firm's qualifications, independence and performance;
- determines the engagement of the independent registered public accounting firm;
- reviews and approves the scope of the annual audit and the audit fee;
- discusses with management and the independent registered public accounting firm the results of the annual audit and the review of our quarterly financial statements;
- approves the retention of the independent registered public accounting firm to perform any proposed permissible non-audit services;

- monitors the rotation of partners of the independent registered public accounting firm on our engagement team in accordance with requirements established by the SEC;
- reviews our financial statements and our management's discussion and analysis of financial condition and results of operations to be included in our annual and quarterly reports to be filed with the SEC;
- reviews our critical accounting policies and estimates; and
- at least annually, reviews the audit committee charter and reviews and evaluates the performance of the audit committee and its members, including compliance by the audit committee with its charter.

After this offering, we expect that the members of our audit committee will be Mr. Mitchell (chairperson), Mr. Leer, Mr. Dahlberg, Mr. McMahon and Ms. Vautrinot. All members of our audit committee meet the requirements for financial literacy under the applicable rules and regulations of the SEC and the NYSE. Our board of directors has determined that M. Christian Mitchell is an audit committee financial expert as defined under the applicable rules of the SEC and has the requisite financial sophistication as defined under the applicable rules and regulations of the NYSE. Under the rules of the SEC, members of the audit committee must also meet heightened independence standards. However, a minority of the members of the audit committee may be exempt from the heightened audit committee independence standards for one year from the date of effectiveness of the registration statement of which this prospectus forms a part. Our board of directors has also determined that each of the members are independent under the heightened audit committee independence standards of the SEC and the NYSE. As allowed under the applicable rules and regulations of the SEC and the NYSE, we intend to phase in compliance with the heightened audit committee independence requirements prior to the end of the one-year transition period. The audit committee operates under a written charter that satisfies the applicable standards of the SEC and the NYSE.

Compensation Committee

Our compensation committee reviews and recommends policies relating to compensation and benefits of our officers and employees. Among other matters, the compensation committee:

- reviews and approves corporate goals and objectives relevant to compensation of our chief executive officer and other executive officers;
- evaluates the performance of these officers in light of those goals and objectives, and approves the compensation of these officers based on such evaluations;
- approves the issuance of stock options and other awards under our long-term incentive plans, other than awards to non-employee members of our board of directors; and
- at least annually, reviews the compensation committee charter and reviews and evaluates the performance of the compensation committee and its members, including compliance by the compensation committee with its charter.

After this offering, we expect that the members of our compensation committee will be Ms. Lundgren (chairperson), Mr. Dahlberg, Mr. Leer and Mr. McMahon. Our board of directors has determined that each of the members of our compensation committee is independent under the applicable rules and regulations of the NYSE and is a "non-employee director" as defined in Rule 16b-3 promulgated under the Exchange Act. The compensation committee operates under a written charter that satisfies the applicable standards of the SEC and the NYSE.

Nominating and Corporate Governance Committee

The nominating and corporate governance committee is responsible for making recommendations to our board of directors regarding candidates for directorships and the size and composition of our board of directors. In addition, the nominating and corporate governance committee is responsible for overseeing our corporate governance policies and reporting and making recommendations to our board of directors concerning governance matters. The nominating and corporate governance committee will also, at least annually, review its committee charter and review and evaluate the performance of the nominating and corporate governance committee and its members, including compliance by the committee with its charter. After this offering, we expect that the members of our nominating and corporate governance committee will be Mr. Holdsworth (chairperson), Ms. Vautrinot, Mr. McGovern and Mr. Mitchell. Our board of directors has determined that each of the members of our nominating and corporate governance committee is an independent director under the applicable rules and regulations of the NYSE relating to nominating and corporate governance committee independence. The nominating and corporate governance committee operates under a written charter that satisfies the applicable standards of the SEC and the NYSE.

Executive Committee

The executive committee is responsible for providing our board of directors with considerations and recommendations regarding our business strategy. In addition, among other matters, the executive committee is responsible for reviewing key actions to be taken by us, such as major mergers, acquisitions, major investments or divestitures of assets outside our normal investment plans, and conducting periodic reviews of the executive committee's performance, assessing the adequacy of its charter and recommending changes to the board of directors. The executive committee is authorized with all the powers of the board of directors, except for powers specifically denied by the executive committee charter, including, but not limited to, declaring or paying dividends, amending our bylaws or articles of incorporation, issuing stock and making or approving capital expenditures exceeding $5.0 million. After this offering, we expect that the members of our executive committee will be Mr. Harrington (chairperson), Mr. McGovern, Mr. Holdsworth, Ms. Lundgren and Mr. Mitchell.

Compensation Committee Interlocks and Insider Participation

During fiscal 2018, the members of our compensation committee were Ms. Lundgren, Mr. Dahlberg, Mr. Leer and Mr. McMahon. No member of our compensation committee is or has been a current or former officer or employee of Parsons or had any related person transaction involving Parsons. None of our executive officers served as a director or a member of a compensation committee (or other committee serving an equivalent function) of any other entity, one of whose executive officers served as a director or member of Parsons' compensation committee during fiscal 2018.

Limitation on Liability and Indemnification Matters

Our certificate of incorporation that will become effective immediately prior to the consummation of this offering, contains provisions that limit the liability of our directors for monetary damages to the fullest extent permitted by Delaware law. Consequently, our directors will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duties as directors, except liability for:

- any breach of the director's duty of loyalty to us or our stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;

- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; or
- any transaction from which the director derived an improper personal benefit.

Our certificate of incorporation and bylaws that will become effective immediately prior to the consummation of this offering, provide that we are required to indemnify our directors and officers, in each case to the fullest extent permitted by Delaware law. Our bylaws will also provide that we are obligated to advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding, and permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in that capacity regardless of whether we would otherwise be permitted to indemnify him or her under Delaware law. We have entered and expect to continue to enter into agreements to indemnify our directors, executive officers and other employees as determined by our board of directors. With specified exceptions, these agreements provide for indemnification for related expenses including, among other things, attorneys' fees, judgments, fines and settlement amounts incurred by any of these individuals in any action or proceeding. We believe that these certificate of incorporation and bylaw provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers. We also maintain directors' and officers' liability insurance.

The limitation of liability and indemnification provisions in our certificate of incorporation and bylaws may discourage stockholders from bringing a lawsuit against our directors and officers for breach of their fiduciary duty. They may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and our stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage.

Director Compensation

See "Executive Compensation—Elements of Executive Compensation—Director Compensation" for information regarding compensation for members of our board of directors.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The following discussion and analysis of compensation arrangements of our named executive officers, or NEOs should be read together with the compensation tables and related disclosures set forth below. This discussion contains forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. The actual amount and form of compensation and the compensation programs that we adopt may differ materially from currently planned programs as summarized in this discussion. The compensation tables and related disclosures below reflect the payment of a common stock dividend in a ratio of two shares of common stock for every one share of common stock presently held by our stockholder that is to occur in connection with the consummation of this offering.

This section discusses the principles underlying our executive compensation policies and decisions and the most important factors relevant to an analysis of these policies and decisions. In addition, we explain how and why our board of directors and the Compensation Committee of our board of directors arrived at specific compensation policies and decisions involving our NEOs during fiscal 2018.

This Compensation Discussion and Analysis provides information about the material components of our executive compensation program for the following executive officers, to whom we refer collectively in this prospectus as the NEOs for fiscal 2018.

- Charles L. Harrington, Chairman, Chief Executive Officer, President and Director;
- George L. Ball, Chief Financial Officer;
- Carey A. Smith, Chief Operating Officer;
- Michael W. Johnson, Chief Development Officer (resigned in January 2019); and
- Michael R. Kolloway, Chief Legal Officer and Secretary

Executive Summary Chart

How we performed in fiscal 2018…

- Awards increased in fiscal 2018 by $1.2 billion, or 42%, from fiscal 2017 due an increase in awards generated from each of our two segments and the impact of Polaris Alpha.
- Performance revenue increased in fiscal 2018 by $478 million, or 17%, from fiscal 2017 due to improved performance by each of our two segments and the impact of Polaris Alpha.
- Net operating income increased in fiscal 2018 by $39 million, or 25%, from fiscal 2017 due to improved performance by each our two segments and the impact of Polaris Alpha.
- Net DSOs decreased in fiscal 2018 by 16 days, or 15%, from fiscal 2017 as a result of our concerted efforts to collect outstanding receivables.

How we determine pay…

- Review market compensation levels and program design to provide a frame of reference for comparison.
- Design pay programs to reward executives for positive company performance and align with employee beneficial stockholder interests by having a significant portion of compensation composed of performance-based and long-term incentive awards.
- Set competitive pay levels and incentive compensation commensurate with market, performance and the need to retain executive officers of outstanding ability and potential.
- Consider relevant qualitative factors, in addition to the advice of the Compensation Committee’s independent compensation consultant.

How we pay our NEOs…

- Base salaries reflect each NEO’s role, responsibility and experience.
- Annual target incentive awards based on a mix of financial objectives (90%) and qualitative individual objectives (10%).
- Long-term incentives granted at target levels using a portfolio of awards, including a performance-based award with a three-year cliff vest, in which 50% is based on cumulative awards and 50% is based on net operating income.

How we address risk and governance…

- Provide an appropriate balance of short- and long-term compensation, with payouts based on the Company’s achievement of certain objective financial metrics and specific business area objectives.
- Follow practices that promote good governance and serve the interests of our employee beneficial stockholders, with maximum payout caps for annual cash incentives and long-term performance awards.

Executive Compensation Philosophy

We believe in providing a competitive total compensation package to our NEOs through a combination of base salary, performance-based incentive awards, long-term incentive awards and broad-based welfare and health benefit plans. Our executive compensation program is designed to achieve the following objectives:

- attract, motivate and retain executive officers of outstanding ability and potential, whose knowledge, skills and performance are critical to our success;
- reward the achievement of short-term and long-term strategic goals, and
- ensure that executive compensation is meaningfully related to the creation of employee beneficial shareholder value.

Executive Compensation Design

As a privately held company, our executive compensation program, which covers our NEOs, consists of a combination of base salary, short-term cash bonus opportunities and long-term incentives through the use of phantom equity that is designed to reward performance that meets or exceeds expectations. Phantom equity is compensation that is linked to our share price, but generally is paid in cash. Our NEOs are also entitled to certain employee benefits that are available to all of our employees, and limited perquisites.

We have structured our short-term incentive opportunities to focus on the achievement of specific annual financial objectives that will further our longer-term growth objectives. We use our long-term incentive compensation to provide incentives for our executive officers to focus on the growth of our overall enterprise value and, correspondingly, to create value for our employee beneficial stockholders. We believe that long-term incentive compensation in the form of phantom equity, which is linked to our share price, aligns our executive officers' interests with the long-term interests of our employee beneficial stockholders. Generally, going forward, we plan to continue having long-term incentive awards tied to our equity value, but to have such awards paid in the form of our common stock.

Executive Compensation Setting Process

Role of the Compensation Committee. Our board of directors delegated to the Compensation Committee the responsibility for overseeing, reviewing, and approving our compensation arrangements and benefit plans and policies. In addition, the Compensation Committee annually reviews and approves or recommends to the board of directors for its approval of our NEO compensation program.

Historically, the Compensation Committee, reviewed each component and the aggregate level of compensation, as well as a mix of additional relevant factors outlined in the Use of Comparative Market Data and Qualitative Factors below, in setting compensation for our NEOs. We used private market data, and in the case of the Chief Executive Officer, or CEO, a combination of private market data and public company peer data, in part, to assess the competitiveness, reasonableness and appropriateness of individual executive compensation elements and of our overall NEO compensation packages.

Role of Executive Officers. The CEO, as a member of our board, attends board of director and Compensation Committee meetings and actively participates in determining our executive compensation philosophy, design, incentive target amounts, and incentive payouts. Our finance department works with our Chief Human Resources Officer and CEO to gather financial and operational data that the CEO reviews in making his recommendations. From time to time our Chief

Financial Officer and Chief Legal Officer attend meetings (or portions thereof) of the board of directors to present information and answer questions pertaining to our executive compensation structure. No executive officer, including our CEO, participates directly in the final determinations regarding his or her own compensation. While the Compensation Committee considers these recommendations in its deliberations, it exercises its own independent judgment in approving the final compensation of our NEOs.

Role of Compensation Consultant. Pearl Meyer & Partners, LLC, or Pearl Meyer, a national compensation consulting firm, has assisted the Compensation Committee in developing our CEO compensation program for 2018. Among other things, the Compensation Committee directed Pearl Meyer to provide its analysis of whether our existing compensation strategy and practices were consistent with our compensation objectives and to assist us in modifying our compensation program for our CEO to better achieve our objectives. As part of its duties, Pearl Meyer has performed the following projects for the Compensation Committee:

- assisted in the development of a compensation peer group composed of public companies in similar industries with revenues comparable to us;
- provided compensation data for similarly-situated CEOs at our peer group companies; and
- updated the Compensation Committee on emerging trends and best practices in the area of executive compensation.

The Compensation Committee has evaluated Pearl Meyer's independence pursuant to the requirements of the NYSE and the factors set forth in the SEC rules and has determined that Pearl Meyer is independent and no conflict of interest has arisen as a result of the work performed by Pearl Meyer.

Assessing Compensation Competitiveness

For our NEOs, other than our CEO, our Compensation Committee has used private survey data relating to the compensation practices of other companies within and outside our industry as a reference source, in addition to other relevant factors, in determining our executives' compensation. Typically, our Compensation Committee applied its independent judgment to make compensation decisions and did not formally benchmark our executive compensation against any particular group of companies or use a formula to set our NEOs', other than the CEO's, compensation in relation to this data.

The Compensation Committee did, however, use a combination of private company survey data and public company peer data relating to the compensation practices as a reference source in determining CEO compensation. The following public company peer group was used as a reference source in its 2018 CEO compensation deliberations:

AECOM	Leidos Holdings, Inc
CACI International Inc	ManTech International Corporation
Engility Holdings, Inc	Stantec, Inc
Fluor Corporation	Tetra Tech, Inc
Jacobs Engineering Group, Inc	WSP Global Inc

In connection with its engagement with Pearl Meyer in 2018, the Compensation Committee directed Pearl Meyer to develop a compensation peer group to assist in developing a compensation program for all of our NEOs for 2019. Pearl Meyer provided the Compensation Committee with a recommended list of peer companies from the engineering and construction, aerospace and defense, environmental and facilities services and research and consulting services industries that Pearl Meyer and the Compensation Committee determined compete with us for talent as they are in the same or related industries. We also considered the revenue, operating income, net income, cash flow and debt to income ratio level of these companies and determined that a compensation peer group consisting of companies with levels both above and below our own levels was appropriate. Our Compensation Committee believed that including companies with higher revenue and income levels than ours was appropriate due to our historical and recent strong growth.

In October 2018, our Compensation Committee reviewed the following companies as the peer group to be used as a reference source in its 2019 executive compensation deliberations:

AECOM	Leidos Holdings, Inc
Booz Allen Hamilton Holding Corporation	ManTech International Corporation
CACI International Inc	Perspecta Inc
Cubic Corporation	Science Applications International Corporation
Engility Holdings, Inc	Stantec, Inc
Jacobs Engineering Group, Inc	Tetra Tech, Inc
KBR, Inc	WSP Global Inc

Going forward, the Compensation Committee intends to review the peer group at least annually and make adjustments to its composition as necessary.

Use of Comparative Market Data and Qualitative Factors

Our Compensation Committee has reviewed each component of executive compensation separately and also taken into consideration the value of each named executive officer's compensation package as a whole and its relative size in comparison to our other executive officers, with the goal to set all elements of compensation within a competitive range, using a balanced approach that does not use rigid percentiles to target pay levels, but instead makes its compensation decisions based on a variety of relevant factors.

While the Compensation Committee believes that information regarding the compensation practices at other companies is useful in assessing the competitiveness, reasonableness and appropriateness of individual executive compensation elements and of our overall executive compensation packages, this information is only one of several factors that our Compensation Committee considers. Other factors that are considered include:

Recruitment and retention: The Compensation Committee reviews existing named executive officer compensation and retention levels relative to the competitive labor market pressures and likely estimated replacement cost with respect to the scope, responsibilities and skills required of the particular position.

Lack of directly comparable data for some of our key roles: Compensation data for some of our named executive officer roles may not be explicitly reported by companies in our compensation peer group or survey data. This results in limited sample sizes and/or inconclusive data that can be misleading if targeting a specific percentile for market positioning.

Market positioning may be distorted by the source of the data: Certain elements of compensation reported from one source can be consistently higher or lower than the data collected from another, given differences in methods and samples used by each source to collect market data. Given this variability and volatility within the market data, the Compensation Committee has determined that targeting pay levels at specific percentiles of this data could result in outcomes that do not align with the internal value and strategic importance of various roles at Parsons.

Relevant Qualitative Factors: A range of subjective and qualitative factors is considered, including:

- The role the named executive officer plays and the importance of such individual's contributions to our ability to execute on our business strategy and to achieve our strategic objectives;
- Each executive officer's tenure, skills and experience;
- The responsibilities and particular nature of the functions performed or managed by the named executive officer;
- Our CEO's recommendations and his assessment of each executive officer's performance (other than his own performance), and with respect to the CEO's performance, assessment by the board of directors; and
- Internal pay equity across the executive management team.

As we transition from a privately-held company to a publicly-traded company, we will evaluate our philosophy and compensation programs as circumstances require. At a minimum, we will review executive compensation annually. As part of this review process, we expect to apply our values and the objectives outlined above, while considering the compensation levels needed to ensure our executive compensation program remains competitive. We will also review whether we are meeting our pay for performance, and key employee retention objectives.

Elements of Executive Compensation

Elements At a Glance

The compensation program for our NEOs consists of the following three principal components:

Base Salary	Provides competitive fixed compensation levels to attract and retain highly qualified talent	• Base salary increases are tied to performance in the role and growth of the Company • Executive's anticipated responsibilities, experience, qualifications, performance, competitive market compensation paid by other companies for similar positions within the industry, internal pay equity among our NEOs and negotiations with the executive are all considered • No specific formulas applied
Short-term incentive: Performance-based annual cash bonus	Encourages focus on achievement of the Company's annual financial plan, as well as the specific qualitative goals included in the Company's strategic plan	• The annual incentive awards are completely at-risk, depending on the level of performance against the criteria • Financial performance metrics: performance revenue, net operating income and cash flow (90% of total weighting) set at the beginning of each fiscal year. Metrics vary by individual based on responsibilities • Individual contribution goals based on objective performance metrics that also allow the Compensation Committee to use judgment in considering qualitative performance factors (10% of total weighting) • Range of annual incentive target as a percent of base salary is 75% to 125% • Payment may range from 0% to 150% of target based on actual performance

Long-term incentive: Long Term Growth Units	Rewards achievement of performance related to the Company's long-term objectives and employee beneficial shareholder value creation	• 33% of total long-term incentive value awarded as long-term growth unit awards • Performance criteria are 50% based on cumulative contract award value and 50% based on net operating income • Payouts may range from 0% to 150% of target based on actual performance achieved over the three-year performance period • Three-year cliff vesting at end of performance period • Each long term growth unit earned represents the equivalent of one share of our stock. As such, the final payout value depends on achievement of the performance criteria and the price of our common stock at the end of the three years
Long-term incentive: Shareholder Value Units		• 33% of total long-term incentive value in the form of share value units, which are dependent upon the growth in the value of our shares over a three-year period • Three-year cliff vesting period • Each share value unit pays the difference between the price of our common stock at the end of the three year period over the price at the beginning of the period. Accordingly, the Share Value Units are completely at-risk, attaining value only if our common stock valuation grows over the three-year period • No share value units were or will be granted in 2019
Long-term incentive: Restricted Award Units		• 33% of total long-term incentive value awarded takes the form of restricted award units, which upon vesting are converted into a cash amount (or, commencing in 2019, in shares of common stock) equal in value to a share of common stock on such vesting date, as long as the individual remains an employee through the vesting period • The value of the restricted award unit is at-risk, increasing or decreasing with our common stock valuation over the vesting period • Three-year cliff vesting period

Elements In Detail

Base Salaries: The Compensation Committee generally reviews, and adjusts as necessary, base salaries for each of our NEOs annually. In connection with our year- end financial review process to determine 2018 base salaries, our CEO recommended, and our Compensation Committee approved the base salaries for our NEOs set forth below.

The salaries paid to the NEOs who were with our company in fiscal 2018 were as follows:

Named Executive Officer	2018 Salary ($)
Charles L. Harrington	1,133,396
George L. Ball	554,521
Carey A. Smith	457,793
Michael W. Johnson(1)	445,774
Michael R. Kolloway	396,662

(1) Mr. Johnson resigned from his position as our Chief Development Officer in January 2019 and is no longer an executive officer of Parsons. However, we entered into a Consulting Services Agreement with Mr. Johnson, pursuant to which he agreed to provide transition assistance to us as an independent contractor until July 31, 2019, unless such agreement is earlier terminated by the parties. Mr. Johnson will be paid $40,000 per month for these services.

Short Term Incentive Cash Bonuses. We provide our NEOs with the opportunity to earn annual cash bonuses to encourage the achievement of corporate and individual objectives and to reward those individuals who significantly impact our corporate results. The Compensation Committee determines and approves our annual bonus decisions.

Fiscal 2018 Annual Bonuses. Under the fiscal 2018 management incentive plan, or MIP, the annual incentive target bonus of each executive officer was based on our performance against a mix of financial objectives (90%) and qualitative individual objectives (10%). The 2018 MIP also contained a modifier that could be used to adjust the bonus payout for the CEO by a factor of up to 20%, negatively or positively, of the funded amount based on certain goals aligned with the advancement of Company transformation and enhancement of the executive leadership team. The Compensation Committee then had sole discretion to determine any individual performance adjustments for each executive officer (including the CEO) and the final bonus payout for fiscal 2018.

The annual incentive bonus is equal to the product of (i) a dollar amount representing the target amount that the executive officer may be paid as an annual incentive bonus payment, or the Target Incentive Bonus, multiplied by (ii) a percentage representing the overall achievement of the target levels and their weightings for each of the four performance measures for the fiscal year, or the Performance Goal Achievement. The Target Incentive Bonus, the performance measures and related target levels and weighting, and the method for determining the Performance Goal Achievement for each executive officer were determined by our Compensation Committee, as applicable, after taking into consideration the recommendations of our CEO (for NEOs other than the CEO) at the time the performance measures and related target levels and weightings were determined for the executive officer. No payout would be made for any financial objectives that failed to meet the performance threshold of 80%. Payouts were capped at 150% for the financial objectives, and 100% for the individual objectives.

For purposes of the fiscal 2018 MIP, our Compensation Committee selected consolidated performance revenue, consolidated net operating income and consolidated cash flow as the three corporate performance measures that best supported our annual operating plan and enhanced long-term value creation. For Ms. Smith and Mr. Johnson, the net operating income and cash flow were business unit measures reflecting the focus and scope of responsibilities in their roles. In addition, each executive officer had a qualitative metric. For those executive officers other than the CEO, the qualitative metric was measured on their achievement of individual performance goals. For the CEO, the qualitative metric was based on employee measurement of the performance of our core values.

		Weighting	
Plan Metrics	**Metric Type**	**Corporate Executives**	**Business Unit Executives**
Performance Revenue	Corporate	30%	30%
Net Operating Income	Corporate	30%	
	Business Unit		30%
Cash Flow	Corporate	30%	
	Business Unit		30%
Qualitative	Individual Objectives	10%	10%

For purposes of the fiscal 2018 MIP, performance revenue is revenue less revenue attributable to noncontrolling interests plus equity in earnings of unconsolidated joint ventures. Net operating income is defined as revenue less revenue attributable to noncontrolling interests less direct costs of contracts (other than direct costs of contracts attributable to noncontrolling interests) less indirect, general and administrative expenses adjusted for non-operating items. Cash flow represents the net cash provided by, or used in, our operating, investing and financing activities, adjusted to exclude cash provided by, or used in, investing or financing activities that are non-recurring or outside our ordinary course of business.

For fiscal 2018, the target levels for the three corporate financial performance measures were set as follows (in millions):

Plan Metrics	**Metric Type**	**Metric Target**	**Actual Results**
Performance Revenue	Corporate	$ 3,196.7	$3,280.77
Net Operating Income	Corporate	$ 195.7	$ 194.72
	Federal Solutions	$ 106.9	$ 106.14
	Critical Infrastructure(1)	$ 109.1	$ 93.6
Cash Flow	Corporate	$ 112.0	$ 92.9
	Federal Solutions	$ 104.7	$ 121.69
	Critical Infrastructure(1)	$ 181.0	$ 159.8

(1) Mr. Johnson's 2018 MIP Net Operating Income target was $86.5 million with an actual result of $69.2 million (rounded up to account for bonus payout calculation), resulting in 50% performance achievement, and a Cash Flow target of $116.7 million with an actual result of $153.59 million, resulting in 150% performance.

Our Compensation Committee believed that achieving the target levels for the three corporate and one individual performance measures would require a focused and consistent effort by our executive officers throughout fiscal 2018.

Table of Contents

The Performance Goal Achievement for the fiscal year was the sum of the performance achievement of each of the four performance goals described above for such fiscal year. The level of achievement of each of the three quantitative performance goals was determined as follows:

If the actual quantitative goal performance for the fiscal year was	Then the quantitative performance goal achievement for the fiscal year was
Greater than 120% of the target performance goal measure	150%
Greater than 100% but less than 120% of the corresponding target performance goal measure	100% - 150%
Equal to the target performance goal measure	100%
80% or greater but less than 100% of the corresponding target performance goal measure	50% - 100%*
Less than 80% of the target performance goal measure	0%

* Between these values determined on a straight-line basis

The following table provides information regarding the annual management incentive bonus awards earned by the NEOs for fiscal 2018:

Name	Target Bonus (%)	Target Bonus ($)	Financial Performance Achievement (weighted/ avg)	Individual Objective Achievement	Weighted Performance Achievement	Modifier	Bonus ($)
Charles L. Harrington	125%	1,425,000	78.81%	100%	88.81%	15%	1,455,500
George L. Ball	100%	561,502	78.81%	100%	88.81%		498,700
Carey A. Smith	110%	509,858	103.61%	100%	113.61%		579,300
Michael W. Johnson(1)	110%	495,000	91.97%	85%	100.47%		498,000
Michael R. Kolloway	75%	301,161	78.81%	100%	88.81%		267,500

(1) Mr. Johnson resigned from his position as our Chief Development Officer in January 2019 and is no longer an executive officer. In connection with his separation, we agreed to pay him a bonus of $498,000 under our MIP based on actual performance through the end of 2018.

In addition, the Compensation Committee has the discretion to adjust an individual management incentive bonus payout based on its evaluation of an executive officer's individual performance or other corporate financial objectives. For fiscal 2018, the Compensation Committee adjusted Mr. Harrington's payout by applying a positive 15% modifier in connection with Mr. Harrington's performance in preparing our financial structure for the initial public offering, execution of strategic business acquisitions and enhancing the leadership team through key hires and developing bench strength.

Long-Term Incentive Compensation: We use long-term incentive compensation in the form of phantom units that are generally settled in cash to motivate and reward our executive officers for long-term corporate performance based on a valuation of our common stock and, thereby, aligning the interests of our executive officers with those of our employee beneficial stockholders. For purposes of the fair market value of our common stock, prior to the consummation of this offering, we used the then most recently established value for our common stock established by the ESOP Trustee under the ESOP. Following the consummation of this offering, the fair market value of our common stock will be determined by reference to the trading price of our common stock.

We maintain the following long-term incentive compensation plans (collectively, the "Incentive Plans") in which our NEOs participate, each of which are described in greater detail below:

- Long Term Growth Plan, or LTGP

- Shareholder Value Plan, or SVP
- Restricted Award Plan, or RAU

Each NEO's long-term incentive compensation target has historically been equally divided across these three plans and the awards under each plan have three year cliff vesting. Additionally, except in the case of death, disability or retirement, a participant must remain employed through the vesting date in order to receive payment on an award. The value of each of the awards under our Incentive Plans is linked to the value of our common stock, thereby supporting our pay-for performance philosophy and retention efforts.

Our CEO advises the Compensation Committee with respect to who should participate in each plan, and provides information regarding each participant's duties, present and potential contributions to the Company and such other factors as the board of directors may deem relevant for determining participation in the plans and the size of a participant's award.

In 2018, the targeted value of long-term incentive awards for our NEOs was:

Named Executive Officer	LTGP Target Award ($)	LTGP Target Units (#)	RAU Target Award ($)	RAU Target Units (#)	SVP Target Award ($)	SVP Target Units (#)	2018 Long-Term Incentive Target Award ($)
Charles L. Harrington	1,500,000	66,171	1,500,000	66,171	1,500,000	529,983	4,500,000
George L. Ball	290,000	12,792	290,000	12,792	290,000	102,462	870,000
Carey A. Smith	278,100	12,267	278,100	12,267	278,100	98,259	834,300
Michael W. Johnson(1)	270,000	11,910	270,000	11,910	270,000	95,397	810,000
Michael R. Kolloway	133,867	5,904	133,867	5,904	133,867	47,298	401,600

(1) Mr. Johnson resigned from his position as our Chief Development Officer in January 2019 and is no longer an executive officer. Upon his resignation he forfeited the awards granted in 2017 and 2018, but was allowed to retain his awards with a performance cycle of 2016 - 2018.

The LTGP provides the opportunity for the NEOs to earn a cash payment based on a number of phantom stock units that are earned upon the achievement of pre-established performance objectives. Each phantom stock unit has the equivalent value of our common stock. Our LTGP, therefore is similar to a cash-settled performance vesting restricted stock unit.

Each year our board of directors approves the applicable performance criteria, including the level(s) of performance, upon which the potential amount(s) payable will be determined in respect of a participant's "Long Term Growth Opportunity Target". A participant's "Long Term Growth Opportunity Target" is the target dollar value of the incentive which could potentially be earned by an eligible participant in respect of a performance cycle. The target is expressed in U.S. dollars which are converted into phantom stock units based on our then-current share price at the beginning of the performance cycle. The performance goals may be expressed in terms of overall Company financial results on an absolute or relative basis, such as, but not limited to, its results in relation to a budgeted target or industry benchmarks.

At the end of a performance cycle, the board of directors determines actual performance against the applicable performance goals and the resulting number of phantom stock units actually earned by a participant. The earned phantom stock units are then paid in cash based on the value of our common stock at the end of the performance cycle. The 2018-2020 performance cycle performance objectives were divided equally between cumulative contract award values and net operating income, which the Compensation Committee believed to be important metrics for driving performance and promoting

Table of Contents

alignment of the interests of our executive officers and our employee beneficial stockholders. The targets set for 2018-2020 performance goals were determined based on the business plan which is designed to be challenging yet attainable, with the opportunity for a maximum payout of 150% of the target units in connection with performance achievement of 120%, or greater, of the performance goal target.

Parsons must achieve threshold performance for at least one of these two financial metrics for any amount to be paid under the LTGP.

For the 2016-2018 performance cycle, the performance objectives were gross profit sales, or GPS, and days sales outstanding, or DSO. Gross profit sales is defined as gross profit (calculated as revenue (excluding revenue attributable to noncontrolling interests) less direct costs of contracts (excluding direct costs of contracts attributable to noncontrolling interests)) earned on new contracts awarded during the performance cycle. Both metrics were weighted 50% and calculated independently. However, at least threshold performance must have been met for any amount to be paid under the LTGP. At threshold performance the participant earned 50% of his or her phantom unit award, 100% at target performance and 150% upon achievement of the maximum goal. The threshold, target and maximum goals for the 2016-2018 cycle were:

Cumulative GPS Achievement ($ Billions)	Payout Percentage
<2.140	0
2.140	50%
2.273	75%
2.405	100%
2.673	125%
=>2.940	150%

Results between threshold and target are determined by straight line interpolation, but a steeper curve was applied to performance between target and maximum.

DSO Achievement (in days)	Payout Percentage
>88	0
88	50%
84.5	75%
81	100%
77.5	125%
=<74	150%

For the 2016-2018 performance period, GPS was $2.488 billion and DSO was 94 days resulting in a weighted average performance achievement of 53.92% of the target award.

The SVP provides a cash incentive based on the increase in our share price over a three (3) year period, multiplied by a number of phantom share units. If at the end of a performance cycle our share price has not increased, then no SVP incentive award payment will be earned. Our SVP acts similar to a time vested cash-settled stock appreciation right. We do not expect to make any awards under the SVP in 2019.

The RAU provides the opportunity to earn a cash payment based on the value of a specified number of phantom stock units subject to the executive officer’s continued employment for a specified period. The RAU is similar to cash-settled time vested restricted stock units.

As a public company we intend to continue making similar awards which will allow the Compensation Committee the discretion to settle such awards in either cash or our shares. Awards granted under the Incentive Plans for 2019 may be settled in cash or shares in the discretion of the Compensation Committee.

Other Compensation Elements. We also provide our employees, including our NEOs with a variety of employee benefit plans, including our ESOP, a 401(k) plan with matching contributions, non-qualified deferred compensation plans and welfare benefits, such as health, life and disability, which we use to attract and retain our employees.

We also offer an executive medical plan, financial planning, club membership and business travel perquisites, to the extent our board believes that these limited perquisites are appropriate to assist an individual NEO in the performance of his or her duties, to make our NEOs more efficient and effective, and for recruitment, motivation or retention purposes.

Upon the annual competitive review of executive perquisites by the Compensation Committee in 2018, the Compensation Committee approved to terminate the executive medical plan and club benefits by the end of fiscal 2018. All future practices with respect to perquisites or other personal benefits will continue to be subject to periodic review and approval by the Compensation Committee.

Post-Employment Compensation

The initial terms and conditions of employment for each of our NEOs are set forth in written offer letters. Each of our NEOs are employed on an at-will basis.

We have offered Mr. Harrington, Mr. Ball, and Mr. Kolloway certain protection in the event of their termination of employment under specified circumstances following a change in control of our company. We believe that these protections serve our executive retention objectives by ensuring that we will have continued dedication of the NEO and the availability of his or her advice and counsel, and, with respect to the post-change in control separation benefits, to induce the NEOs to remain in our employ in the face of a potential change in control. The terms of these arrangements were determined by the Compensation Committee.

For a summary of the material terms and conditions of our post-employment compensation arrangements, see "—Potential Payments upon Change in Control" below.

Compensation Claw Back Policy

Currently, we do not have a policy regarding retroactive adjustments to any cash compensation paid to our executive officers and other employees where the payments were predicated upon the achievement of financial results that were subsequently the subject of a financial restatement. We have adopted a general compensation recovery, or claw back, policy covering our annual and long-term incentive award plans and arrangements effective January 14, 2019.

Compensation-Related Risk

Our Compensation Committee is responsible for the oversight of our risk profile, including compensation-related risks. Our Compensation Committee monitors our compensation policies and practices as applied to our employees to ensure that these policies and practices do not encourage excessive and unnecessary risk-taking, and that the level of risk that they do encourage is not reasonably likely to have a material adverse effect on us. The compensation policies and practices in place that mitigate unnecessary risk include:

- An appropriate compensation mix that is designed to balance the emphasis on short-term and long-term performance.

- The majority of incentive compensation for top level executives is associated with our long-term performance. This discourages short-term risk taking.
- Conservative vesting provisions (3 years) for all equity awards granted under our long-term incentive plans.
- Financial performance measures used for incentive plans covering colleagues at all levels of the Company include a mix of financial metrics that are in-line with operating and strategic plans.
- A significant portion of annual and long-term incentive payments are based on Company and business profitability, ensuring a correlation between pay and performance.
- Financial targets are appropriately set, and if not achieved, result in a large percentage loss of compensation.
- Executive and broad-based incentive plans cap the maximum award payable to any individual. Annual and long-term incentive plans have a current maximum payout of 1.5 times the target amount.

Impact of Tax and Accounting

In designing and implementing our compensation programs the Compensation Committee takes into account the tax and accounting impact of such payments. However, it ultimately determines pay based on the most effective means to implement our long-term strategy.

Summary Compensation Table

The following table presents summary information regarding the total compensation awarded to, earned by, or paid to each of our NEOs for services rendered in all capacities for fiscal 2018.

Name and Principal Position	Salary ($)	LTGP and RAU Awards ($)(7)	SVP Awards ($)(8)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Charles L. Harrington *Chief Executive Officer*	1,133,396	3,000,000	1,500,000	1,455,500	184,102	563,382(2)	7,836,380
George L. Ball *Chief Financial Officer*	554,521	580,000	290,000	498,700	112,069	148,237(3)	2,183,527
Carey A. Smith *Chief Operating Officer*	457,793	556,200	278,100	579,300	19,326	33,630(4)	1,924,349
Michael W. Johnson(1) *Former Chief Development Officer*	445,774	540,000	270,000	498,000	19,348	70,484(5)	1,843,606
Michael R. Kolloway *Chief Legal Officer*	396,662	267,734	133,867	267,500	12,709	171,588(6)	1,250,060

(1) Mr. Johnson resigned from his position as our Chief Development Officer in January 2019 and is no longer an executive officer.

(2) Amount consists of costs related to executive life insurance ($7,424), medical insurance ($7,884), and liability insurance ($3,227) paid by Parsons, business travel ($352,370), security on business travel ($3,731), living allowance ($74,909, which includes a tax gross up of $32,187), annual club membership ($23,194, which includes a tax gross up of $9,767), club equity loan forgiveness ($85,643, which includes a tax gross up of $44,711), and charitable match contribution in executive's name ($5,000).

(3) Amount consists of costs related to executive life insurance ($6,089), medical insurance ($7,884) and liability insurance ($3,227) paid by Parsons, wellness incentive ($300), annual club membership ($24,280, which includes a tax gross up of $9,889), club initiation fee loan forgiveness ($11,466, which includes a tax gross up of $5,268), club and executive medical termination transition ($89,991, which includes a tax gross up of $43,635), and charitable contribution made in executive's name ($5,000).

(4) Amount consists of costs related to executive life insurance ($2,552), medical insurance ($4,599) and liability insurance ($723) paid by Parsons, and executive medical termination transition ($25,756, which includes a tax gross up of $7,720).

(5) Amount consists of costs related to executive life insurance ($7,832), medical insurance ($7,884) and liability insurance ($3,227) paid by Parsons, annual club membership ($6,679, which includes a tax gross up of $1,626), club and executive medical termination transition ($39,862, which includes a tax gross up of $9,706), and charitable contribution made in executive's name ($5,000).

(6) Amount consists of costs related to executive life insurance ($26,782), medical insurance ($7,884) and liability insurance ($3,227) paid by Parsons, relocation and moving expenses associated with Mr. Kolloway's move to Pasadena, California ($14,860, which includes a tax gross up of $6,661), annual club membership ($9,402, which includes a tax gross up of $2,482), club initiation fee loan forgiveness ($32,817, which includes a tax gross up of $10,157), club and executive medical termination transition ($71,616, which includes a tax gross up of $25,260), and charitable contribution made in executive's name $5,000).

(7) Amounts represent awards granted under the LTGP for the 2018-2020 performance cycle at target and the RAU. Awards granted under both the LTGP and the RAU are payable in cash and participants have no right to receive shares. The grant date fair value as calculated under FASB ASC Topic 718 of the awards is determined by multiplying our share price for 2018 by the number of shares subject to the award. In the event that the LTGP awards pay out at maximum value, the total grant date values are $2,250,000 for Mr. Harrington, $435,000 for Mr. Ball, $417,150 for Ms. Smith, $405,000 for Mr. Johnson and $200,801 for Mr. Kolloway.

(8) The amounts above reflect the intrinsic value of the SVP awards calculated based on management's estimated appreciation in fair market value of our shares over the applicable performance cycle, and do not reflect a grant date fair value calculated under FASB ASC Topic 718. SVP awards are payable solely in cash and participants have no right to receive shares.

Grants of Plan-Based Awards Table

The following table presents, for each of the NEOs, information concerning each grant of a cash award made during fiscal 2018. This information supplements the information about these awards set forth in "—Summary Compensation Table."

Name	Grant Date	Estimated Future Payouts Under MIP Awards Threshold ($)	Estimated Future Payouts Under MIP Awards Target ($)	Estimated Future Payouts Under MIP Awards Maximum ($)	Estimated Future Payouts Under LTGP Awards Threshold (#)	Estimated Future Payouts Under LTGP Awards Target (#)	Estimated Future Payouts Under LTGP Awards Maximum (#)	RAU Award (#)	Number of Securities Underlying SVP Awards (#)	Base Price of SVP Awards ($/Sh)	Grant Date Fair value of LTGP, RAU and SVP Awards(3) ($)
Charles L. Harrington(1)											
MIP	1/1/18	712,500	1,710,000	2,565,000							
LTGP	1/1/18				33,087	66,171	99,258				1,500,000
RAU	1/1/18							66,171			1,500,000
SVP	1/1/18								529,983	22.67	1,500,000
George L. Ball											
MIP	1/1/18	280,751	561,502	842,253							
LTGP	1/1/18				6,396	12,792	19,188				290,000
RAU	1/1/18							12,792			290,000
SVP	1/1/18								102,462	22.67	290,000
Carey A. Smith											
MIP	1/1/18	254,929	509,858	764,787							
LTGP	1/1/18				6,135	12,267	18,402				278,100
RAU	1/1/18							12,267			278,100
SVP	1/1/18								98,259	22.67	278,100
Michael W. Johnson(2)											
MIP	1/1/18	247,500	495,000	742,500							
LTGP	1/1/18				5,955	11,910	17,865				270,000
RAU	1/1/18							11,910			270,000
SVP	1/1/18								95,397	22.67	270,000
Michael R. Kolloway											
MIP	1/1/18	150,581	301,161	451,742							
LTGP	1/1/18				2,952	5,904	8,856				133,867
RAU	1/1/18							5,904			133,867
SVP	1/1/18								47,298	22.67	133,867

(1) Mr. Harrington's Non-Equity Incentive Plan Award Target and Maximum include the maximum modifier of 20% that could be used to adjust the bonus payout.
(2) Mr. Johnson resigned from his position as our Chief Development Officer in January 2019 and is no longer an executive officer.
(3) The grant date fair value as calculated under FASB ASC Topic 718 of the LTGP and RAU awards was calculated based on multiplying our 2018 share price by the number of shares subject to such award. The amounts related to the SVP awards reflect the intrinsic value of the SVP awards calculated based on management's estimated appreciation in fair market value of our shares over the applicable performance cycle, and do not reflect a grant date fair value calculated under FASB ASC Topic 718.

Table of Contents

Outstanding Long-Term Incentive Awards at Fiscal Year-End Table

The following table summarizes the number of shares of common stock underlying our cash-settled LTGP, RAU and SVP awards for each NEO as of December 31, 2018. No participant has any right to shares of our common stock in connection with these awards.

		Long-Term Incentive Awards						
Name		Number of Securities Underlying Unvested SVP Awards (#)	SVP Base Price ($)	SVP Vesting Date(4)	Number of LTGP and RAU Units That Have Not Vested (#)(3)(5)	Market Value of LTGP and RAU Units That Have Not Vested ($)(1)	Number of Unearned, LTGP Units That Have Not Vested (#)(6)	Market Value of Unearned LTGP Units That Have Not Vested ($)(1)
Charles L. Harrington								
	2018 LTGP						66,171	1,588,104
	2018 RAU				66,171	1,588,104		
	2018 SVP	529,983	22.67	12/31/20				
	2017 LTGP						72,132	1,731,168
	2017 RAU				72,132	1,731,168		
	2017 SVP	549,999	20.33	12/31/19				
	2016 LTGP				22,017	528,402		
George L. Ball								
	2018 LTGP						12,792	307,008
	2018 RAU				12,792	307,008		
	2018 SVP	102,462	22.67	12/31/20				
	2017 LTGP						13,848	332,352
	2017 RAU				13,848	332,352		
	2017 SVP	105,600	20.33	12/31/19				
	2016 LTGP				4,794	115,020		
Carey A. Smith								
	2018 LTGP						12,267	294,408
	2018 RAU				12,267	294,408		
	2018 SVP	98,259	22.67	12/31/20				
	2017 LTGP						13,263	318,312
	2017 RAU				13,263	318,312		
	2017 SVP	101,124	20.33	12/31/19				
Michael W. Johnson(2)								
	2018 LTGP						11,910	285,840
	2018 RAU				11,910	285,840		
	2018 SVP	95,397	22.67	12/31/20				
	2017 LTGP						12,984	311,616
	2017 RAU				12,984	311,616		
	2017 SVP	99,000	20.33	12/31/19				
	2016 LTGP				3,849	92,350		
Michael R. Kolloway								
	2018 LTGP						5,904	141,696
	2018 RAU				5,904	141,696		
	2018 SVP	47,298	22.67	12/31/20				
	2017 RAU				5,040	120,960		
	2017 SVP	38,439	20.33	12/31/19				

(1) Fair market value per share of $24 as of December 31, 2018.
(2) Mr. Johnson resigned from his position as our Chief Development Officer in January 2019 and is no longer an executive officer.
(3) 2016 LTGP grant reflects actual performance payout of 53.92%.
(4) All SVP awards have cliff vesting and payout on the Vesting Date listed.
(5) The performance goals for the 2016 LTGP Awards were met on December 31, 2018, but the awards remained subject to forfeiture subject to continued employment through the payment date of the award, which occurred on March 22, 2019. 2018 RAUs vest on December 31, 2020 and 2017 RAUs vest on December 31, 2019.
(6) 2018 LTGP awards vest based on achievement of performance goals; 50% is based on achievement of cumulative contract award value and 50% based on achievement of net operating income goals through December 31, 2020 and continued employment through the date of payout, which will be no later than March 15, 2021. 2017 LTGP Awards vest based on achievement of performance goals: 50% based on cumulative contract award value and 50% on achievement of net

operating income margin goals through December 31, 2019 and continued employment through the date of payout, which will be no later than March 15, 2020.

LTGP, RAU and SVP Awards that Vested in 2018

The following sets forth the number of SVP, LTGP and RAU units that were vested in 2018 and were settled in cash. No participant had any right to shares of our common stock.

	SVP Awards		LTGP and RAU Stock Awards	
Name	**Number of Shares Subject to SVP (#)(2)**	**Value Realized ($)**	**Number of LTGP and RAU Units Acquired on Vesting (#)(3)**	**Value Realized on Vesting ($)**
Charles L. Harrington	414,243	1,380,810	53,217	1,206,229
George L. Ball	110,466	368,220	12,774	289,501
Carey A. Smith	0	0	35,001	793,356
Michael W. Johnson(1)	39,855	113,798	7,047	159,704
Michael R. Kolloway	0	0	0	0

(1) Mr. Johnson resigned from his position as our Chief Development Officer in January 2019 and is no longer an executive officer.
(2) Represents SVP units granted in 2016 that vested on December 31, 2018, but were paid in cash in 2019.
(3) Represents (i) 2015-2017 LTGP grant that was earned based on performance over the 2015-2017 performance period but that vested based on continued employment through the date of payout in March 2018 and (ii) RAUs granted in 2016 that vested on December 31, 2018 but were paid in cash in 2019.

Nonqualified Defined Contribution and Other Nonqualified Deferred Compensation

Our NEOs may defer their annual cash incentive bonus under our Bonus Deferral Plan, and the value of the LTGP, SVP and RAU awards.

The Bonus Deferral Plan: Our NEOs may participate in the Bonus Deferral Plan, which is a non-qualified deferred compensation plan that allows them to meet their retirement and other future income needs by deferring all or a portion of their annual cash incentive bonus. The amount deferred earns interest each year at a rate equal to the average of the annual prime rates made available to preferred borrowers by the Los Angeles branch of Bank of America. Benefits under this plan are payable upon termination of employment, a specified future date, or upon a change in control if so elected by the executive. While Mr. Harrington and Mr. Ball have participated in this plan in prior fiscal years, none of the NEOs made deferrals for 2018 in the Bonus Deferral Plan.

LTGP, SVP and RAU: Participants in the LTGP, SVP and RAU can elect to defer 0% or 25% to 100% of the LTGP, SVP and RAU awards that may become payable under such the plans until the later of the participant's termination of employment or at the date elected. Participants can elect that amounts that are to become payable upon such participant's termination due to retirement or disability be paid in a lump sum payment, five substantially equal annual installments or ten substantially equal annual installments. While Mr. Ball has elected to defer a portion of his SVP awards in prior fiscal years, none of the NEOs elected to defer their LTGP, SVP or RAU awards in 2018.

Parsons Executive Restoration Plan ("ERP"): The ERP provides a vehicle to restore qualified plan benefits that are reduced because of limitations on compensation imposed under the Code under the ESOP and the 401(k) plan. The amount credited to a NEO under the ERP is equal to a percentage of the participant's eligible compensation under the ESOP based on the total percentage of compensation that we contribute to the ESOP and the Company's match formula on deferrals under the 401(k) plan.

These amounts are then converted into a value reflective of our common shares based on our then current share price. Participants vest in their ERP accounts in accordance with the same vesting schedule as the ESOP. Vested ERP account balances are paid in cash in a lump sum upon a participant's termination of employment, or, if so elected by the participant, upon a change in control or substantial financial hardship. The value of the ERP account is determined based on our share price as determined by the committee that administers the ERP. Each of the NEOs participated in the ERP in 2018.

We also have two historical deferred compensation plans pursuant to which executives were allowed to defer their long-term incentives, which we refer to as the "Legacy Plans" below. Deferrals under those plans also earn interest at the average of the annual prime rates made available to preferred borrowers by the Los Angeles branch of Bank of America.

Name	Executive Contributions in Last FY ($)	Registrant Contributions in Last FY ($)	Aggregate Earnings in Last FY ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last FYE ($)
Charles L. Harrington					
Executive Restoration Plan	0	85,840	68,546	0	1,319,660
Bonus Plan	0		6,095	0	131,051
Legacy Plan	0		23,623	0	507,950
George L. Ball					
Executive Restoration Plan	0	27,952	22,295	0	429,270
Bonus Plan	0		28,825	0	619,816
Shareholder Value Plan	0		672	0	14,456
Legacy Plan	0		32,324	0	695,059
Carey A. Smith					
Executive Restoration Plan	0	18,279	1,046	0	37,114
Michael W. Johnson(1)					
Executive Restoration Plan	0	17,078	2,270	0	57,941
Michael R. Kolloway					
Executive Restoration Plan	0	12,166	543	0	21,935

(1) Mr. Johnson resigned from his position as our Chief Development Officer in January 2019 and is no longer an executive officer.

Potential Payments upon Change in Control

Change in Control Agreements

Mr. Harrington, Mr. Ball, Ms. Smith and Mr. Kolloway are eligible to receive certain severance payments and benefits in connection with various circumstances in connection with a change in control of the Company. The potential severance payments and benefits payable to these NEOs in the event of termination of employment as of December 31, 2018 pursuant to the terms of their individual change in control and severance agreements, or the CIC Agreements, as applicable, are described below.

The CIC Agreements provide severance protections to Mr. Harrington, Mr. Ball, Ms. Smith and Mr. Kolloway in the event of a resignation by the executive for "Good Reason" or a termination by Parsons without "Cause" (as each such term is defined below) within eighteen months following a change in control or if any successor company fails to assume the CIC Agreement or repudiates or breaches any provision of the CIC Agreement within such eighteen month period (any such event, a "Qualifying Event").

Under the CIC Agreements, if a Qualifying Event occurs, the executive is eligible to receive the following severance payments and benefits, subject to his or her written notice to the Company of such

Qualifying Event, his or her execution of an effective release of claims in favor of the Company and continued compliance with his or her restrictive covenants, payable in a lump sum no later than two and a half months following the Qualifying Event, subject to any delays imposed by Section 409A of the Internal Revenue Code:

- a pro rata portion (based on number of days that elapsed in the calendar year before the Qualifying Event occurred) of the greater of (i) the executive's target annual bonus for the year of the Qualifying Event or (ii) the executive's annual bonus that would have been paid (as determined by the board of directors in its discretion) assuming the year ended on the date of the Qualifying Event and based on actual performance through that date;
- an amount equal to the highest rate of the executive's annualized base salary in effect at any time up to and including the Qualifying Event multiplied by two (2), or for the CEO multiplied by three (3); and
- an amount equal to the greater of (i) the executive's target annual bonus for the year of the Qualifying Event or (ii) the average of the annual bonuses actually paid to the executive for the two (2) years preceding the year of the Qualifying Event, multiplied by two (2), or for the CEO multiplied by three (3); and
- a non-discounted cash lump sum amount equal to the sum of the following: (i) the Company's estimate of the costs for the executive's medical insurance coverage at the level and a cost to the executive comparable to that provided to the executive immediately prior to the Qualifying Event for a period of two (2) years, or three (3) years for the CEO, following such Qualifying Event (which, in the company's discretion, may be based on the applicable COBRA rates); (ii) the Company's estimate of the costs for the continuation of that level of the executive's life insurance coverage that is in effect immediately prior to the Qualifying Event, for a period of two (2) years, or three (3) years for the CEO, following such Qualifying Event, or, if shorter, the period ending on the last day of the level premium rate guarantee period established by the applicable insurer for such coverage; and (iii) the Company's estimate of the cost for the continuation of the executive's executive supplemental disability coverage under the Company's supplemental disability insurance plan in effect immediately prior to the Qualifying Event for a period of two (2) years, or three (3) years for the CEO, following such Qualifying Event (or the date the executive attains age 65, if earlier), but the cash payment in this clause (iii) will only be paid if the terms of the applicable insurance policy under such disability insurance plan provide that the coverage may be continued following the Qualifying Event and such costs to be estimated using the extent of the coverage allowed under the terms such policy at a cost to the Company that is no greater than the cost borne by the Company immediately prior to the Qualifying Event.

For purposes of the CIC Agreements, a "change in control" has the same definition as is given to such term in our 2019 Plan to be adopted in connection with this offering, as described below.

For purposes of the CIC Agreements, (i) "Cause" means the executive's (a) commission of fraud or embezzlement in connection with Parsons; (b) conviction of, or pleading guilty or nolo contendere to, a felony involving fraud, dishonesty or moral turpitude; or (c) willful and continued failure to substantially perform material duties which is not remedied in a reasonable period of time after written notice delivered by the board of directors; and (ii) "Good Reason" means the occurrence of any of the following events without the executive's consent and which is not cured by Parsons within thirty days of such event's occurrence: (a) a material reduction in the nature or status of the executive's authorities, duties and/or responsibilities (viewed in the aggregate) from the level in effect on the day immediately prior to a change in control; (b) a reduction in the executive's base salary as in effect on the day immediately prior to a change in control; (c) a material reduction of the executive's aggregate welfare benefits and/or the value of the incentive programs provided under Parsons' management incentive and/or other short and/or long-term incentive programs, as such benefits and opportunities existed on the day immediately prior to a change in control; (d) relocation of the executive's principal office by more than fifty miles from the location of the executive's principal office as of the day immediately prior to a change in control; (e) any purported termination of the executive without satisfying the notice requirements in the CIC Agreement; and (f) Parsons' failure to obtain agreement from any successor entity to assume and perform its obligations under the CIC Agreement.

The CIC Agreements provide that in the event that any payments would subject the NEO to the excise taxes applicable under Section 4999 of the Code by reason of being a parachute payment under Section 280G of the Code, then if it would cause a better net-after tax result, the amount of such payments will be reduced so that no excise tax would apply.

Additionally, unless otherwise provided in an award agreement, upon a change in control, the value of (i) any outstanding RAU and SVP awards will vest in connection with the change in control, (ii) LTGP awards will vest at target and (iii) each participant's deferral account, if any, will be paid to eligible participants (and beneficiaries) within 30 days following the change in control.

Johnson Separation Agreement

Michael Johnson, our Chief Development Officer, resigned from Parsons effective as of February 1, 2019. Pursuant to the terms of his Separation Agreement and Release of Claims and related Consulting Services Agreement, Mr. Johnson agreed to provide transition assistance support as an independent contractor until July 31, 2019, or until the agreement may be earlier terminated by the parties. We agreed to pay Mr. Johnson his bonus under our 2018 MIP as well as his long term incentive compensation due for the entire performance cycle for the LTGP, SVP and the RAU 2016-2018 performance cycle, in each case based on actual performance. Mr. Johnson remains subject to general non-disparagement and confidentiality covenants as well as six month post-termination non-competition and non-solicitation of customers covenants. In addition, Mr. Johnson remains subject to a twenty-four month (and in the case of employees in Missouri only, a twelve month) post-termination non-solicitation of employees covenant. In order to receive payments under his Separation Agreement, Mr. Johnson executed a general release of claims.

Potential Payments upon Termination or Change in Control Table

The following table sets forth the estimated payments that would be received by the NEOs in the event of a termination of employment without cause or following a resignation for good reason in connection with a change in control in our Company. The table below reflects amounts payable to the NEOs assuming their employment was terminated on December 31, 2018 and, if applicable, a change in control of our Company also occurred on that date.

Name	Involuntary Termination without a Change in Control ($)(1)	Involuntary Termination in Connection with Retirement, Death or Disability($)(2)	Involuntary Termination in Connection with Change in Control ($)(3)	Termination with Separation Agreement ($)(4)
Charles L. Harrington	1,958,661	13,467,501	21,225,540	
George L. Ball	1,758,600	4,279,720	6,632,904	
Carey A. Smith(5)	37,114	2,938,109	2,358,809	
Michael R. Kolloway	21,935	994,506	2,525,616	
Michael W. Johnson				990,262

(1) Payments include lump sum payment of deferral plan(s).

(2) Payments include deferral plan(s) in accordance with election, accelerated RAU awards in accordance with the Plan, pro-rated LTGP awards for uncompleted cycles at target performance, using the fair market value of $24 per share, actual performance payout for LTGP completed cycles, pro-rated SVP awards for uncompleted cycles, using the fair market value of $24 per share, and actual performance payout for SVP completed cycles.

(3) Payments include benefits in accordance with a Change in Control for Mr. Harrington, Mr. Ball, Ms. Smith and Mr. Kolloway, and for each of the NEOs, payments include lump sum payment of deferral plan(s), accelerated RAU awards, accelerated LTGP awards for uncompleted cycles at target performance using the fair market value of $24 per share, and in accordance with the LTGP Plan, actual performance payout for LTGP completed cycles, pro-rated SVP awards for uncompleted cycles using the fair market value of $24 per share, and actual performance payout for SVP completed cycles.

(4) Payments in connection with Mr. Johnson's separation agreement in connection with his termination include payment of the 2018 STI award and 2016-2018 LTI awards, earned based on actual performance. Mr. Johnson entered into a Consulting Services Agreement with us, pursuant to which he agreed to provide transition assistance us as an independent contractor until July 31, 2019, unless such agreement is earlier terminated by the parties. Mr. Johnson will be paid $40,000 per month for these services.

(5) On March 9, 2019, we entered into a Change in Control Severance Agreement with Ms. Smith, pursuant to which she would receive the same benefits as Mr. Ball and Mr. Kolloway described above under "Change in Control Agreements."

Director Compensation

Our directors who are also our employees will not receive any additional compensation for their service on our board of directors, but we believe that attracting and retaining qualified non-employee directors is critical to our future growth and governance.

In July 2018, the Compensation Committee reviewed non-employee director pay practices of our peer group that Pearl Meyer and the Compensation Committee determined compete with us for talent and are in the same or related industries with similar revenue size. The Compensation Committee has determined to review non-employee director compensation biennially.

From January 1 to September 30, 2018, independent directors received the following compensation:

- an annual cash retainer of $80,000;
- annual grants (similar to phantom equity) under the Share Value Retirement Plan, or SVRP, of $120,000;
- additional annual cash retainers for each of the lead independent director ($25,000), committee chairs (Audit $20,000; Compensation $15,000; and Governance $10,000); and
- special meeting fees ($2,000 in person and $1,000 telephonic, per meeting).

Effective October 1, 2018, independent directors receive the following compensation:

- an annual cash retainer of $100,000;
- annual grants (similar to phantom equity) under the Share Value Retirement Plan of $160,000;
- additional annual cash retainers for each of the lead independent directors ($35,000), committee chairs (Audit $20,000; Compensation $18,000; and Governance $15,000), and committee members (Audit $11,500; Compensation $8,000; and Governance $6,000);
- additional annual cash retainers of $11,500 for each of the members of the executive committee to reflect the additional time required to address issues related to our initial public offering; and
- special meeting fees ($2,000 in person and $1,000 telephonic, per meeting).

Following the completion of this offering, the annual grants previously under the Share Value Retirement Plan will instead be in the form of restricted stock units, or RSUs, under the 2019 Plan, as follows:

- On the first day of each calendar quarter occurring prior to the first annual stockholders' meeting but following the consummation of this offering, each non-employee director will be granted such number of restricted stock units as is equal to (1) $40,000 (or, if applicable, such prorated amount for the portion of the calendar quarter prior to the consummation of this offering not covered by previous awards under the SVRP) divided by (2) the 60 trading day weighted average of our common stock, up to and including grant date, rounded up to the nearest whole share. In the case where there is not yet 60 days of trading activity, value will be determined using available trading day weighted average of our common stock at the time of grant.
- From and after the first annual stockholders' meeting following the consummation of this offering, on the date of each annual stockholders' meeting, each non-employee director will be granted such number of restricted stock units as is equal to (1) the $160,000 (plus, with respect to the first annual stockholders' meeting following the consummation of this offering, 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 60 trading day weighted average of our common stock, up to and including grant date, rounded up to the nearest whole share.

The RSUs will vest on the first anniversary of the date of grant. 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. The non-employee directors will also be eligible to make deferral elections with respect to such RSUs, with the deferral alternatives generally consistent with those under the SVRP and described below.

The following table contains information concerning the compensation of our non-employee directors in fiscal 2018.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	Total ($)
Kenneth C. Dahlberg	91,875	130,000	0	221,875
Mark K. Holdsworth	103,125	130,000	0	233,125
Steven F. Leer	91,875	130,000	0	221,875
Tamara L. Lundgren	108,625	130,000	0	238,625
James F. McGovern(1)	120,375	130,000	20,028	270,403
Harry T. McMahon	69,000	80,000	0	149,000
M. Christian Mitchell	113,875	130,000	0	243,875
Major General Suzanne M. Vautrinot, USAF (ret)	91,875	130,000	0	221,875

(1) Mr. McGovern deferred fees earned in fiscal year 2018. Our non-employee directors are eligible to defer any compensation paid to them by us under the Fee Deferral Plan for Outside Directors of the Parsons Corporation (the "Fee Deferral Plan"). The Fee Deferral Plan allows a non-employee director to defer his or her annual retainer (excluding meeting fees) until his or her termination of service or, if earlier, death. Deferred fees will generally be payable in a lump sum or in five or ten installments. In the event of a change in control of the Company, all balances will be paid in a lump sum upon the change in control or as soon as practicable thereafter.

Employee Stock Ownership Plan

Our employees participate in the ESOP, which is a defined contribution stock bonus retirement plan designed to enable eligible employees to obtain an ownership interest in Parsons. The ESOP is funded by contributions made by us which are held in a trust established as part of the ESOP. The contributions are invested in our common stock. Contributions and any earnings or dividends thereon, to the extent such amounts remain in the ESOP, accumulate on a tax deferred basis.

We may make discretionary contributions to the ESOP each year in an amount to be determined by our board of directors and may be made in cash or in shares of our common stock. We made contributions of 1,968,081 shares in fiscal 2016, 1,790,496 shares in fiscal 2017 and 1,874,988 shares in fiscal 2018 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 2016, 2017 and 2018, 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 2019 and fiscal 2020, 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. The annual contributions to the ESOP are allocated to participants' accounts each year, as of the last day of the year, to participants who were eligible employees during the year, and the allocations are made on a basis proportional to compensation. Covered compensation for an eligible employee under the ESOP generally includes base pay, overtime pay, assignment premiums included in base pay and most pre-tax deductions. Bonuses, relocation expenses and most other reimbursements are generally excluded from covered compensation.

The value of vested account balances, subject to eligibility, vesting and distribution rules, are distributed to participants, generally only after their retirement from Parsons after attaining age 65 (or 62 with 6 or more years of service). Distributions will generally be in a series of installment payments over a number of years. Based on ESOP participants' account balances and installment options, we expect distributions in the aggregate will generally be made ratably over three years. The number of installments are based on participant account balances at the time of distribution. Participants with accounts valued over $40,000 may elect three or five year installments, accounts between $40,000 and $20,001 are paid in two annual installments, and accounts less than $20,001 are paid in a lump sum. Distributions prior to termination of employment or reaching retirement age (65 or 62 with 6 or more years of service) are generally not permitted, unless the participant dies. Participants who die prior to beginning their installments, and participants who receive conflict of interest distributions following termination of employment, are also paid in a lump sum.

The IPO Dividend, to the extent not applied to fund distributions during the 180-day lock-up period, will be reinvested in our common stock through purchases on the open market on or before December 31, 2019. The shares of our common stock acquired through the reinvestment of the IPO Dividend's remaining proceeds, if any, will be allocated to participant accounts on or before December 31, 2019, with such allocations based proportionately on participant account balances on April 3, 2019, which was the record date for the IPO Dividend. The aggregate number of shares of our common stock to be allocated to participants, as described above, will be equal to the sum of (1) any shares purchased by the ESOP from participants who received distributions during the 180-day lock-up period, and (2) any shares reinvested in our common stock through purchases on the open market with the remaining portion of the IPO Dividend, if any, as described above.

With respect to cash dividends other than the IPO Dividend, if the board of directors declares and pays a cash dividend on shares of our common stock held in the ESOP and allocated to participant accounts, then, at the election of each participant, this dividend may either be paid currently to the participant either directly by us or through the ESOP or reinvested in our common stock and held in such participant's account in the ESOP. Any such cash dividends to be paid currently to participants will be paid in cash. Dividends on shares of unallocated stock will not be distributed to the participant currently but will either be applied to pay off any ESOP loans or held in the ESOP. The ESOP currently does not have any ESOP loans.

Participants who have attained age 55 and who have completed at least 10 years of participation in the ESOP are permitted to diversify a portion of their respective ESOP accounts over a period of six years. For the first five plan years that a participant is allowed to diversify his or her accounts, the participant is permitted to diversify up to 25% of the value (as of the last day of the preceding plan year) of their vested diversification eligible ESOP account. For the sixth plan year the participant is permitted to diversify up to 50% of the value (as of the last day of the preceding plan year) of their vested ESOP diversification eligible account. This diversification election applies only to shares acquired by the ESOP after 1987, or the Diversification Eligible Shares. Shares acquired by the ESOP prior to 1987 are not eligible for this diversification election. In total, as of December 31, 2018, the ESOP held 17,304,351 Diversification Eligible Shares. However, only 971,790 shares are eligible for diversification in 2019. If a participant elects to diversify his or her accounts, historically, we have repurchased such shares for cash.

During the 180-day lock-up period following the date of this prospectus, ESOP distributions will be made in the form of cash. Beginning on the 181st day following the date of this prospectus, ESOP distributions will be made in the form of shares of our common stock (other than distributions in respect of fractional shares, which will be made in cash) and will be available for sale into the public market, subject to compliance with applicable federal securities laws. Proceeds from the IPO Dividend will be used to satisfy any qualifying distributions during the 180-day lock-up period. However, if the IPO Dividend is not sufficient to satisfy all qualifying distribution elections made by participants during the 180-day lock-up period which the ESOP Trustee is directed to make during this period, the ESOP Trustee will have the right to cause us to purchase shares held by the ESOP in order to allow the ESOP to pay participants in cash.

Incentive Award Plan

In connection with this offering, our board of directors adopted our Incentive Award Plan, or the 2019 Plan, pursuant to which we may grant cash and equity incentive awards to eligible service providers in order to attract, motivate and retain the talent for which we compete. The 2019 Plan became effective on the day prior to the date of this prospectus. The material terms of the 2019 Plan are summarized below.

Eligibility and administration. Our employees and the employees of our subsidiaries and individual consultants, as well as our directors are eligible to receive awards under the 2019 Plan. Following our initial public offering, the 2019 Plan will be administered by our board of directors with respect to awards to non-employee directors and by our compensation committee with respect to other participants, each of which may delegate its duties and responsibilities to committees of our directors and/or officers (referred to collectively as the plan administrator below), subject to certain limitations that may be imposed under Section 16 of the Exchange Act, or the rules and standards of any stock exchange on which our common stock is listed. The plan administrator has the authority to make all determinations and interpretations under, prescribe all forms for use with, and adopt rules for the administration of, the 2019 Plan, subject to its express terms and conditions. The plan administrator sets the terms and conditions of all awards under the 2019 Plan, including any vesting and vesting acceleration conditions.

Limitation on awards and shares available. The number of shares of our common stock initially reserved available for issuance under awards granted pursuant to the 2019 Plan is equal to (1) 11,700,000 shares, less (2) any shares issued pursuant to awards granted during 2019 under the

LTGP or the RAU. In no event will more than 11,700,000 shares be issued after the completion of this offering pursuant to awards under the 2019 Plan or the LTGP or the RAU. Shares distributed pursuant to an award granted under the 2019 Plan may be authorized but unissued shares, or shares purchased in the open market.

If an award under the 2019 Plan is forfeited, expires, is settled for cash (including shares repurchased by us for the same price paid by the holder), or is converted to shares of another person in connection with certain transactions, any shares subject to such award may, to the extent of such forfeiture, expiration or cash settlement, be used again for new grants under the 2019 Plan. However, the following shares may not be used again for grant under the 2019 Plan: (1) shares tendered or withheld to satisfy grant or exercise price or tax withholding obligations associated with an award; (2) shares subject to a stock appreciation right, or SAR, that are not issued in connection with the stock settlement of the SAR on its exercise; and (3) shares purchased on the open market with the cash proceeds from the exercise of options. Shares that are repurchased by us at the same price paid by the holder of such shares will again be available for grant of awards under the 2019 Plan. The payment of dividend equivalents in cash in conjunction with any outstanding awards will not be counted against the shares available for issuance under the 2019 Plan. Awards granted under the 2019 Plan upon the assumption of, or in substitution for, awards authorized or outstanding under a qualifying equity plan maintained by an entity with which we enter into a merger or similar corporate transaction will not reduce the shares available for grant under the 2019 Plan.

Awards. The 2019 Plan provides for the grant of stock options, including incentive stock options, or ISOs, and non-qualified stock options, or NSOs, restricted stock, dividend equivalents, restricted stock units, or RSUs, other stock or cash based awards and stock appreciation rights. Certain awards under the 2019 Plan may constitute or provide for a deferral of compensation, subject to Section 409A of the Code, which may impose additional requirements on the terms and conditions of such awards.

All awards under the 2019 Plan will be set forth in award agreements, which will detail the terms and conditions of the awards, including any applicable vesting and payment terms and post-termination exercise limitations. Awards other than cash awards generally will be settled in shares of our common stock, but the plan administrator may provide for cash settlement of any award. A brief description of each award type follows.

- *Stock options*. Stock options provide for the purchase of shares of our common stock in the future at an exercise price set on the grant date. ISOs, by contrast to NSOs, may provide tax deferral beyond exercise and favorable capital gains tax treatment to their holders if certain holding period and other requirements of the Code are satisfied. The exercise price of a stock option may not be less than 100% of the fair market value of the underlying share on the date of grant, or 110% in the case of ISOs granted to certain significant stockholders, except with respect to certain substitute options granted in connection with a corporate transaction. The term of a stock option may not be longer than ten years, or five years in the case of ISOs granted to certain significant stockholders. Vesting conditions determined by the plan administrator may apply to stock options and may include continued service, performance and/or other conditions. ISOs may be granted only if the 2019 Plan is approved by stockholders within 12 months of the date of the board's initial adoption of the 2019 Plan.
- *SARs.* Stock appreciation rights, or SARs, entitle their holder, upon exercise, to receive from us an amount equal to the appreciation of the shares subject to the award between the grant date and the exercise date. The exercise price of a SAR may not be less than 100% of the fair market value of the underlying share on the date of grant, except with respect to certain substitute SARs granted in connection with a corporate transaction, and the term of a SAR may not be longer than ten years. Vesting conditions determined by the plan administrator may apply to SARs and may include continued service, performance and/or other conditions.

- *Restricted stock and RSUs*. Restricted stock is an award of nontransferable shares of our common stock that remain forfeitable unless and until specified conditions are met, and which may be subject to a purchase price. RSUs are contractual promises to deliver shares of our common stock or cash in the future, which may also remain forfeitable unless and until specified conditions are met. Delivery of the shares underlying RSUs may be deferred under the terms of the award or at the election of the participant, if the plan administrator permits such a deferral. Conditions applicable to restricted stock and RSUs may be based on continuing service, the attainment of performance goals and/or such other conditions as the plan administrator may determine.
- *Other stock or cash based awards*. Other stock or cash based awards are awards of cash, fully vested shares of our common stock and other awards valued wholly or partially by referring to, or otherwise based on, shares of our common stock. Other stock or cash based awards may be available as a payment form in the settlement of other awards, as standalone payments and as payment in lieu of base salary, bonus, fees or other cash compensation otherwise payable to any individual who is eligible to receive awards.
- *Dividend equivalents*. Dividend equivalents represent the right to receive the equivalent value of dividends paid on shares of our common stock and may be granted alone or in tandem with awards. Dividend equivalents are generally credited as of dividend record dates during the period between the date an award is granted and the date such award vests, is exercised, is distributed or expires, as determined by the plan administrator. Dividend equivalents with respect to any performance vesting award shall only be paid out to the extent that the performance vesting conditions with respect to such award are subsequently satisfied. Dividend equivalents will not be payable with respect to options or SARs.

Director Award Limits. The 2019 Plan provides that a director can receive no more than $900,000, in the aggregate, in awards with a grant date fair value or cash value in any one year.

Certain transactions. The plan administrator has broad discretion to take action under the 2019 Plan, as well as make adjustments to the terms and conditions of existing and future awards, to prevent the dilution or enlargement of intended benefits and facilitate necessary or desirable changes in the event of certain transactions and events affecting our common stock, such as stock dividends, stock splits, mergers, acquisitions, consolidations and other corporate transactions. In addition, in the event of certain non-reciprocal transactions with our stockholders known as “equity restructurings,” the plan administrator will make equitable adjustments to the 2019 Plan and outstanding awards.

If an award continues in effect or is assumed or substituted in connection with a change in control of our Company (as defined in the 2019 Plan), and the surviving or successor entity terminates a holder’s employment or service for “cause” (as defined by the administrator or as set forth in an applicable award agreement) within twelve months of such change in control (or as otherwise set forth in the applicable award agreement), the such holder’s award(s) will become fully vested. In the event of a change in control of our Company, to the extent that the surviving or successor entity declines to continue, convert, assume or replace outstanding awards, then prior to the change in control the plan administrator may cause (i) any or all awards (or portion thereof) to terminate in exchange for cash, rights or other property or (ii) any or all awards (or portion thereof) to become fully vested and exercisable prior to the consummation of such change in control and all forfeiture restrictions will lapse.

For purposes of the 2019 Plan, a “change in control” means each of the following:

- A transaction or series of transactions (other than an offering of our common stock to the general public through a registration statement filed with the SEC) whereby any “person” or related “group” of “persons” (as such terms are used in Sections 13(d) and 14(d)(2) of the

Exchange Act) directly or indirectly acquires beneficial ownership (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act) of securities of the Company possessing more than 50 % of the total combined voting power of the Company's securities outstanding immediately after such acquisition; provided, however, that the following acquisitions shall not constitute a change in control: (i) any acquisition by the Company or any of its subsidiaries; (ii) any acquisition by an employee benefit plan maintained by the Company or any of its subsidiaries, (iii) any acquisition which complies with the third bullet below; or (iv) in respect of an award held by a particular holder, any acquisition by the holder or any group of persons including the holder (or any entity controlled by the holder or any group of persons including the holder); or

- The incumbent directors cease for any reason to constitute a majority of the Board;
- The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination, (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:
  - which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the Successor Entity)) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and
  - after which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated as beneficially owning 50% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction; and
  - after which at least a majority of the members of the board of directors (or the analogous governing body) of the Successor Entity were members of our board of directors at the time of the board of directors' approval of the execution of the initial agreement providing for such transaction; or
  - the date which is 10 business days prior to the completion of a liquidation or dissolution of the Company.

For sake of clarity, a change in control will not occur by reason of the ESOP owning less than 50% of the voting power of the Company's (or any successor thereto) equity securities due to the ESOP making distributions to participants and their beneficiaries, or the ESOP selling equity securities to the public through underwritten registered public offerings.

Foreign participants, claw-back provisions, transferability, and participant payments. The plan administrator may modify award terms or establish subplans or procedures, subject to the share limits described above, in order to facilitate grants of awards subject to the laws and/or stock exchange rules of countries outside of the United States. All awards will be subject to the provisions of any claw-back policy implemented by us as set forth in such claw-back policy or in the applicable award agreement. With limited exceptions for estate planning, domestic relations orders, certain beneficiary designations and the laws of descent and distribution, awards under the 2019 Plan are generally non-transferable prior to vesting, and are exercisable only by the participant. With regard to tax withholding, exercise price and purchase price obligations arising in connection with awards under the 2019 Plan, the plan administrator may, in its discretion, accept cash or check, shares of our common stock that meet specified conditions, the surrender of shares of our common stock then issuable upon the stock option's exercise valued at their fair market value on the exercise date, the delivery of a "market sell order" or such other consideration as it deems suitable.

Plan amendment and termination. Our board of directors may amend, suspend or terminate the 2019 Plan at any time; however, except in connection with certain changes in our capital structure, stockholder approval will be required for any amendment that increases the number of shares available. No award may be granted pursuant to the 2019 Plan after the tenth anniversary of the date on which our board of directors adopted the 2019 Plan. Solely for purposes of permitting the Company to grant ISOs under the 2019 Plan, we may submit the 2019 Plan for the approval of the Company's stockholders within 12 months after the date of the board of directors' initial adoption of the 2019 Plan. ISOs may be granted or awarded prior to such stockholder approval, but no shares of our common stock will be issued upon the exercise, vesting, distribution or payment of any such ISOs prior to the time when the 2019 Plan is approved by the Company's stockholders. If such approval has not been obtained at the end of said 12-month period, the 2019 Plan will continue in effect, but all ISOs previously granted or awarded under the 2019 Plan will cease to be treated as ISOs and will automatically be treated for all purposes NQSOs, and no ISOs may thereafter be granted under the 2019 Plan.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The following is a description of transactions since January 1, 2016, to which we have been a party, in which the amount involved exceeds or will exceed $120,000 and in which any of our directors, executive officers or holders of more than 5% of our capital stock, or an affiliate or immediate family member thereof, had or will have a direct or indirect material interest.

ESOP

Contributions of treasury 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 ESOP participants. Contributions of 1,968,081 shares, 1,790,496 shares and 1,874,988 shares of our common stock were made to the ESOP in fiscal 2016, 2017 and 2018, respectively. In fiscal 2016, 2017 and 2018, we repurchased 7,440,063 shares, 5,483,211 shares and 5,553,891 shares of our common stock from the ESOP, respectively, in connection with the redemption of ESOP participants' interests in the ESOP for $148.7 million, $111.4 million and $125.8 million, respectively.

We have engaged the ESOP Trustee to serve as independent fiduciary on behalf of the ESOP and its participants and beneficiaries in connection with the offering and our transition to being a public company (including, but not limited to, negotiating with us various agreements in connection with the offering); we have agreed to pay the ESOP Trustee a fee of $1.75 million for those services and to reimburse the ESOP Trustee for their legal counsel, financial advisor and other out of pocket fees and expenses incurred in connection with this offering.

Unconsolidated Joint Ventures

We often provide services to our unconsolidated joint ventures and our revenues include amounts related to recovering overhead costs for these services. Our revenues included $127.7 million in fiscal 2016, $112.1 million in fiscal 2017 and $144.7 million in fiscal 2018 related to services we provided to our unconsolidated joint ventures. For the years ended December 30, 2016, December 29, 2017 and December 31, 2018, we incurred approximately $96.2 million, $81.8 million and $111.1 million, respectively, of reimbursable costs.

Registration Rights

We expect to enter into a registration rights agreement with the ESOP Trustee in connection with the consummation of this offering, 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. See "Shares Eligible for Future Sale—Registration Rights."

ESOP Trustee Letter Agreement

We expect to enter into a letter agreement with the ESOP Trustee in connection with the consummation of this offering, in which we agree that our management will meet with the ESOP Trustee on a quarterly basis to discuss our business and the administration and operation of the ESOP and that our board of directors will meet with the ESOP Trustee on an annual basis to discuss our business and the administration and operation of the ESOP. In addition, we also agree that for fiscal 2019 and fiscal 2020, we will make annual contributions (in the form of 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.

Indemnification Agreements and Directors' and Officers' Liability Insurance

We have entered into indemnification agreements with each of our directors and executive officers. These agreements, among other things, require us to indemnify each director and executive officer to the fullest extent permitted by Delaware law, including indemnification of expenses such as attorneys' fees, judgments, penalties fines and settlement amounts incurred by the director or executive officer in any action or proceeding, including any action or proceeding by or in right of us, arising out of the person's services as a director or executive officer. We also maintain directors' and officers' liability insurance.

Policies and Procedures for Related Party Transactions

Our written related person transaction policy, to be effective upon the consummation of this offering, sets forth the policies and procedures for the review and approval or ratification of related person transactions. This policy will cover, with certain exceptions set forth in Item 404 of Regulation S-K under the Securities Act, any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships in which we were or are to be a participant, where the amount involved exceeds $120,000 and a related person had or will have a direct or indirect material interest, including, without limitation, purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness, guarantees of indebtedness and employment by us of a related person. In reviewing and approving any such transactions, our audit committee is tasked to consider all relevant facts and circumstances, including, but not limited to, whether the transaction is on terms comparable to those that could be obtained in an arm's length transaction with an unrelated third party and the extent of the related person's interest in the transaction. All of the transactions described in this section occurred prior to the adoption of this policy.

PRINCIPAL STOCKHOLDERS

The following table sets forth information with respect to the beneficial ownership of our common stock as of March 31, 2019, and as adjusted to reflect the sale of our common stock offered by us in this offering, for:

- each of our NEOs;
- each of our directors;
- all of our current directors and executive officers as a group; and
- each person, or group of affiliated persons, known by us to be the beneficial owner of more than 5% of our outstanding shares common stock.

We have determined beneficial ownership in accordance with the rules of the SEC, which generally means that a person has beneficial ownership of a security if he or she possesses sole or shared voting or investment power of that security. The information in the table below does not necessarily indicate beneficial ownership for any other purpose, including for purposes of Sections 13(d) and 13(g) of the Securities Act.

We have based our calculation of the percentage of beneficial ownership prior to this offering on 78,138,831 shares of common stock outstanding as of March 31, 2019. We have based our calculation of the percentage of beneficial ownership after this offering on 96,657,331 shares of common stock outstanding immediately after the completion of this offering.

Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o Parsons Corporation, 5875 Trinity Parkway #300, Centreville, Virginia 20120.

	Shares Beneficially Owned Prior to this Offering		% of Outstanding Shares Beneficially Owned After this Offering
	Shares	%	
Named Executive Officers and Directors:			
Charles L. Harrington(1)	85,854	*	*
George L. Ball(1)	58,113	*	*
Carey A. Smith(1)	1,869	*	*
Adam W. Taylor(1)	789	*	*
Michael R. Kolloway(1)	2,913	*	*
Kenneth C. Dahlberg	—	—	—
Mark K. Holdsworth	—	—	—
Steven F. Leer	—	—	—
Tamara L. Lundgren	—	—	—
James F. McGovern	—	—	—
Harry T. McMahon	—	—	—
M. Christian Mitchell	—	—	—
Major General Suzanne M. “Zan” Vautrinot, USAF (ret)	—	—	—
All executive officers and directors as a group (14 persons)(2)	149,538	*	*
5% Stockholders:			
Parsons Corporation Employee Stock Ownership Plan(3)	78,138,831	100%	80.8%

* less than 1%.

Table of Contents

(1) Consists of shares of common stock beneficially owned by such person through the ESOP, rounded to the nearest whole share. Such person shares voting and investment power with the ESOP with respect to such shares beneficially owned through the ESOP.

(2) Consists of shares of common stock beneficially owned by our executive officers and directors through the ESOP, rounded to the nearest whole share.

(3) Includes 78,138,831 allocated shares (i.e., shares of our common stock that are held in the ESOP and allocated to an ESOP participant's account), and 0 unallocated shares (i.e., shares of our common stock held in the ESOP but not allocated to any ESOP participant's account). The ESOP Trustee votes allocated shares as directed by such ESOP participant or beneficiary of the ESOP. Under the terms of the ESOP, the ESOP Trustee will vote all of the unallocated shares and all of the allocated shares for which no voting directions are timely received by the ESOP Trustee. In addition, the ESOP Trustee has fiduciary duties under ERISA to the ESOP and its participants which may cause the ESOP Trustee to override participants' voting directions. The ESOP shares voting and investment power with the ESOP participants with respect to the allocated shares.

DESCRIPTION OF CAPITAL STOCK

General

As of the closing of this offering, our authorized capital stock will consist of 1,000,000,000 shares of common stock, par value $1.00 per share, and 100,000,000 shares of preferred stock, par value $1.00 per share.

The following description of our capital stock and provisions of our certificate of incorporation and bylaws are summaries and are qualified by reference to the certificate of incorporation and bylaws that will become effective upon the closing of this offering. Our certificate of incorporation and bylaws will be approved by our pre-IPO stockholders prior to this offering. Copies of these documents will be filed with the Securities and Exchange Commission as exhibits to our registration statement, of which this prospectus forms a part. The description of our capital stock reflects changes to our capital structure that will occur upon the closing of this offering.

Common Stock

Upon completion of this offering, there will be 96,657,331 shares of our common stock outstanding.

Voting Rights

Holders of our common stock are entitled to one vote per share of common stock. Holders of shares of common stock will 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, will be 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.

Economic Rights

Dividends. 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. See “Dividend Policy” for more information. 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.

Right 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.

Choice of Forum

Our certificate of incorporation will provide 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 Delaware General Corporation Law, our certificate of incorporation or our bylaws, or as to which the Delaware General Corporation Law 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. See “Risk Factors—Risks Related to Our Common Stock and This Offering—Our certificate of incorporation will provide 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.

Preferred Stock

Under the terms of our certificate of incorporation that will become effective upon the closing of this offering, 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. Upon the closing of this offering, there will be no shares of preferred stock outstanding, and we have no present plans to issue any shares of preferred stock.

Anti-takeover Provisions

Classified Board of Directors and Removal of Directors

Our certificate of incorporation will provide that our board of directors will be divided into three classes, with the classes as nearly equal in number as possible and each class serving three-year staggered terms. The classification of directors will have the effect of making it more difficult for stockholders to change the composition of our board.

Our certificate of incorporation and our bylaws will 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 NYSE. 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.

In addition, upon the closing of this offering, we will be subject to Section 203 of the Delaware General Corporation Law. Subject to certain exceptions, Section 203 prevents a publicly held Delaware corporation from engaging in a “business combination” with any “interested stockholder” for three years following the date that the person became an interested stockholder, unless the interested stockholder attained such status with the approval of our board of directors or unless the business combination is approved in a prescribed manner. A “business combination” includes, among other things, a merger or consolidation involving us and the “interested stockholder” and the sale of more than 10% of our assets. In general, an “interested stockholder” is any entity or person beneficially owning 15% or more of our outstanding voting stock and any entity or person affiliated with or controlling or controlled by such entity or person.

Transfer Agent and Registrar

Upon completion of this offering, the transfer agent and registrar for our common stock will be American Stock Transfer & Trust Company, LLC. The address of the transfer agent and registrar is 59 Maiden Lane, Plaza Level, New York NY 10038.

Limitations of Liability and Indemnification

See the section captioned “Certain Relationships and Related Party Transactions— Indemnification Agreements and Directors’ and Officers’ Liability Insurance.”

Listing

We have applied to list our common stock on the NYSE under the symbol “PSN.”

SHARES ELIGIBLE FOR FUTURE SALE

Immediately prior to this offering, there was no public market for our common stock, and we cannot predict the effect, if any, that market sales of shares of our common stock or the availability of shares of our common stock for sale will have on the market price of our common stock prevailing from time to time. Future sales of our common stock in the public market, or the availability of such shares for sale in the public market, could adversely affect market prices prevailing from time to time. As described below, only a limited number of shares of our common stock will be available for sale shortly after this offering due to contractual and legal restrictions on resale. Nevertheless, sales of our common stock in the public market after such restrictions lapse, or the perception that those sales may occur, could adversely affect the prevailing market price at such time and our ability to raise equity capital in the future.

Following the completion of this offering, 96,657,331 shares of our common stock will be outstanding, assuming no exercise of the underwriters' option to purchase additional shares. Of these outstanding shares, all of the shares of our common stock sold in this offering will be freely tradable, except that any shares purchased in this offering by our affiliates, as that term is defined in Rule 144 under the Securities Act, would only be able to be sold in compliance with the Rule 144 limitations described below.

The remaining outstanding shares of our common stock not sold in this offering will be deemed "restricted securities" as defined in Rule 144 under the Securities Act. Restricted securities may be sold in the public market only if they are registered or if they qualify for an exemption from registration under Rule 144 or Rule 701 under the Securities Act, which rules are summarized below. All of our executive officers, directors and the ESOP, which holds all of our capital stock prior to this offering, have entered into lock-up agreements with the underwriters under which they have agreed, subject to specific exceptions, not to sell any of our stock for 180 days following the date of this prospectus. As a result of these agreements and subject to the provisions of Rule 144 or Rule 701, shares of our common stock will be available for sale in the public market as follows:

- beginning on the date of this prospectus, all 18,518,500 shares of our common stock sold in this offering will be immediately available for sale in the public market; and
- beginning 181 days after the date of this prospectus, the remaining 78,138,831 shares of our common stock will be eligible for sale in the public market from time to time thereafter, subject in some cases to the volume and other restrictions of Rule 144, as described below.

Lock-Up Agreements

We, our officers, directors and the ESOP, which holds all of our capital stock prior to this offering, have agreed that, subject to certain exceptions, for a period of 180 days after the date of this prospectus, we and they will not, without the prior written consent of Goldman Sachs & Co. LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, dispose of or hedge any shares or any securities convertible into or exchangeable for shares of our capital stock. Goldman Sachs & Co. LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated may, in their discretion, release any of the securities subject to lock-up agreements at any time. When determining whether or not to release our common stock and other securities from lock-up agreements, Goldman Sachs & Co. LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated will consider, among other factors, the holder's reasons for requesting the release, the number of shares for which the release is being requested and market conditions at the time of the request. In the event of such a release or waiver for one of our directors or officers, Goldman Sachs & Co. LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated shall provide us with notice of the impending release or waiver at least three business days before the effective date of such release or waiver and we will announce the impending release or waiver by issuing a press release at least two business days before the effective date of the release or waiver.

Rule 144

In general, under Rule 144 as currently in effect, once we have been subject to the public company reporting requirements of Section 13 or Section 15(d) of the Exchange Act for at least 90 days, a person who is not deemed to have been one of our affiliates for purposes of the Securities Act at any time during the 90 days preceding a sale and who has beneficially owned the shares of our common stock proposed to be sold for at least six months is entitled to sell those shares without complying with the manner of sale, volume limitation or notice provisions of Rule 144, subject to compliance with the public information requirements of Rule 144. If such a person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of any prior owner other than our affiliates, then that person would be entitled to sell those shares without complying with any of the requirements of Rule 144.

In general, under Rule 144, as currently in effect, our affiliates or persons selling shares of our common stock on behalf of our affiliates are entitled to sell upon expiration of the market standoff agreements and lock-up agreements described above, within any three-month period, a number of shares that does not exceed the greater of:

- 1% of the number of shares of our capital stock then outstanding, which will equal 966,574 shares immediately after this offering; or
- the average weekly trading volume of our common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to that sale.

Sales under Rule 144 by our affiliates or persons selling shares of our common stock on behalf of our affiliates are also subject to manner of sale provisions and notice requirements and to the availability of current public information about us.

Registration Rights

We expect to enter into a registration rights agreement with the ESOP Trustee in connection with the consummation of this offering, providing the ESOP, which following this offering will be subject to Rule 144 limitations applicable to affiliates, with certain demand registration rights, subject to certain limitations, 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. These registration rights may be exercised by the ESOP Trustee after the expiration of the 180-day lock-up period with the underwriters following this offering. These registration rights will terminate when the ESOP is no longer a record or beneficial owner of any Registrable Securities (as defined in the registration rights agreement).

S-8 Registration Statement

We intend to file a registration statement on Form S-8 under the Securities Act promptly after the completion of this offering to register shares of our common stock reserved for future issuance or to be reserved for issuance, under our equity compensation plans, including shares to be contributed to the ESOP. The registration statement on Form S-8 is expected to become effective immediately upon filing, and shares of our common stock covered by the registration statement will then become eligible for sale in the public market, subject to the Rule 144 limitations applicable to affiliates, vesting restrictions and any applicable market standoff agreements and lock-up agreements. See the section captioned “Executive Compensation—Incentive Award Plan” for a description of our equity compensation plans.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS OF OUR COMMON STOCK

The following discussion is a summary of the material U.S. federal income tax consequences to Non-U.S. Holders (as defined below) of the purchase, ownership and disposition of our common stock issued pursuant to this offering, but does not purport to be a complete analysis of all potential tax effects. The effects of other U.S. federal tax laws, such as estate and gift tax laws, and any applicable state, local or non-U.S. tax laws are not discussed. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended, or the Code, Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the IRS, in each case in effect as of the date hereof. These authorities may change or be subject to differing interpretations. Any such change or differing interpretation may be applied retroactively in a manner that could adversely affect a Non-U.S. Holder of our common stock. We have not sought and will not seek any rulings from the IRS regarding the matters discussed below. There can be no assurance the IRS or a court will not take a contrary position to that discussed below regarding the tax consequences of the purchase, ownership and disposition of our common stock.

This discussion is limited to Non-U.S. Holders that hold our common stock as a “capital asset” within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all U.S. federal income tax consequences relevant to a Non-U.S. Holder’s particular circumstances, including the impact of the alternative minimum tax or the Medicare contribution tax on net investment income. In addition, it does not address consequences relevant to Non-U.S. Holders subject to special rules, including, without limitation:

- U.S. expatriates and former citizens or long-term residents of the United States;
- persons holding our common stock as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment;
- banks, insurance companies, and other financial institutions;
- brokers, dealers or traders in securities, currencies or commodities;
- “controlled foreign corporations,” “passive foreign investment companies,” and corporations that accumulate earnings to avoid U.S. federal income tax;
- partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes (and investors therein);
- tax-exempt organizations or governmental organizations;
- persons deemed to sell our common stock under the constructive sale provisions of the Code;
- persons who hold or receive our common stock pursuant to the exercise of any employee stock option or otherwise as compensation;
- tax-qualified retirement plans;
- “qualified foreign pension funds” as defined in Section 897(l)(2) of the Code and entities all of the interests of which are held by qualified foreign pension funds; and
- persons subject to special tax accounting rules as a result of any item of gross income with respect to the stock being taken into account in an “applicable financial statement” (as defined in the Code).

If an entity treated as a partnership for U.S. federal income tax purposes holds our common stock, the tax treatment of a partner in the partnership will depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Accordingly, partnerships holding our common stock and the partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences to them.

THIS DISCUSSION IS FOR INFORMATION PURPOSES ONLY AND IS NOT TAX ADVICE. INVESTORS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR COMMON STOCK ARISING UNDER THE U.S. FEDERAL ESTATE OR GIFT TAX LAWS OR UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE INCOME TAX TREATY.

Definition of a Non-U.S. Holder

For purposes of this discussion, a “Non-U.S. Holder” is any beneficial owner of our common stock that is neither a “U.S. person” nor an entity treated as a partnership for U.S. federal income tax purposes. A U.S. person is any person that, for U.S. federal income tax purposes, is or is treated as any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that (1) is subject to the primary supervision of a U.S. court and the control of one or more “United States persons” (within the meaning of Section 7701(a)(30) of the Code), or (2) has a valid election in effect to be treated as a United States person for U.S. federal income tax purposes.

Distributions

As described in the section entitled “Dividend Policy,” other than the IPO Dividend, we do not anticipate declaring or paying dividends to holders of our common stock in the foreseeable future. However, if we do make distributions of cash or property on our common stock, such distributions will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Amounts not treated as dividends for U.S. federal income tax purposes will constitute a return of capital and first be applied against and reduce a Non-U.S. Holder’s adjusted tax basis in its common stock, but not below zero. Any excess will be treated as capital gain and will be treated as described below under “—Sale or Other Taxable Disposition.”

Subject to the discussion below on effectively connected income, backup withholding and FATCA (as defined below), dividends paid to a Non-U.S. Holder of our common stock will be subject to U.S. federal withholding tax at a rate of 30% of the gross amount of the dividends (or such lower rate specified by an applicable income tax treaty, provided the Non-U.S. Holder furnishes a valid IRS Form W-8BEN or W-8BEN-E (or other applicable documentation) certifying qualification for the lower treaty rate). A Non-U.S. Holder that does not timely furnish the required documentation, but that qualifies for a reduced treaty rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. Holders should consult their tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

If dividends paid to a Non-U.S. Holder are effectively connected with the Non-U.S. Holder’s conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment in the United States to which such dividends are attributable), the Non-U.S. Holder will be exempt from the U.S. federal withholding tax described above. To claim the exemption, the Non-U.S. Holder must furnish to the applicable withholding agent a valid IRS Form W-8ECI, certifying that the dividends are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States.

Any such effectively connected dividends will be subject to U.S. federal income tax on a net income basis at the regular graduated rates. A Non-U.S. Holder that is a corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on such effectively connected dividends, as adjusted for certain items. Non-U.S. Holders should consult their tax advisors regarding any applicable tax treaties that may provide for different rules.

Sale or Other Taxable Disposition

Subject to the discussion below on backup withholding and FATCA, a Non-U.S. Holder will not be subject to U.S. federal income tax on any gain realized upon the sale or other taxable disposition of our common stock unless:

- the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment in the United States to which such gain is attributable);
- the Non-U.S. Holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met; or
- subject to certain exceptions, our common stock constitutes a U.S. real property interest, or USRPI, by reason of our status as a U.S. real property holding corporation, or USRPHC, for U.S. federal income tax purposes.

Gain described in the first bullet point above generally will be subject to U.S. federal income tax on a net income basis at the regular graduated rates. A Non-U.S. Holder that is a corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on such effectively connected gain, as adjusted for certain items.

Gain described in the second bullet point above will be subject to U.S. federal income tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty), which may be offset by U.S. source capital losses of the Non-U.S. Holder (even though the individual is not considered a resident of the United States), provided the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses.

With respect to the third bullet point above, we believe we currently are not, and do not anticipate becoming, a USRPHC. Because the determination of whether we are a USRPHC depends, however, on the fair market value of our USRPIs relative to the fair market value of our non-U.S. real property interests and our other business assets, there can be no assurance we currently are not a USRPHC or will not become one in the future. Even if we are or were to become a USRPHC, gain arising from the sale or other taxable disposition by a Non-U.S. Holder of our common stock will not be subject to U.S. federal income tax if our common stock is "regularly traded," as defined by applicable Treasury Regulations, on an established securities market, and such Non-U.S. Holder owned, actually and constructively, 5% or less of our common stock throughout the shorter of the five-year period ending on the date of the sale or other taxable disposition or the Non-U.S. Holder's holding period.

Non-U.S. Holders should consult their tax advisors regarding potentially applicable income tax treaties that may provide for different rules.

Information Reporting and Backup Withholding

Payments of dividends on our common stock will not be subject to backup withholding, provided the applicable withholding agent does not have actual knowledge or reason to know the holder is a United States person and the holder either certifies its non-U.S. status, such as by furnishing a valid IRS Form W-8BEN, W-8BEN-E or W-8ECI, or otherwise establishes an exemption. However, information returns are required to be filed with the IRS in connection with any dividends on our common stock paid to the Non-U.S. Holder, regardless of whether any tax was actually withheld. In addition, proceeds of the sale or other taxable disposition of our common stock within the United States or conducted through certain U.S.-related brokers generally will not be subject to backup withholding or information reporting, if the applicable withholding agent receives the certification described above and does not have actual knowledge or reason to know that such holder is a United States person, or the holder otherwise establishes an exemption. Proceeds of a disposition of our common stock conducted through a non-U.S. office of a non-U.S. broker generally will not be subject to backup withholding or information reporting.

Copies of information returns that are filed with the IRS may also be made available under the provisions of an applicable treaty or agreement to the tax authorities of the country in which the Non-U.S. Holder resides or is established.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

Additional Withholding Tax on Payments Made to Foreign Accounts

Withholding taxes may be imposed under Sections 1471 to 1474 of the Code (such Sections commonly referred to as the Foreign Account Tax Compliance Act, or FATCA) on certain types of payments made to non-U.S. financial institutions and certain other non-U.S. entities. Specifically, a 30% withholding tax may be imposed on dividends on, or (subject to the proposed Treasury Regulations discussed below) gross proceeds from the sale or other disposition of, our common stock paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code), unless (1) the foreign financial institution undertakes certain diligence and reporting obligations, (2) the non-financial foreign entity either certifies it does not have any "substantial United States owners" (as defined in the Code) or furnishes identifying information regarding each substantial United States owner, or (3) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in (1) above, it must enter into an agreement with the U.S. Department of the Treasury requiring, among other things, that it undertake to identify accounts held by certain "specified United States persons" or "United States owned foreign entities" (each as defined in the Code), annually report certain information about such accounts, and withhold 30% on certain payments to non-compliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules.

Under the applicable Treasury Regulations and administrative guidance, withholding under FATCA generally applies to payments of interest on a note. While withholding under FATCA would have applied also to payments of gross proceeds from the sale or other disposition of a note on or after January 1, 2019, recently proposed Treasury Regulations eliminate FATCA withholding on payments of gross proceeds entirely. Taxpayers generally may rely on these proposed Treasury Regulations until final Treasury Regulations are issued.

Prospective investors should consult their tax advisors regarding the potential application of withholding under FATCA to their investment in our common stock.

UNDERWRITING (CONFLICTS OF INTEREST)

The Company and the underwriters named below have entered into an underwriting agreement with respect to the shares being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the number of shares indicated in the following table. Goldman Sachs & Co. LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co. LLC are the representatives of the underwriters.

Underwriters	Number of Shares
Goldman Sachs & Co. LLC.	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Morgan Stanley & Co. LLC.	
Jefferies LLC	
Wells Fargo Securities, LLC	
Cowen and Company, LLC	
SunTrust Robinson Humphrey, Inc.	
MUFG Securities Americas Inc.	
Scotia Capital (USA) Inc.	
Total	18,518,500

The underwriters are committed to take and pay for all of the shares being offered, if any are taken, other than the shares covered by the option described below unless and until this option is exercised.

The underwriters have an option to buy up to an additional 2,777,775 shares from the Company to cover sales by the underwriters of a greater number of shares than the total number set forth in the table above. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters by the Company. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase 2,777,775 additional shares.

Paid by the Company

	No Exercise	Full Exercise
Per Share	$	$
Total	$	$

Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to $ per share from the initial public offering price. After the initial offering of the shares, the representatives may change the offering price and the other selling terms. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

The Company and its officers, directors and the ESOP, which holds all of our capital stock prior to this offering, have agreed with the underwriters, subject to certain exceptions, not to dispose of or hedge any of their common stock or securities convertible into or exchangeable for shares of common stock during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the prior written consent of the representatives. See “Shares Available for Future Sale” for a discussion of certain transfer restrictions.

Prior to the offering, there has been no public market for the shares. The initial public offering price has been negotiated among the Company and the representatives. Among the factors to be considered in determining the initial public offering price of the shares, in addition to prevailing market conditions, will be the company’s historical performance, estimates of the business potential and earnings prospects of the Company, an assessment of the Company’s management and the consideration of the above factors in relation to market valuation of companies in related businesses.

An application has been made to list the common stock on the NYSE under the symbol “PSN”. In order to meet one of the requirements for listing the common stock on the NYSE, the underwriters have undertaken to sell lots of 100 or more shares to a minimum of 400 beneficial holders.

In connection with the offering, the underwriters may purchase and sell shares of common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering, and a short position represents the amount of such sales that have not been covered by subsequent purchases. A “covered short position” is a short position that is not greater than the amount of additional shares for which the underwriters’ option described above may be exercised. The underwriters may cover any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to cover the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase additional shares pursuant to the option described above. “Naked” short sales are any short sales that create a short position greater than the amount of additional shares for which the option described above may be exercised. The underwriters must cover any such naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of the Company’s stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the common stock. As a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. The underwriters are not required to engage in these activities and may end any of these activities at any time. These transactions may be effected on the NYSE, in the over-the-counter market or otherwise.

The Company estimates that its total expenses of the offering, excluding underwriting discounts and commissions, will be approximately $9.6 million.

The Company has agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act.

Conflicts of Interest

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerages and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to Parsons Corporation and to persons and entities with relationships with Parsons Corporation, for which they received or will receive customary fees and expenses. Affiliates of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Wells Fargo Securities, LLC, MUFG Securities Americas Inc. and Scotia Capital (USA) Inc. are each a lender under the Term Loan and the Revolving Credit Facility. A portion of the net proceeds from this offering will be used to repay borrowings under the Term Loan and Revolving Credit Facility. As a result, we expect that more than 5% of the net proceeds from this offering will be paid to affiliates of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Wells Fargo Securities, LLC, MUFG Securities Americas Inc. and Scotia Capital (USA) Inc. Therefore, this offering is being made in compliance with FINRA Rule 5121. Pursuant to that rule, a “qualified independent underwriter,” as defined by the FINRA rules, must have participated in the preparation of the registration statement and performed its usual standard of due diligence with respect to that registration statement. Goldman Sachs & Co. LLC is serving as a qualified independent underwriter and will assume the customary responsibilities of acting as a qualified independent underwriter in conducting due diligence and reviewing and participating in the preparation of this registration statement. Goldman Sachs & Co. LLC will not receive any additional compensation for acting as a qualified independent underwriter. We have agreed to indemnify Goldman Sachs & Co. LLC against certain liabilities incurred in connection with acting as a qualified independent underwriter, including liabilities under the Securities Act.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of Parsons Corporation (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with Parsons Corporation. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”) an offer to the public of our common shares may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of our common shares may be made at any time under the following exemptions under the Prospectus Directive:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Representatives for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of shares of our common stock shall result in a requirement for the publication by us or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to our common shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and our common shares to be offered so as to enable an investor to decide to purchase our common shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (as amended), including by Directive 2010/73/EU, and includes any relevant implementing measure in the Relevant Member State.

This European Economic Area selling restriction is in addition to any other selling restrictions set out below.

United Kingdom

In the United Kingdom, this prospectus is only addressed to and directed as qualified investors who are (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order); or (ii) high net worth entities and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). Any investment or investment activity to which this prospectus relates is available only to relevant persons and will only be engaged with relevant persons. Any person who is not a relevant person should not act or relay on this prospectus or any of its contents.

Canada

The securities may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions, and Ongoing Registrant Obligations. Any resale of the securities must be made in accordance with an exemption form, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Hong Kong

The shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) (“Companies (Winding Up and Miscellaneous Provisions) Ordinance”) or which do not constitute an invitation to the public within the meaning of the Securities and Futures Ordinance (Cap. 571 of the

Laws of Hong Kong) (“Securities and Futures Ordinance”), or (ii) to “professional investors” as defined in the Securities and Futures Ordinance and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” in Hong Kong as defined in the Securities and Futures Ordinance and any rules made thereunder.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined under Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”)) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to conditions set forth in the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, the securities (as defined in Section 239(1) of the SFA) of that corporation shall not be transferable for 6 months after that corporation has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer in that corporation’s securities pursuant to Section 275(1A) of the SFA, (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore (“Regulation 32”).

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a trust (where the trustee is not an accredited investor (as defined in Section 4A of the SFA)) whose sole purpose is to hold investments and each beneficiary of the trust is an accredited investor, the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that trust has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer that is made on terms that such rights or interest are acquired at a consideration of not less than $200,000 (or its equivalent in a foreign currency) for each transaction (whether such amount is to be paid for in cash or by exchange of securities or other assets), (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32.

Japan

The securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended), or the FIEA. The securities may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan (including any person resident in Japan or any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of the FIEA and otherwise in compliance with any relevant laws and regulations of Japan.

Dubai

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The securities to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

Switzerland

We have not and will not register with the Swiss Financial Market Supervisory Authority ("FINMA") as a foreign collective investment scheme pursuant to Article 119 of the Federal Act on Collective Investment Scheme of 23 June 2006, as amended ("CISA"), and accordingly the securities being offered pursuant to this prospectus have not and will not be approved, and may not be licensable, with FINMA. Therefore, the securities have not been authorized for distribution by FINMA as a foreign collective investment scheme pursuant to Article 119 CISA and the securities offered hereby may not be offered to the public (as this term is defined in Article 3 CISA) in or from Switzerland. The securities may solely be offered to "qualified investors," as this term is defined in Article 10 CISA, and in the circumstances set out in Article 3 of the Ordinance on Collective Investment Scheme of 22 November 2006, as amended ("CISO"), such that there is no public offer. Investors, however, do not benefit from protection under CISA or CISO or supervision by FINMA. This prospectus and any other materials relating to the securities are strictly personal and confidential to each offeree and do not constitute an offer to any other person. This prospectus may only be used by those qualified investors to whom it has been handed out in connection with the offer described herein and may neither directly or indirectly be distributed or made available to any person or entity other than its recipients. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in Switzerland or from Switzerland. This prospectus does not constitute an issue prospectus as that term is understood pursuant to Article 652a and/or 1156 of the Swiss Federal Code of Obligations. We have not applied for a listing of the securities on the SIX Swiss Exchange or any other regulated securities market in Switzerland, and consequently, the information presented in this prospectus does not necessarily comply with the information standards set out in the listing rules of the SIX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange.

LEGAL MATTERS

Latham & Watkins LLP, Los Angeles, California will pass upon the validity of the shares of our common stock being offered by this prospectus. Certain legal matters will be passed upon for the underwriters by Gibson, Dunn & Crutcher LLP, Los Angeles, California. Gibson, Dunn & Crutcher LLP has represented us from time to time in unrelated matters.

EXPERTS

The financial statements as of December 29, 2017 and December 31, 2018 and for each of the three years in the period ended December 31, 2018 included in this prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of our common stock offered by this prospectus. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement, some of which is contained in exhibits to the registration statement as permitted by the rules and regulations of the SEC. For further information with respect to us and our common stock, we refer you to the registration statement, including the exhibits filed as a part of the registration statement. Statements contained in this prospectus concerning the contents of any contract or any other document are not necessarily complete. If a contract or document has been filed as an exhibit to the registration statement, please see the copy of the contract or document that has been filed. Each statement in this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit. The SEC maintains a website that contains reports, proxy statements and other information about issuers, like us, that file electronically with the SEC. The address of that website is www.sec.gov.

As a result of this offering, we will become subject to the information and reporting requirements of the Exchange Act and, in accordance with this law, will file periodic reports, proxy statements and other information with the SEC. These periodic reports, proxy statements and other information will be available for inspection and copying at the public reference facilities and website of the SEC referred to above. We also maintain a website at www.parsons.com where, upon completion of this offering, you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. The information on or that can be accessed through our website is not a part of this prospectus and the inclusion of our website address in this prospectus is an inactive textual reference only.

PARSONS CORPORATION AND SUBSIDIARIES
Index
December 30, 2016, December 29, 2017 and December 31, 2018

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholder 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, 2018 and December 29, 2017, and the related consolidated statements of income (loss), of comprehensive income (loss), of changes in redeemable common stock and shareholder's deficit and of cash flows for each of the three years in the period ended December 31, 2018, including the related notes and financial statement schedule listed in the accompanying index (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, 2018 and December 29, 2017 and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018 in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company changed 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 8, 2019, except for the effects of the revision discussed in Note 2 to the consolidated financial statements, as to which the date is March 22, 2019

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.

Table of Contents

PARSONS CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
As of December 29, 2017 and December 31, 2018

(in thousands, except shares and par value)	2017	2018	Pro Forma 2018 (Note 2) (unaudited)
Assets			
Current assets			
Cash and cash equivalents (including $68,796 and $73,794 Cash of consolidated joint ventures)	$ 445,164	$ 280,221	$ 228,101
Restricted cash and investments	980	974	974
Accounts receivable, net (including $149,191 and $180,325 Accounts receivable of consolidated joint ventures, net)	1,063,638	623,286	623,286
Contract Assets (including $0 and $21,270 Contract assets of consolidated joint ventures)	—	515,319	515,319
Prepaid expenses and other current assets (including $13,054 and $11,837 Prepaid expenses and other current assets of consolidated joint ventures)	52,182	69,007	69,007
Total current assets	1,561,964	1,488,807	1,436,687
Property and equipment, net (including $4,201 and $2,561 Property and equipment of consolidated joint ventures, net)	87,578	91,849	91,849
Goodwill	496,786	736,938	736,938
Investments in and advances to unconsolidated joint ventures	71,578	63,560	63,560
Intangible assets, net	17,699	179,519	179,519
Deferred tax assets	8,459	5,680	76,728
Other noncurrent assets	28,654	46,225	46,225
Total assets	$ 2,272,718	$ 2,612,578	$ 2,631,506
Liabilities, Redeemable Common Stock, and Shareholder's Deficit			
Current liabilities			
Accounts payable (including $80,151 and $87,914 Accounts payable of consolidated joint ventures)	$ 207,080	$ 226,345	$ 226,345
Accrued expenses and other current liabilities (including $58,211 and $73,209 Accrued expenses and other current liabilities of consolidated joint ventures)	504,150	559,700	559,700
Billings in excess of costs (including $43,616 and $0 Billings in excess of costs of consolidated joint ventures)	145,151	—	—
Contract liabilities (including $0 and $38,706 Contract liabilities of consolidated joint ventures)	—	208,576	208,576
Provision for contract losses (including $129,916 and $0 Provision for contract losses of consolidated joint ventures)	143,666	—	—
Income taxes (including $181 and $5 Income taxes of consolidated joint ventures)	7,671	11,540	11,540
Total current liabilities	1,007,718	1,006,161	1,006,161
Long-term employee incentives	41,888	41,913	41,913
Deferred gain resulting from sale-leaseback transactions	53,342	46,004	46,004
Long-term debt	249,407	429,164	429,164
Deferred tax liabilities	8,540	6,240	6,625
Other long-term liabilities	106,434	127,863	127,863
Total liabilities	1,467,329	1,657,345	1,657,730
Commitments and contingencies (Note 14)			
Redeemable common stock held by Employee Stock Ownership Plan (ESOP), $1 par value; authorized 50,000,000 shares; 41,699,228 shares issued; 27,283,904 and 26,057,603 shares outstanding, recorded at redemption value; pro forma (unaudited) authorized 1,000,000,000 shares for 2017 and 2018, pro forma (unaudited) 125,097,684 shares issued for 2017 and 2018; pro forma (unaudited) 81,851,712 and 78,172,809 shares outstanding, recorded at redemption value, for 2017 and 2018, respectively	1,855,305	1,876,309	1,876,309
Shareholder's deficit			
Treasury stock, 14,415,324 and 15,639,380 shares at cost; pro forma (unaudited) 43,245,972 and 46,918,140 shares at cost for 2017 and 2018, respectively	(876,372)	(957,025)	(957,025)
Additional paid-in capital	—	—	30,988
(Accumulated deficit) retained earnings	(186,035)	12,445	—
Accumulated other comprehensive loss	(15,003)	(22,957)	(22,957)
Total Parsons Corporation shareholder's deficit	(1,077,410)	(967,537)	(948,994)
Noncontrolling interests	27,494	46,461	46,461
Total shareholder's deficit	(1,049,916)	(921,076)	(902,533)
Total liabilities, redeemable common stock and shareholder's deficit	$ 2,272,718	$ 2,612,578	$ 2,631,506

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

PARSONS CORPORATION AND SUBSIDIARIES
Consolidated Statements of Income (Loss)
Years Ended December 30, 2016, December 29, 2017 and December 31, 2018

(in thousands, except for per share data)	2016	2017	2018
Revenue	$3,039,191	$3,017,011	$3,560,508
Direct costs of contracts	2,431,193	2,400,140	2,795,005
Equity in earnings of unconsolidated joint ventures	35,462	40,086	36,915
Indirect, general and administrative expenses	522,920	506,255	597,410
Impairment of goodwill, intangible and other assets	85,133	—	—
Operating income	35,407	150,702	205,008
Interest income	1,190	2,465	2,710
Interest expense	(16,509)	(15,798)	(20,842)
Other income (expense), net	1,340	5,658	(1,651)
(Interest and other expense) gain associated with claim on long-term contract	(9,422)	(10,026)	74,578
Total other (expense) income	(23,401)	(17,701)	54,795
Income before income tax expense	12,006	133,001	259,803
Income tax expense	(13,992)	(21,464)	(20,367)
Net (loss) income including noncontrolling interests	(1,986)	111,537	239,436
Net income attributable to noncontrolling interests	(11,161)	(14,211)	(17,099)
Net (loss) income attributable to Parsons Corporation	$ (13,147)	$ 97,326	$ 222,337
(Loss) earnings per share:			
Basic and diluted	$ (0.45)	$ 3.49	$ 8.34
Weighted average shares outstanding:			
Basic and diluted	29,499	27,858	26,671
Pro forma (loss) earnings per share information (Note 2) (unaudited) Pro forma (loss) earnings per share	$ (0.15)	$ 1.16	$ 2.78
Pro forma weighted average shares outstanding, basic and diluted	88,497	83,574	80,014
Pro Forma provision for income taxes information (Note 2) (unaudited)			
Historical income before income tax expense			$ 259,803
Pro forma provision for income taxes			(74,755)
Pro forma net income including noncontrolling interests			185,048
Pro forma net income attributable to Parsons Corporation			167,949
Pro forma net income attributable to Parsons Corporation per share, basic and diluted			$ 2.10
Pro forma weighted average shares outstanding, basic and diluted			80,014

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

PARSONS CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income (Loss)
Years Ended December 30, 2016, December 29, 2017 and December 31, 2018

(in thousands)	2016	2017	2018
Net (loss) income including noncontrolling interests	$ (1,986)	$111,537	$239,436
Other comprehensive (loss) income, net of tax			
Foreign currency translation adjustment, net of tax	(61)	4,793	(7,800)
Pension adjustments, net of tax	189	(95)	(56)
Comprehensive (loss) income including noncontrolling interests, net of tax	(1,858)	116,235	231,580
Comprehensive income attributable to noncontrolling interests, net of tax	(11,195)	(14,210)	(17,197)
Comprehensive (loss) income attributable to Parsons Corporation, net of tax	$(13,053)	$102,025	$214,383

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 Shareholder's Deficit
Years Ended December 30, 2016, December 29, 2017 and December 31, 2018

(in thousands)	Redeemable Common Stock	Treasury Stock	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total Parsons Deficit	Noncontrolling Interests	Total Shareholder's Deficit
Balances at December 26, 2015	$ 1,818,576	$(704,715)	$ (227,373)	$ (19,797)	$ (951,885)	$ 82,476	(869,409)
Comprehensive loss							
Net (loss) income	—	—	(13,147)	—	(13,147)	11,161	(1,986)
Foreign currency translation (loss) gain	—	—	—	(94)	(94)	34	(60)
Pension adjustments	—	—	—	189	189	—	189
Purchase of treasury stock	(148,715)	(148,715)	148,715	—	—	—	—
Contributions of treasury stock to ESOP	41,796	47,311	(47,311)	—	—	—	—
Distributions, net of contributions	—	—	—	—	—	(36,502)	(36,502)
ESOP shares at redemption value	27,774	—	(27,774)	—	(27,774)	—	(27,774)
Balances at December 30, 2016	$ 1,739,431	$(806,119)	$ (166,890)	$ (19,702)	$ (992,711)	$ 57,169	$ (935,542)
Comprehensive income							
Net income	—	—	97,326		97,326	14,211	111,537
Foreign currency translation gain (loss)	—	—	—	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)	—	—	—	—
Distributions, net of contributions	—	—	—	—	—	(43,885)	(43,885)
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 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, net of distributions	—	—	—	—	—	1,770	1,770
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)

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

PARSONS CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Years Ended December 30, 2016, December 29, 2017 and December 31, 2018

(in thousands)	2016	2017	2018
Cash flows from operating activities			
Net (loss) income including noncontrolling interests	$ (1,986)	$ 111,537	$ 239,436
Adjustments to reconcile net (loss) income to net cash provided by operating activities			
Depreciation and amortization	42,156	35,198	69,869
Amortization of deferred gain	(7,283)	(7,283)	(7,253)
Amortization of debt costs	487	504	721
Gain associated with claim on long-term contract	—	—	(129,674)
(Gain) loss on disposal of property and equipment	(830)	1,184	780
Provision for doubtful accounts	13,142	12,530	5,255
Deferred taxes	(1,127)	5,465	(1,451)
Asset impairment	85,133	—	—
Foreign currency transaction gains and losses	(6)	(5,121)	5,224
Equity in earnings of unconsolidated joint ventures	(35,462)	(40,086)	(36,915)
Return on investments in unconsolidated joint ventures	33,669	33,377	35,192
Contributions of treasury stock	41,796	40,553	45,161
Changes in assets and liabilities, net of acquisitions and newly consolidated joint ventures			
Accounts receivable	105,572	(2,958)	461,304
Contract assets	—	—	(480,090)
Prepaid expenses and other current assets	(5,009)	(10,850)	(23,668)
Accounts payable	(43,183)	27,334	5,566
Accrued expenses and other current liabilities	(26,863)	26,091	30,396
Contract liabilities	—	—	205,047
Billings in excess of costs	(2,257)	7,900	(150,873)
Provision for contract losses	6,491	19,431	(13,795)
Income taxes	(2,827)	2,518	3,911
Other long-term liabilities	(3,054)	7,705	20,491
Net cash provided by operating activities	198,559	265,029	284,634
Cash flows from investing activities			
Capital expenditures	(30,079)	(27,939)	(29,283)
Proceeds from sale of property and equipment	1,902	2,250	439
Payments for acquisitions, net of cash acquired	—	(25,737)	(481,163)
Investments in unconsolidated joint ventures	(5,167)	(3,502)	(4,720)
Return of investments in unconsolidated joint ventures	4,042	1,967	11,432
Net cash used in investing activities	(29,302)	(52,961)	(503,295)
Cash flows from financing activities			
Proceeds from borrowings under credit agreement	—	—	260,000
Repayments of borrowings under credit agreement	—	—	(80,000)
Payments for debt costs and credit agreement	—	(1,949)	(545)
(Distributions) contributions to noncontrolling interests, net	(36,502)	(43,885)	1,770
Purchase of treasury stock	(148,715)	(111,403)	(125,814)
Deferred payments for acquisition	—	(2,934)	—
Net cash (used in) provided by financing activities	(185,217)	(160,171)	55,411
Effect of exchange rate changes	(1,200)	1,235	(1,699)
Net (decrease) increase in cash, cash equivalents and restricted cash	(17,160)	53,132	(164,949)
Cash, cash equivalents and restricted cash			
Beginning of year	410,172	393,012	446,144
End of year	$ 393,012	$ 446,144	$ 281,195
Cash paid during the year for			
Interest	$ 13,342	$ 12,905	$ 16,805
Income taxes (net of refunds)	16,270	14,364	17,054

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

PARSONS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 30, 2016, December 29, 2017 and December 31, 2018

1. Description of Operations

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. Parsons Employee Stock Ownership Plan (“ESOP”) is the sole shareholder of the Company.

2. Summary of Significant Accounting Policies

Financial Statement Revisions

During the preparation of the Form S-1 filing, the Company identified errors in the disclosure in the previously issued consolidated financial statements. The Company revised Note 4 in the accompanying notes to the consolidated financial statements to correct an error in the calculation of the remaining unsatisfied performance obligations. This resulted in a $103.6 million decrease of remaining unsatisfied performance obligations in 2018 for Critical Infrastructure, including $55.8 million within one year, $36.1 million within one to two years, and $11.8 million thereafter. In addition, the Company revised Note 20 in the accompanying notes to the consolidated financial statements to correct the omission of the segment disclosure for revenue by business line. Management evaluated these errors and concluded that they were not material to the previously issued financial statements.

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.

Unaudited Pro Forma Balance Sheet

The 2017 and 2018 unaudited pro forma balance sheet share information gives effect to the anticipated payment of the Stock Dividend (defined below) in a ratio of two shares of common stock for every one share of common stock presently held by the Company’s stockholder that is to occur in connection with the consummation of the offering. Refer to Note 21.

The 2018 unaudited pro forma balance sheet information also gives effect to the termination of our “S” Corporation status in connection with the Company’s anticipated initial public offering and the Company’s election to be treated as a “C” Corporation under the Internal Revenue Code, assuming such termination occurred on December 31, 2018. Additionally, the 2018 pro forma balance sheet information gives effect to a cash dividend to the Company’s existing shareholder in the amount of $2.00 per share, or $52.1 million, which is conditional upon closing of the anticipated initial public offering. The pro forma effect of the conversion to a “C” Corporation results in an increase in net deferred tax assets of $70.7 million, and the termination of the

Company's "S" Corporation status results in the reclassification of undistributed retained earnings, inclusive of the effects of the pro forma deferred tax and cash dividend adjustments, to additional paid-in capital. As all ESOP shares are contingently redeemable for cash during the 180-day lock up period, pro forma adjustments have not been made to reflect a reclassification of redeemable common stock held by the ESOP from temporary equity to permanent equity, as such reclassification is not expected until the 180-day lock-up period lapses and the interests redeemed by ESOP participants will be settled in shares of the public company.

Unaudited Pro Forma Income Statement

The 2016, 2017 and 2018 unaudited pro forma basic and diluted net income per share is computed using net income and unaudited pro forma weighted average shares outstanding. The unaudited pro forma weighted average shares outstanding give effect to the anticipated payment of the Stock Dividend in a ratio of two shares of common stock for every one share of common stock presently held by stockholders that is to occur in connection with the consummation of the offering.

The 2018 unaudited pro forma provision for income taxes information gives effect to the anticipated conversion of the Company to a C corporation. Prior to such anticipated conversion, the Company was an S corporation and generally not subject to federal income taxes within the United States. The pro forma net income, therefore, includes an adjustment for income tax expense on the income attributable to controlling interest as if the Company had been a C corporation as of December 30, 2017 at an assumed combined federal, state, local and foreign effective income tax rate of 28.77%.

The 2018 unaudited pro forma basic and diluted net income per share is computed using unaudited pro forma net income and unaudited pro forma weighted average shares outstanding as described above.

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 2016 and 2017, these dates were December 30, 2016 and December 29, 2017, respectively. 2016 was comprised of 53 weeks 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; 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 trust or committed to be contributed to the trust are presented as temporary equity as they include a cash redemption feature that is not solely within the control of the Company. 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 656,027 shares, 596,832 shares and 624,996 shares of common stock were made to the ESOP in fiscal 2016, 2017 and 2018, respectively. In fiscal 2016, 2017 and 2018 the Company repurchased 2,480,021 shares, 1,827,737 shares and 1,851,297 shares of common stock from the ESOP, respectively, in connection with the redemption of ESOP participants' interests in the ESOP for $148.7 million, $111.4 million and $125.8 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 ASU 2014-09, *"Revenue from Contracts with Customers"* and related ASU's subsequently issued by the Financial Accounting Standards Board ("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 29, 2017 and December 31, 2018.

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—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 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 quarter it is identified. 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 include: (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 our anticipated performance and all information (historical, current and forecasted) that is reasonably available to us. 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 our 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 of our 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 our 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 our 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 our 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 either in dispute, or other causes of unanticipated additional contract costs, including factors outside of our control, therefore the Company believe 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 believe the Company can reliably estimate the ultimate value. The Company continues 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.

Warranties—In most cases, our 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 our 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.

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, to the extent probable, 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 (loss). For the years ended December 30, 2016, December 29, 2017 and December 31, 2018, the Company recognized net operating income decreases related to changes in estimates at completion of $(22.4) million, $(23.8) million and $(2.3) million, respectively, in the consolidated statements of income (loss) resulting from changes in estimates.

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 amounts of cash collected from clients, billings to clients on contracts in advance of work performed and 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 35%, 36% and 42% of consolidated revenues for the years ended December 30, 2016, December 29, 2017 and December 31, 2018, respectively, and approximately 25% and 29% of accounts receivable as of December 29, 2017 and December 31, 2018, 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.

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

Goodwill is tested annually for impairment as of the end of November or on an interim basis 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. 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

The Company calculates its provision for income tax using the liability method of accounting. This approach requires the recognition of deferred tax liabilities and assets to reflect the tax effects of temporary differences between the financial reporting basis and tax basis of the Company's assets and liabilities. Deferred tax balances are adjusted, as appropriate, to reflect changes in tax rates and other factors that cause changes in the amounts the Company estimates eventually will become payable. The Company converted to S corporation status in 1999 and generally is not subject to federal income tax and certain state income tax on its income.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be 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 more likely than not to be 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 believes its estimates for uncertain tax positions are appropriate and sufficient for any assessments that may result from examinations of our tax returns. 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 loss 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 (loss).

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.

Restructuring

The Company began implementing a restructuring program in late 2015 to reorganize its business operations to better serve its customers, streamline its reporting structure and simplify layers of management with the objective of improving operational efficiency, reduce costs and better position the Company to achieve future organic growth. Actions included involuntary terminations and exiting operations in certain geographical regions. The Company recognized $12.4 million of restructuring expenses in “Indirect, general and administrative expenses” during the year ended December 30, 2016. As of December 30, 2016, the Company accrued $1.6 million for restructuring costs in accrued expenses and other current liabilities, which were fully paid during the year ended December 29, 2017. As of December 29, 2017 and December 31, 2018, there were no accrued amounts related to the restructuring program.

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 retained earnings 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 sheet of accumulated deficit as of December 30, 2017. Consistent with the modified retrospective transition approach, the comparative 2016 and 2017 periods were not adjusted to conform to the current period 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

The following table presents how the adoption of ASC 606 affected certain line items in the consolidated statement of income (loss) (in thousands):

For the year ended December 31, 2018	Balances Without Adoption of ASC 606	Adjustments Due to ASC 606	As Reported
Revenue	$ 3,560,930	$ (422)	$3,560,508
Direct costs of contracts	2,794,644	361	2,795,005
Income before income tax expense	260,586	(783)	259,803
Income tax expenses	20,329	38	20,367
Net income including noncontrolling interests	240,257	(821)	239,436
Net income attributable to noncontrolling interest	17,112	(13)	17,099
Net income attributable to Parsons Corporation	223,145	(808)	222,337

The following table presents how the adoption of ASC 606 affected certain line items in the consolidated balance sheet (in thousands):

As of December 31, 2018	Balances Without Adoption of ASC 606	Adjustments Due to ASC 606	As Reported
Accounts receivable, net	$ 1,137,411	$ (514,125)	$623,286
Contract assets	—	515,319	515,319
Deferred tax assets	5,655	25	5,680
Contract liabilities	—	208,576	208,576
Billings in excess of costs	186,696	(186,696)	—
Provision for contract losses	15,206	(15,206)	—
Retained earnings	17,990	(5,545)	12,445
Noncontrolling interests	46,371	90	46,461

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows, Classification of Certain Receipts and Cash Payments. ASU 2016-15 addresses eight specific cash flow issues to reduce the existing diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The Company adopted this ASU in 2018 and retrospectively applied to all years presented in the consolidated statements of cash flows, and its adoption did not have a material impact on the consolidated statements of cash flows.

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force). ASU 2016-18 requires an entity to include in its cash and cash-equivalent balances in the statement of cash flows those amounts that are deemed to be restricted cash and restricted cash equivalents. The Company adopted this ASU in 2018 and retrospectively applied to all years presented in the consolidated statements of cash flows, and its adoption did not have a material impact on the consolidated statements of cash flows.

In October 2016, the FASB issued ASU 2016-16, Income Taxes: Intra-Entity Transfer of Assets Other than Inventory. This ASU requires entities to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. The updated guidance also requires entities to disclose a comparison of income tax expense or benefit with statutory expectations and disclose the types of temporary differences and carryforwards that give rise to a significant portion of deferred income taxes. The Company adopted this guidance as of the beginning of fiscal 2018 and its adoption did not have a material impact on the consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, Simplifying the Test for Goodwill Impairment. ASU 2017-04 simplifies the test for goodwill impairment by removing the second step of the goodwill impairment test, which requires a hypothetical purchase price allocation. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. The guidance is effective for interim and annual reporting periods beginning after December 15, 2019 and should be applied prospectively with early adoption permitted. The Company early adopted the new standard as of the beginning of fiscal 2018 and its adoption did not have a material impact on the consolidated financial statements.

In January 2017, the FASB issued ASU 2017-01, Business Combinations: Clarifying the Definition of a Business. This ASU clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The guidance is effective for annual periods beginning after December 15, 2017, including interim periods within those periods. The Company adopted this ASU as of the beginning of fiscal 2018 and its adoption did not have an impact on the consolidated financial statements.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases. ASU 2016-02 provides revised guidance related to the accounting and reporting of leases, including a requirement for lessees to recognize most leases on the balance sheet. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee will depend on its classification as a finance or operating lease. For lessors, the guidance modifies the classification criteria and the accounting for sales-type and direct financing leases. The guidance is effective for the annual and interim periods beginning January 1, 2019, with early adoption permitted. The Company will adopt this ASU during the first quarter of 2019 using the modified retrospective method that will result in a cumulative effect adjustment to retained earnings as of the date of adoption. The new guidance will be applied to leases that exist or are entered into on or after January 1, 2019 without adjusting comparative periods in the financial statements. While the Company is currently assessing the impact this update will have to the consolidated financial statements, the standard requires lessees to record the rights and obligations created by leases with terms of more than 12 months on its consolidated balance sheets as right of use assets and lease liabilities. Our current minimum commitments under noncancelable operating leases are disclosed in Note 14.

3. Acquisitions

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 11, 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 (loss) for the period 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 estimated fair values of the assets acquired and liabilities assumed based on preliminary purchase price allocation 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 liabilties	(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

The Company is still in the process of finalizing its valuation of developed technology acquired.

Amortization expense of $30.3 million related to these intangible assets was recorded for the year ended December 31, 2018. The entire value of goodwill of $243.5 million was assigned to the Parsons Federal reporting unit and represents synergies expected to be realized from this business combination. The goodwill 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 executed during the fiscal years ended December 29, 2017 and December 31, 2018, had been consummated as of the beginning of the comparative period as follows (in thousands):

	2017 (unaudited)	2018 (unaudited)
Pro forma Revenue	$ 3,361,626	$ 3,713,804
Pro forma Net Income	44,145	208,762

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, pro forma impact of reflecting acquisition costs, which consisted of legal, advisory and due diligence fees and expenses, as of the assumed acquisition date, and the additional pro forma interest expense related to the borrowings under the credit agreement, for the years ended December 29, 2017 and December 31, 2018. 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.

Williams Electric

On October 6, 2017, the Company acquired a 100% ownership interest in the equity of Williams Electric Company, Inc. (WEC), a specialty contractor delivering global control system integration and energy infrastructure solutions to U.S. Government customers, for $26.4 million, the entirety of which was paid in cash at closing. WEC aligns with the Company’s strategy to grow its leadership position in protecting critical infrastructure assets from threats targeting connected operational technologies, including control systems.

In connection with this acquisition, the Company recognized $0.3 million of acquisition-related expenses in “Indirect, general and administrative expense” in the consolidated statements of income (loss) for the period ended December 29, 2017, including legal fees, consultation fees, and other miscellaneous direct expenses associated with the acquisition.

The following table summarizes the fair values of the assets acquired and liabilities assumed as of the date of acquisition (in thousands):

	WEC
Cash and cash equivalents	$ 650
Accounts receivable	10,398
Prepaid expenses and other current assets	4
Property and equipment	267
Goodwill	11,199
Intangible and other assets	7,820
Accounts payable	(1,585)
Accrued expenses and other current liabilities	(2,258)
Deferred tax liabilities	(108)
Net assets acquired	$26,387

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	$ 5,320	4 to 7
Backlog	2,500	1

The entire value of goodwill of $11.2 million was assigned to the Parsons Federal reporting unit and represents synergies expected to be realized from this business combination. During 2018, the Company finalized the valuation of assets and liabilities of WEC in the third quarter of 2018. In doing so, measurement period adjustments were made to reflect changes to facts and circumstances that existed as of the acquisition date, which resulted in a net increase in goodwill of $0.9 million. These adjustments related to a decrease in accounts receivable. The goodwill is deductible for tax purposes.

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
Fixed price	$ 1,124,934
Time-and-Materials	961,759
Cost plus	1,473,815
Total	$ 3,560,508

Refer to Note 20 for the Company's revenues by business lines.

Contract Assets and Contract Liabilities

These contract assets and contract liabilities balances at December 29, 2017 and December 31, 2018 were as follows (in thousands):

in thousands of US dollars ($)	December 29, 2017	December 31, 2018	$ change	% change
Contract assets	$ 506,963	$ 515,319	$ 8,356	1.6%
Contract liabilities	298,657	208,576	(90,081)	(30.2)%
Net contract assets (liabilities)(1)	$ 208,306	$ 306,743	$ 98,437	47.3%

(1) Total contract retentions included in net contract assets (liabilities) were $89.7 as of December 30, 2017. Total contract retentions included in net contract assets (liabilities) were $89.6 as of December 31, 2018, of which $46.3 million are not expected to be paid in

fiscal 2019. Contract assets at December 31, 2018 include approximately $47.1 million related to unapproved change orders, claims, and requests for equitable adjustment. For the year ended December 31, 2018, no material losses were recognized related to the collectability of claims, unapproved change orders, and requests for equitable adjustment.

During the year ended December 31, 2018, the Company recognized revenue of approximately $168.6 million that was included in the corresponding contract liability balance at December 30, 2017. 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:

- Acquired contract assets of $35.2 million
- Acquired contract liabilities of $3.5 million
- Reversal of provision for contract losses of $133.1 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 year ended December 31, 2018.

During the year ended December 31, 2018, the Company recognized revenues of $34.2 million and $12.9 million due to change orders and claims, respectively, related to changes in transaction price associated with performance obligations that were satisfied or partially satisfied. These amounts represent management’s estimates of additional contract revenues that had been earned and were probable of collection. The amount ultimately realized by the Company cannot currently be determined but could be significantly higher or lower than the estimated amount.

Transaction Price Allocated to the Remaining Unsatisfied Performance Obligations

The Company’s remaining unsatisfied performance obligations (“RUPO”) as of December 31, 2018 represent a measure of the total dollar value of work to be performed on contracts awarded and in progress. The Company had $5.3 billion in RUPO as of December 31, 2018.

RUPO will increase with awards of new contracts and decrease as the Company performs work and recognize 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 IDIQ contracts included in backlog for which task orders have not been issued for the Federal Solutions segment.

Our RUPO are 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, 2018 over the following periods (in thousands):

	Within One Year	Within One to Two Years	Thereafter
Federal solutions	$ 1,158,414	$ 366,009	$ 404,411
Critical infrastructure	1,443,502	720,206	1,168,173
	$ 2,601,916	$ 1,086,215	$ 1,572,584

5. Accounts Receivable, Net

Accounts receivable, net consisted of the following as of December 29, 2017 and December 31, 2018 (in thousands):

	2017	2018
Billed	$ 516,736	$538,808
Unbilled	510,127	135,180
Contract retentions	89,687	—
Total accounts receivable, gross	1,116,550	673,988
Allowance for doubtful accounts	(52,912)	(50,702)
Total accounts receivable, net	$1,063,638	$623,286

Billed accounts receivable represent amounts billed to clients that have not been collected. Unbilled accounts receivable represent revenue recognized but not yet billed pursuant to contract terms or billed after the period end date. Substantially all unbilled receivables as of December 31, 2018 are expected to be billed and collected within 12 months. Unbilled accounts receivable at December 29, 2017 include approximately $50.8 million related to unapproved change orders, claims, and requests for equitable adjustment. The Company regularly evaluates these amounts and records adjustments to operating income when recoverability is deemed to have changed. For the year ended December 29, 2017, no material losses were recognized related to the collectability of claims, unapproved change orders, and requests for equitable adjustment.

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.

6. Goodwill

The following table summarizes the changes in the carrying value of goodwill by reporting segment for fiscal years ended December 29, 2017 and December 31, 2018 (in thousands):

	December 30, 2016	Acquisitions	Impairment	Foreign Exchange	December 29, 2017
Federal Solutions	$ 412,168	$ 10,271	$ —	$ —	$ 422,439
Critical Infrastructure	70,528	—		3,819	74,347

PARSONS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 30, 2016, December 29, 2017 and December 31, 2018

	December 30, 2016	Acquisitions	Impairment	Foreign Exchange	December 29, 2017
Total	$ 482,696	$ 10,271	$ —	$ 3,819	$ 496,786

	December 29, 2017	Acquisitions	Impairment	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

The Company performs 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. The Company recorded an impairment charge of $84.7 million in the year ended December 30, 2016 associated with goodwill and intangible assets of its legacy Parsons Environment and Infrastructure reporting unit.

For the years ended December 29, 2017 and December 31, 2018, 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.

7. 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 29, 2017			December 31, 2018			Weighted Average Amortization Period
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	*(in years)*
Backlog	$45,854	$ (42,386)	$ 3,468	$ 80,754	$ (58,295)	$ 22,459	3.2
Customer relationships	45,629	(32,268)	13,361	121,629	(38,974)	82,655	7.7
Leases	593	(593)	—	670	(561)	109	4.7
Developed technology	2,939	(2,204)	735	87,839	(15,174)	72,665	4.0
Trade name	—	—	—	3,600	(2,100)	1,500	1.0
Total intangible assets	$95,015	$ (77,451)	$17,564	$294,492	$ (115,104)	$179,388	

The Company also has non-acquired other intangibles of $0.1 million as of December 29, 2017 and December 31, 2018.

The aggregate amortization expense of intangible assets was $9.7 million, $5.6 million and $37.4 million for the years ended December 30, 2016, December 29, 2017 and December 31, 2018, respectively. The Company recorded an impairment of $22.0 million related to its acquired customer relationships in the year ended December 30, 2016.

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

2019	$ 58,796
2020	48,743
2021	46,502
2022	14,627
2023	4,579
Thereafter	6,244
	$ 179,491

8. Property and Equipment, Net

Property and equipment consisted of the following at December 29, 2017 and December 31, 2018 (in thousands):

	2017	2018	Useful lives (years)
Building and leasehold improvements	$ 45,275	$ 54,348	1-15
Furniture and equipment	62,979	81,705	3-10
Computer systems and equipment	144,114	148,255	3-10
Construction equipment	11,969	12,074	5-7
	264,337	296,382	
Less: Accumulated depreciation	(176,759)	(204,533)	
Property and equipment, net	$ 87,578	$ 91,849	

Depreciation expense of $32.2 million, $29.4 million and $32.4 million was recorded for the years ended December 30, 2016, December 29, 2017 and December 31, 2018, respectively.

9. 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 (loss) of approximately $106.7 million and a total deferred gain of approximately $107.8 million. The current and long-term portion of the deferred gain has been recorded in “Accrued expenses and other current liabilities” and “Deferred gain resulting from sale-leaseback transactions” on the consolidated balance sheet, respectively, and is 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 (loss). Amortization of the deferred gain was $7.3 million for each of the years ended December 30, 2016, December 29, 2017 and December 31, 2018.

Refer to Note 14 for the future minimum lease payments for operating leases.

10. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following (in thousands):

	2017	2018
Salaries and wages	$ 49,504	$ 50,991
Employee benefits	194,760	214,008
Self-insurance liability	25,406	29,682
Project cost accruals	150,874	183,362
Other accrued expenses	83,606	81,657
Total accrued expenses and other current liabilities	$ 504,150	$ 559,700

11. Debt and Credit Facilities

Long-term debt consisted of the following (in thousands):

	2017	2018
Revolving credit facility	$ —	$180,000
Senior notes	250,000	250,000
Debt issuance costs	(593)	(836)
Long-term debt	$249,407	$429,164

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 29, 2017 and December 31, 2018 were 3.067% and 4.253%, 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 $69.4 million and $49.8 million at December 29, 2017 and December 31, 2018, 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. Amortization of debt issuance costs approximated $0.1 million for the years ended December 30, 2016, December 29, 2017 and December 31, 2018. Interest expense related to the Senior Notes approximated $12.6 million, $12.4 million and $12.4 million for the years ended December 30, 2016, December 29, 2017 and December 31, 2018, respectively. The amortization of debt issuance costs and interest expense are recorded in "Interest expense" on the consolidated statements of income (loss). The Company made interest payments related to the Senior Notes of approximately $12.4 million during the periods ended December 30, 2016, December 29, 2017 and December 31, 2018. Interest payable of approximately $5.7 million is recorded in "Accrued expenses and other current liabilities" on the consolidated balance sheets at December 29, 2017 and December 31, 2018, 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 29, 2017 and December 31, 2018.

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 $200.6 million and $223.0 million at December 29, 2017 and December 31, 2018, 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) of its debt approximates the carrying value.

12. Other Long-term Liabilities

Other long-term liabilities consisted of the following (in thousands):

	2017	2018
Self-insurance liability	$ 83,293	$ 99,813
Deferred rent	14,059	15,966
Reserve for uncertain tax positions	9,082	9,890
Capital lease obligations	—	935
Other long term liabilities	—	1,259
Total other long-term liabilities	$ 106,434	$ 127,863

Refer to Note 13 for further discussion of the Company's reconciliation of the beginning and ending balances of uncertain tax positions.

13. Income Taxes

In 1999, the Company filed a voluntary election to change its tax status from a C corporation to an S corporation for federal and certain state income tax purposes. The election is retroactive to the beginning of fiscal year 1999 and allows the Company to pass income or losses directly to its shareholder, the ESOP, without assessment of federal and certain states' income taxes.

The following table presents the components of our consolidated earnings before taxes (in thousands):

	2016	2017	2018
United States earnings	$ (20,718)	$ 85,913	$ 205,418
Foreign earnings	32,724	47,088	54,386
	$ 12,006	$ 133,001	$ 259,804

The income tax provision for the years ended December 30, 2016, December 29, 2017 and December 31, 2018 consisted of the following (in thousands):

	2016	2017	2018
Current			
State	$ (839)	$ (1,579)	$ (1,536)
Foreign	(14,690)	(14,482)	(20,253)
Total current income tax expense	(15,529)	(16,061)	(21,789)
Deferred			
State	1,833	569	(2,329)
Foreign	(296)	(5,972)	3,751
Total deferred income tax benefit (expense)	1,537	(5,403)	1,422
Total income tax expense	$ (13,992)	$ (21,464)	$ (20,367)

Total income tax expense was different from the amount computed by applying the United States federal statutory rate to pre-tax income as follows (in thousands):

	2016		2017		2018	
Income before income tax expense	$ 12,006		$ 133,001		$ 259,804	
Tax at federal statutory rate	(4,202)	(35)%	(46,550)	(35)%	(54,559)	(21)%
S- Corporation exclusion	(7,251)	(60)%	30,069	23%	43,137	17%
State tax	994	8%	(1,010)	(1)%	(3,865)	(1)%
Foreign withholding tax on US operations	(2,216)	(18)%	(3,392)	(3)%	(3,667)	(1)%
Valuation allowance	(5,253)	(44)%	(1,438)	(1)%	2,215	1%
Uncertain tax positions	(1,883)	(16)%	34	0%	(629)	(0)%
Return to provision and other adjustments	2,209	18%	(84)	(0)%	1,169	0%
Foreign tax rate differential	3,610	30%	907	1%	(4,168)	(2)%
Total income tax expense	$ (13,992)	(117)%	$ (21,464)	(16)%	$ (20,367)	(8)%

The components of deferred tax assets and liabilities consisted of the following (in thousands):

	2017	2018
Deferred tax assets		
Contract reserves	$ 3,600	$ 3,359
Accrued compensation	1,718	1,685
Deferred gain	860	677
Legal reserves	1,845	1
Net operating losses	11,180	14,855
Fixed assets	737	684
Intangible assets	1,251	—
Capital loss	701	647
Other	930	950
Total deferred tax assets	22,822	22,858
Deferred tax liabilities		
Deferred Income	(11,335)	(10,854)
Remittance taxes	(2,686)	(3,367)
Intangible assets	—	(2,529)
Total deferred tax liabilities	(14,021)	(16,750)
Net deferred tax assets before valuation allowance	8,801	6,108
Valuation allowance	(8,882)	(6,668)
Net deferred tax liabilities	$ (81)	$ (560)

The Company assesses the realizability of its deferred tax assets each reporting period through an analysis of potential sources of future 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 allowances against deferred tax assets are required.

In 2018, the Company adjusted valuation allowances to reflect the net reversal of certain foreign deferred tax assets totaling approximately $(2.2) million with respect to certain net operating losses and intangible assets. A valuation allowance was recorded to reduce deferred tax assets to the amount that is more likely than not to be realized based on the assessment of positive and negative evidence, including estimates of future taxable income necessary to realize future deductible amounts. The valuation allowance was $6.7 million at December 31, 2018.

As of December 31, 2018, foreign operating loss and capital loss carryforwards were approximately $64.0 million, of which approximately $28.0 million do not expire and approximately $36.0 million expire if not used between 2019 and 2038.

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

	2016	2017	2018
Beginning of year	$6,497	$ 7,827	$ 7,137
Increases—tax positions in current year	1,476	1,134	1,094
Increases—tax positions in prior periods	124	319	1,301
Reductions—tax positions in prior periods	(1)	(1,629)	(1,656)
Settlements	(39)	(361)	—
Lapse of statute limitations	(230)	(153)	(31)
	7,827	7,137	7,845
Interest and penalties	1,732	1,945	2,045
End of year	$9,559	$ 9,082	$ 9,890

In the next twelve months, it is reasonably possible that a reduction of unrecognized tax benefits and related interest may occur due to a resolution of certain tax matters, which could include payments on those tax matters, and as a result of the expiration of certain statutes of limitations. An estimate of that possible reduction cannot be made at this time. The statutory periods for examining the Company's federal income tax returns through fiscal year 2014 have expired. The Company remains subject to examination by the Internal Revenue Service for the years 2015 – 2018 and certain state and foreign jurisdictions for the years 2010 – 2018. The Company files income tax returns in numerous tax jurisdictions, including the U.S., and numerous U.S. states and non-U.S. jurisdictions around the world. The statute of limitations varies by jurisdiction in which the Company operates. Because of the number of jurisdictions in which the Company files tax returns, in any given year the statute of limitations in certain jurisdictions may expire without examination within the 12-month period from the balance sheet date.

On December 22, 2017, the President signed into law the Tax Cuts and Jobs Act ("Act"). The Act incorporates several new provisions into the law that will not have any meaningful impact on the Company's consolidated financial statements since the Company is currently not subject to Federal income tax as an ESOP owned S Corporation.

14. Commitments and Contingencies

Commitments

The Company's principal noncancelable operating lease agreements, primarily for office space and automation equipment, provide for minimum rentals as follows (in thousands):

2019	$ 67,879
2020	50,959
2021	42,509
2022	35,864
2023	29,429
Thereafter	50,025
	$ 276,665

Rental expense for the years ended December 30, 2016, December 29, 2017 and December 31, 2018 was $76.0 million, $73.3 million and $ 79.8 million, respectively, and is recorded in “Indirect, general and administrative expenses” in the consolidated statements of income (loss).

Contingencies

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 a joint venture in which the Company is the managing partner and the only other partner is bankrupt. The Company recorded a loss of $98.8 million for the year ended December 27, 2013 as a result of these judgments, which included the reversal of $55.1 million in previously recognized revenue. For each of the years ended December 30, 2016 and December 29, 2017, the Company recorded post-judgment interest of $9.3 million in “(Interest and other expense) gain associated with claim on long-term contract” in the consolidated statements of income (loss). In addition, for the years ended December 30, 2016 and December 29, 2017, the Company 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 is accrued for this matter in “Provision for contract losses” on the consolidated balance sheet as of December 29, 2017. 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 the 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 favor of the Company. 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 the Company reversed $133.1 million accrued in “Provision for contract losses on consolidated joint ventures” on the consolidated balance sheet, resulting in a net gain of $129.7 million on the consolidated statements of income, of which $55.1 million was recorded as an increase in revenue with the remainder recorded as other income.

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, it is too soon to determine the outcome of the litigation or assess the potential range of exposure, 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 accepted the petition and the case has been briefed and is scheduled for hearing on March 19, 2019. At this time, it is too soon to determine the outcome of the litigation or assess the potential range of exposure, 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 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 2009 have been closed, and years thereafter remain open.

The Company is subject to various lawsuits, claims and assessments which are routine to the nature of its 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. The Company believes that any significant costs relating to these claims will be reimbursed by applicable insurance. 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. The Company accrues a liability when management believes it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated. The Company records a corresponding receivable for costs covered under the insurance policies.

15. 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. All of the Company's common stock was acquired by the ESOP in conjunction with a reorganization in 1984, which was financed by the Company.

Upon retirement, death, termination due to permanent disability, a severe financial hardship, or the exercise of diversification rights, participants' interests in their ESOP accounts are redeemable at the current price per share of the stock. Such per share prices are 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 the end of the plan year preceding distribution.

Under the terms of the ESOP plan, when participants hold shares that are not readily tradeable, the Company is obligated to redeem eligible participants' interests in their ESOP accounts for cash upon an employee's election. All shares held by the ESOP are eventually redeemable in the future for cash at the option of the holder once vesting and eligibility requirements have been met. The Company presents all shares held by the ESOP as temporary equity on the consolidated balance sheet at their redemption value.

Total ESOP contribution expense was approximately $41.8 million, $40.6 million and $47.0 million for the years ended December 30, 2016, December 29, 2017 and December 31, 2018, respectively, and is recorded in "Direct costs of contracts" and "Indirect, general and administrative expense" in the consolidated statements of income (loss).

At December 29, 2017 and December 31, 2018, 27,283,904 shares and 26,057,603 shares of the Company's stock were held by the ESOP which the Company recorded at their redemption value of $1.9 billion. During the years ended December 30, 2016, 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 contribution to the 401(k) Plan for the years ended December 30, 2016, December 29, 2017 and December 31, 2018 amounted to $14.2 million, $15.8 million and $17.1 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 29, 2017 and December 31, 2018, the defined benefit pension plan was in a net asset position of $1.6 million and $1.7 million, respectively, which is recorded in "Other noncurrent assets" on the consolidated balance sheet.

16. 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 11 that relate to project ventures are approximately $80.6 million and $76.8 million at December 29, 2017 and December 31, 2018, 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 (in thousands):

	2017	2018
Current assets	$ 231,041	$ 287,227
Noncurrent assets	4,201	2,689
Total assets	235,242	289,916
Current liabilities	312,075	199,833
Total liabilities	312,075	199,833
Total joint venture (deficit) equity	$ (76,833)	$ 90,083

	2016	2017	2018
Revenue	$ 381,437	$ 446,506	$ 540,345
Costs	367,208	426,245	376,628
Net income	$ 14,229	$ 20,261	$ 163,717
Net income attributable to noncontrolling interests	$ 11,161	$ 14,211	$ 17,099

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.

Refer to Note 14 for discussion of liabilities, interest and other expenses recorded in connection with the 2013 judgment related to one of the Company's consolidated joint ventures.

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 (loss). 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 (in thousands):

	2017	2018
Current assets	$ 756,197	$ 707,457
Noncurrent assets	761,067	876,385
Total assets	1,517,264	1,583,842
Current liabilities	524,972	560,306
Noncurrent liabilities	683,142	813,269
Total liabilities	1,208,114	1,373,575
Total joint venture equity	$ 309,150	$ 210,267
Investments in and advances to unconsolidated joint ventures	$ 71,578	$ 63,560

	2016	2017	2018
Revenue	$ 1,908,151	$ 2,114,903	$ 1,773,037
Costs	1,776,216	1,988,569	1,661,232
Net income	$ 131,935	$ 126,334	$ 111,805
Equity in earnings of unconsolidated joint ventures	$ 35,462	$ 40,086	$ 36,915

The Company received net distributions from its unconsolidated joint ventures of $32.5 million, $31.8 million and $41.9 million for the years ended December 30, 2016, December 29, 2017 and December 31, 2018, respectively.

17. 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 30, 2016, December 29, 2017 and December 31, 2018, revenues included $127.7 million, $112.1 million and $144.7 million, respectively, related to services the Company provided to unconsolidated joint ventures. For the years ended December 30, 2016, December 29, 2017 and December 31, 2018, the Company incurred approximately $96.2 million, $81.8 million and $111.1 million, respectively, of reimbursable costs. Amounts included in the consolidated balance sheet related to services the Company provided to unconsolidated joint ventures is as follows (in thousands):

	2017	2018
Accounts receivable	$39,414	$36,050
Billings in excess of costs	$ 7,662	$ 5,567

18. 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 29, 2017 and December 31, 2018, 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 15 that are accounted for at fair value by Level within the fair value hierarchy.

Fair value as of December 29, 2017 (in thousands):

	Level 1	Level 2	Level 3	Total
Mutual funds	$2,829	$ —	$ —	$ 2,829
Fixed income	—	12,114	—	12,114
Cash and cash equivalents	85	—	—	85
	$2,914	$12,114	$ —	$15,028

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

As described in Note 15, the Company acquired a defined contribution pension plan, a defined benefit pension plan, and supplemental retirement plans. At December 29, 2017 and December 31, 2018, 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 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 15 that is accounted for at fair value by Level within the fair value hierarchy.

Fair value as of December 29, 2017 (in thousands):

	Level 1	Level 2	Level 3	Total
Redeemable Common Stock	$ —	$ —	$1,855,305	$1,855,305
	$ —	$ —	$1,855,305	$1,855,305

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 15, the Company is obligated to redeem eligible participants' interests in their ESOP accounts for cash upon an employee's election. All shares held by the ESOP are eventually redeemable in the future for cash at the option of the holder once vesting and eligibility requirements have been met. The Company presents all shares held by the ESOP as temporary equity on the consolidated balance sheet at their redemption value. At December 29, 2017 and December 31, 2018, approximately 27,283,904 shares and 26,057,603 shares of the Company's stock were held by the ESOP which the Company recorded at their redemption values of $1.9 billion. The redemption values are 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.

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):

	2017	2018
Balance at beginning of year	$ 1,739,431	$ 1,855,305
Purchases of treasury stock	(111,403)	(125,814)
Contributions of treasury stock to ESOP	40,553	47,043
Share price adjustment	186,724	99,775
Balance at end of year	$ 1,855,305	$ 1,876,309

19. 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 2016, 2017 and 2018.

The weighted average number of shares used to compute basic and diluted EPS were (in thousands):

	2016	2017	2018
Basic weighted average number of shares outstanding	29,499	27,858	26,671
Dilutive common share equivalents	—	—	—
Diluted weighted average number of shares outstanding	29,499	27,858	26,671

20. Segments Information

The Company operates in two reportable segments: Federal Solutions and Critical Infrastructure.

The Federal Solutions segment is a high-end services provider to the U.S. government, delivering timely, cost-effective solutions for mission-critical projects. The segment provides advanced technologies, including cybersecurity, missile defense systems, and subsurface munitions detection, as well as military facility modernization, logistics support, chemical weapon remediation and engineering services.

The Critical Infrastructure segment provides integrated design and engineering services for complex physical and digital infrastructure around the globe. The Critical Infrastructure segment is a technology innovator focused on next generation infrastructure. Industry leading capabilities in design 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):

	2016	2017	2018
Revenues:			
Federal Solutions	$ 1,066,740	$ 1,079,906	$ 1,479,007
Critical Infrastructure	1,972,451	1,937,105	2,081,501
Total revenues	$ 3,039,191	$ 3,017,011	$ 3,560,508

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

PARSONS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 30, 2016, December 29, 2017 and December 31, 2018

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 information for the periods presented (in thousands):

	2016	2017	2018
Adjusted EBITDA attributable to Parsons Corporation			
Federal Solutions	$ 79,376	$ 89,269	$114,571
Critical Infrastructure	81,206	86,471	97,779
Adjusted EBITDA attributable to Parsons Corporation	160,582	175,740	212,350
Adjusted EBITDA attributable to noncontrolling interests	12,570	14,891	17,407
Depreciation and amortization	(42,156)	(35,198)	(69,869)
Interest expense, net	(15,319)	(13,333)	(18,132)
Income tax expense	(13,992)	(21,464)	(20,367)
Impairment of goodwill and other intangible assets	(85,133)	—	—
Litigation related expenses(a)	(9,422)	(10,026)	129,674
Amortization of deferred gain resulting from sale-leaseback transactions	7,283	7,283	7,253
Transaction related costs(c)	(2,552)	(1,190)	(12,942)
Restructuring(d)	(12,407)	—	—
HCM software implementation costs(e)	—	—	(5,369)
Other(f)	(1,440)	(5,166)	(569)
Net (loss) income including noncontrolling interests	$ (1,986)	$111,537	$239,436
Net income attributable to noncontrolling interests	(11,161)	(14,211)	(17,099)
Net (loss) income attributable to Parsons Corporation	$ (13,147)	$ 97,326	$222,337

(a) For the years ended December 30, 2016 and December 29, 2017, the Company recorded post-judgment interest expense in "(Interest and other expenses) gain associated with claim on long-term contract" in our results of operations related to the judgment entered against us in 2014 in connection with a lawsuit by the Los Angeles Metropolitan Transportation Authority. For the year ended December 31, 2018, due to the judgment being vacated, the Company reversed $133.1 million accrued in "Provision for contract losses on consolidated joint ventures" on the consolidated balance sheet, resulting in a net gain of $129.7 million on the consolidated statements of income, of which $55.1 million was recorded as an increase in revenue with the remainder recorded in "(Interest and other expenses) gain associated with claim on long-term contract". See Note 14.

(b) Reflects recognized deferred gains related to sales-leaseback transactions described in Note 9.

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

(d) Reflects costs associated with and related to our corporate restructuring initiatives, including expenses incurred in connection with a restructuring program we began implementing in 2015 as described in Note 2.

(e) Reflects implementation costs incurred in connection with a new human resources and payroll application.

PARSONS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 30, 2016, December 29, 2017 and December 31, 2018

(f) Other includes a combination of loss from sale of a subsidiary, gain/loss related to sale of fixed assets, gain/loss related to disposed businesses and other individually insignificant items that are non-recurring, infrequent or unusual 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):

	2016	2017	2018
Revenues:			
North America	$ 2,330,806	$ 2,348,527	$ 2,780,264
Middle East	658,393	634,069	715,290
Rest of World	49,992	34,415	64,954
Total revenues	$ 3,039,191	$ 3,017,011	$ 3,560,508
Property and equipment, net			
North America		$ 80,852	$ 86,847
Middle East		6,726	5,002
Total property and equipment, net		$ 87,578	$ 91,849

North America revenue includes $2.1 billion, $2.1 billion and $2.5 billion of United States revenue for the years ended December 30, 2016, December 29, 2017 and December 31, 2018, respectively. North America property and equipment, net includes $76.2 million and $79.9 million of property and equipment, net in the United States at December 29, 2017 and December 31, 2018, respectively.

The following table presents revenues by business lines (in thousands):

	2016	2017	2018
Revenues:			
Federal Solutions			
Cyber & Intelligence	$ 142,094	$ 184,771	$ 255,447
Defense	300,310	291,358	431,059
Mission Solutions	284,454	291,933	360,969
Engineered Systems	339,882	311,844	431,532
Geospatial	—	—	—
Federal Solutions revenues	1,066,740	1,079,906	1,479,007
Critical Infrastructure			
Connected Communities	537,545	602,975	656,513
Mobility Solutions	1,107,101	1,102,725	1,183,863
Industrial	327,805	231,405	241,125
Critical Infrastructure revenues	1,972,451	1,937,105	2,081,501
Total revenues	$ 3,039,191	$ 3,017,011	$ 3,560,508

21. Subsequent Events

The Company evaluated subsequent events through March 8, 2019, the date on which the financial statements were available to be issued.

On January 7, 2019, the Company acquired a 100% ownership interest in OGSystems, an innovative solutions provider with advanced technologies in geospatial intelligence, big data analytics, and threat mitigation, for approximately $300.3 million paid in cash. The Company borrowed $110 .0 million under the Credit Agreement as described in Note 11 and $150.0 million on a short-term loan. The Company is in the process of finalizing its purchase price allocation.

Events subsequent to Original Issuance of Financial Statements (unaudited)

The Company has evaluated subsequent events through March 22, 2019, April 12, 2019 and April 29, 2019, the date on which the financial statements were available to be reissued.

On March 19, 2019, the United States Supreme Court heard the case between the Company and the Relator. The plaintiff alleges that, as a result of the Company's 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 the Company 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 the Company's 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. At this time, it is too soon to determine the outcome of the litigation or assess the potential range of exposure, if any, and a ruling is not expected until the second quarter of 2019.

On April 3, 2019, the Company's board of directors declared a cash dividend to the Company's existing shareholder in the amount of $2.00 per share, or $52.1 million in the aggregate (the "IPO Dividend"). The payment of the IPO Dividend is conditional upon the closing of the Company's anticipated initial public offering, and payable to the Company's existing shareholder on the day immediately following the closing of the anticipated initial public offering.

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 presently held by the Company's stockholder (the "Stock Dividend"). The payment of this common stock dividend, which the Company refers to as the Stock Dividend, is conditioned upon the closing of the Company's anticipated initial public offering. The record date of the Stock Dividend is the day immediately prior to the consummation of the Company's anticipated initial public offering and the payment date of the Stock Dividend is the day of the consummation of the Company's anticipated public offering. Purchasers of the Company's common stock in the Company's anticipated public offering will not be entitled to receive any portion of the Stock Dividend.

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
2016					
Allowance for doubtful accounts	$ 31,155	$14,255	$ (3,028)	$ (2,014)	$ 40,368
Valuation allowance on deferred tax assets	2,192	5,264	(12)	—	7,444
2017					
Allowance for doubtful accounts	40,368	12,530	(2,730)	2,743	52,911
Valuation allowance on deferred tax assets	7,444	3,493	(2,055)	—	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	627	(2,841)		6,668

[Table of Contents](#)

Table of Contents

18,518,500 Shares

Parsons Corporation

Common Stock

Goldman Sachs & Co. LLC **BofA Merrill Lynch**

Morgan Stanley

Jefferies **Wells Fargo Securities**

Cowen **SunTrust Robinson Humphrey** **MUFG** **Scotiabank**

Through and including , 2019 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth all expenses to be paid by us, other than underwriting discounts and commissions, upon completion of this offering. All amounts shown are estimates except for the SEC registration fee and the FINRA filing fee.

SEC registration fee	$ 72,271
FINRA filing fee	89,944
Exchange listing fee	300,000
Printing and engraving expenses	338,000
Legal fees and expenses	2,500,000
Accounting fees and expenses	1,035,000
Transfer agent and registrar fees	16,000
ESOP Trustee fees and expenses	4,700,000
Miscellaneous expenses	500,000
Total	$ 9,551,215

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 145 of the Delaware General Corporation Law authorizes the board of directors of a corporation to grant, and authorizes a court to award, indemnity to officers, directors and other corporate agents.

We expect to adopt an certificate of incorporation, which will become effective immediately prior to the completion of this offering, and which will contain provisions that limit the liability of our directors for monetary damages to the fullest extent permitted by Delaware law. Consequently, our directors will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duties as directors, except liability for the following:

- any breach of their duty of loyalty to our company or our stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; or
- any transaction from which they derived an improper personal benefit.

Any amendment to, or repeal of, these provisions will not eliminate or reduce the effect of these provisions in respect of any act, omission or claim that occurred or arose prior to that amendment or repeal. If the Delaware General Corporation Law is amended to provide for further limitations on the personal liability of directors of corporations, then the personal liability of our directors will be further limited to the greatest extent permitted by the Delaware General Corporation Law.

In addition, we expect to adopt bylaws, which will become effective immediately prior to the completion of this offering, and which will provide that we will indemnify, to the fullest extent permitted by law, any person who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a “proceeding”), by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was a director or officer of the corporation or, while a director or officer of the corporation, is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred. Our bylaws will also provide that we must pay the expenses (including attorneys' fees) incurred by a director or officer in defending any proceeding in advance of its final disposition, subject to limited exceptions.

Further, we have entered into or will enter into indemnification agreements with each of our directors and executive officers that may be broader than the specific indemnification provisions contained in the Delaware General Corporation Law. These indemnification agreements require us, among other things, to indemnify our directors and executive officers against liabilities that may arise by reason of their status or service. These indemnification agreements also require us to advance all expenses incurred by the directors and executive officers prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in any such action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding. We believe that these provisions and agreements are necessary to attract and retain qualified individuals to serve as directors and executive officers.

The limitation of liability and indemnification provisions that are expected to be included in our certificate of incorporation, bylaws and in indemnification agreements that we have entered into or will enter into with our directors and executive officers may discourage stockholders from bringing a lawsuit against our directors and executive officers for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against our directors and executive officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and executive officers as required by these indemnification provisions. At present, we are not aware of any pending litigation or proceeding involving any person who is or was one of our directors, officers, employees or other agents or is or was serving at our request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, for which indemnification is sought, and we are not aware of any threatened litigation that may result in claims for indemnification.

We have obtained insurance policies under which, subject to the limitations of the policies, coverage is provided to our directors and executive officers against loss arising from claims made by reason of breach of fiduciary duty or other wrongful acts as a director or executive officer, including claims relating to public securities matters, and to us with respect to payments that may be made by us to these directors and executive officers pursuant to our indemnification obligations or otherwise as a matter of law.

Certain of our non-employee directors may, through their relationships with their employers, be insured and/or indemnified against certain liabilities incurred in their capacity as members of our board of directors.

The underwriting agreement to be filed as Exhibit 1.1 to this registration statement will provide for indemnification by the underwriters of us and our officers and directors for certain liabilities arising under the Securities Act or otherwise.

Table of Contents

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

We have contributed 5,633,565 shares of our common stock to the ESOP since January 1, 2016. We claimed exemption from registration under the Securities Act for such contributions in that the contributions were not sales of securities under the Securities Act. The preceding information gives effect to the payment of a common stock dividend in a ratio of two shares of common stock for every one share of common stock presently held by our stockholders that is to occur in connection with the consummation of this offering.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) *Exhibits*. The following exhibits are filed as part of this registration statement:

Exhibit Number	Exhibit Description
1.1	Form of Underwriting Agreement.
3.1#	Form of Certificate of Incorporation, effective upon the consummation this offering.
3.2	Form of Amended and Restated Bylaws, effective upon the consummation of this offering.
5.1	Opinion of Latham & Watkins LLP.
10.1#	2012 Amendment and Restatement of Parsons Employee Stock Ownership Plan (including all amendments to date), currently in effect.
10.2	Form of Amendment and Restatement of Parsons Employee Stock Ownership Plan, to be in effect prior to the consummation of this offering.
10.3#	Parsons Corporation Employee Stock Ownership Trust Agreement, effective as of December 31, 2005.
10.4#+	Parsons Corporation Restricted Award Plan.
10.5#+	Form of Restricted Award Units agreement under the Parsons Corporation Restricted Award Plan.
10.6#+	Parsons Corporation Annual Incentive Plan.
10.7#+	Parsons Corporation Shareholder Value Plan.
10.8#+	Parsons Corporation Long Term Growth Plan.
10.9#+	Parsons Corporation Share Value Retirement Plan.
10.10+	Parsons Corporation Incentive Award Plan.
10.11+	Form of Restricted Stock Unit Agreement under the Parsons Corporation Incentive Award Plan.
10.12+	Parsons Corporation Non-Employee Director Compensation Policy.
10.13#+	Change in Control Severance Agreement, dated as of February 7, 2019, by and between Parsons Corporation and George L. Ball.
10.14+	Change in Control Severance Agreement, dated as of April 5, 2019, by and between Parsons Corporation and Charles L. Harrington.
10.15#+	Change in Control Severance Agreement, dated as of February 7, 2019, by and between Parsons Corporation and Michael R. Kolloway.
10.16#+	Change in Control Severance Agreement, dated as of March 9, 2019, by and between Parsons Corporation and Carey A. Smith.
10.17+	Form of Indemnification Agreement between Parsons Corporation and certain of its directors and officers.

Exhibit Number	Exhibit Description
10.18#	Note Purchase Agreement, dated as of May 9, 2014, among Parsons Corporation and the purchasers party thereto, and the forms of Senior Notes.
10.19#	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.
10.20#	First Amendment to the Note Purchase Agreement, dated as of August 10, 2018, by and between Parsons Corporation and the purchasers party thereto.
10.21#	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.
10.22#	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.
10.23#	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.
10.24#+	Michael Johnson Separation Agreement (including related Consulting Services Agreement).
10.25	Engagement Letter by and between Parsons Corporation and Newport Trust Company.
10.26	Form of Registration Rights Agreement by and between Parsons Corporation and Newport Trust Company.
10.27	Form of Letter Agreement by and between Parsons Corporation and Newport Trust Company.
10.28+	Fee Deferral Plan for Outside Directors of the Parsons Corporation Board of Directors.
21.1	List of Subsidiaries of the Registrant.
23.1	Consent of PricewaterhouseCoopers LLP.
23.2	Consent of Latham & Watkins LLP (included in Exhibit 5.1).
24.1#	Power of Attorney (see page II-6).

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

(b) *Financial Statement Schedules*. All financial statement schedules are omitted because the information called for is not required or is shown either in the consolidated financial statements or in the notes thereto.

ITEM 17. UNDERTAKINGS.

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act, may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933, as amended, and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Amendment No. 1 to Registration Statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in Centreville, Virginia, on the 29th day of April, 2019.

Parsons Corporation

By: /S/ GEORGE L. BALL
George L. Ball
Chief Financial Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Michael R. Kolloway and George L. Ball, jointly and severally, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign the Registration Statement on Form S-1 of Parsons Corporation and any or all amendments (including post-effective amendments) thereto and any new registration statement with respect to the offering contemplated thereby filed pursuant to Rule 462(b) of the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises hereby ratifying and confirming all that said attorneys-in-fact and agents, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 1 to Registration Statement on Form S-1 has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
* Charles L. Harrington	Chief Executive Officer and Director (Principal Executive Officer)	April 29, 2019
/S/ GEORGE L. BALL George L. Ball	Chief Financial Officer (Principal Financial and Accounting Officer)	April 29, 2019
* Kenneth C. Dahlberg	Director	April 29, 2019
* Mark K. Holdsworth	Director	April 29, 2019
* Steven F. Leer	Director	April 29, 2019
* Tamara L. Lundgren	Director	April 29, 2019

Signature	Title	Date
* James F. McGovern	Director	April 29, 2019
* Harry T. McMahon	Director	April 29, 2019
* M. Christian Mitchell	Director	April 29, 2019
* Suzanne M. Vautrinot	Director	April 29, 2019

*By: /S/ GEORGE L. BALL
George L. Ball
Attorney-in-fact

Exhibit 1.1

Parsons Corporation

18,518,500 Shares of Common Stock, par value $1.00 per share

Underwriting Agreement

________, 2019

Goldman Sachs & Co. LLC
Merrill Lynch, Pierce, Fenner & Smith Incorporated
Morgan Stanley & Co. LLC,
As representatives (the "Representatives") of the several Underwriters
named in Schedule I hereto,
c/o Goldman Sachs & Co. LLC
200 West Street,
New York, New York 10282-2198

Ladies and Gentlemen:

Parsons Corporation, a Delaware corporation (the "Company"), proposes, subject to the terms and conditions stated in this agreement (this "Agreement"), to issue and sell to the Underwriters named in Schedule I hereto (the "Underwriters") an aggregate of 18,518,500 shares (the "Firm Shares") and, at the election of the Underwriters, up to 2,777,775 additional shares (the "Optional Shares") of Common Stock, $1.00 par value per share ("Stock"), of the Company (the Firm Shares and the Optional Shares that the Underwriters elect to purchase pursuant to Section 2 hereof being collectively called the "Shares").

The Company hereby confirms its engagement of Goldman Sachs & Co. LLC as, and Goldman Sachs & Co. LLC hereby confirms its agreement with the Company to render services as, the "qualified independent underwriter," within the meaning of Rule 5121(f)(12) of the Financial Industry Regulatory Authority, Inc. ("FINRA") with respect to the offering and sale of the Shares. Goldman Sachs & Co. LLC, solely in its capacity as the qualified independent underwriter and not otherwise, is referred to herein as the "QIU."

1. The Company represents and warrants to, and agrees with, each of the Underwriters that:

(a) A registration statement on Form S-1 (File No. 333-230833) (the "Initial Registration Statement") in respect of the Shares has been filed with the Securities and Exchange Commission (the "Commission"); the Initial Registration Statement and any post-effective amendment thereto, each in the form heretofore delivered to you, have been declared effective by the Commission in such form; other than a registration statement, if any, increasing the size of the offering (a “Rule 462(b) Registration Statement”), filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the “Act”), which became effective upon filing, no other document with respect to the Initial Registration Statement has been filed with the Commission; and no stop order suspending the effectiveness of the Initial Registration Statement, any post-effective amendment thereto or the Rule 462(b) Registration Statement, if any, has been issued and no proceeding for that purpose has been initiated or, to the knowledge of the Company, threatened by the Commission (any preliminary prospectus included in the Initial Registration Statement or filed with the Commission pursuant to Rule 424(a) of the rules and regulations of the Commission under the Act is hereinafter called a “Preliminary Prospectus”); the various parts of the Initial Registration Statement and the Rule 462(b) Registration Statement, if any, including all exhibits thereto and including the information contained in the form of final prospectus filed with the Commission pursuant to Rule 424(b) under the Act in accordance with Section 5(a) hereof and deemed by virtue of Rule 430A under the Act to be part of the Initial Registration Statement at the time it was declared effective, each as amended at the time such part of the Initial Registration Statement became effective or such part of the Rule 462(b) Registration Statement, if any, became or hereafter becomes effective, are hereinafter collectively called the “Registration Statement”; the Preliminary Prospectus relating to the Shares that was included in the Registration Statement immediately prior to the Applicable Time (as defined in Section 1(c) hereof) is hereinafter called the “Pricing Prospectus”; such final prospectus, in the form first filed pursuant to Rule 424(b) under the Act, is hereinafter called the “Prospectus”; and any “issuer free writing prospectus” as defined in Rule 433 under the Act relating to the Shares is hereinafter called an “Issuer Free Writing Prospectus”);

(b) (A) No order preventing or suspending the use of any Preliminary Prospectus or any Issuer Free Writing Prospectus has been issued by the Commission, and (B) each Preliminary Prospectus, at the time of filing thereof, conformed in all material respects to the requirements of the Act and the rules and regulations of the Commission thereunder, and did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with the Underwriter Information (as defined in Section 9(b) of this Agreement);

(c) For the purposes of this Agreement, the “Applicable Time” is [__:__ __m (Eastern time)] on the date of this Agreement. The Pricing Prospectus, as supplemented by the information listed on Schedule II(c) hereto, taken together (collectively, the “Pricing Disclosure Package”), as of the Applicable Time, did not, and as of each Time of Delivery (as defined in Section 4(a) of this Agreement) will not, include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and each Issuer Free Writing

Prospectus listed on Schedule II(a) hereto does not conflict with the information contained in the Registration Statement, the Pricing Prospectus or the Prospectus and each such Issuer Free Writing Prospectus, as supplemented by and taken together with the Pricing Disclosure Package, as of the Applicable Time, did not, and as of each Time of Delivery will not, include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to statements or omissions made in reliance upon and in conformity with the Underwriter Information;

(d) The Registration Statement conforms at the time it was declared effective, and the Prospectus and any further amendments or supplements to the Registration Statement and the Prospectus on the date when such prospectus, amendment or supplement is first filed will conform, in all material respects to the requirements of the Act and the rules and regulations of the Commission thereunder and do not and will not, as of the applicable effective date as to each part of the Registration Statement and as of the applicable filing date as to the Prospectus and any amendment or supplement thereto, and as of each Time of Delivery, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein, or necessary to make the statements therein not misleading (with respect to the Prospectus and any amendment or supplement thereto, in light of the circumstances under which they were made); provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with the Underwriter Information;

(e) Neither the Company nor any of its subsidiaries has, since the date of the latest audited financial statements included in the Pricing Prospectus, sustained any material loss or interference with the business of the Company and its subsidiaries (taken as a whole) from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Pricing Prospectus; and, since the respective dates as of which information is given in the Registration Statement and the Pricing Prospectus, there has not been (x) any change in the capital stock (other than as a result of the issuance, if any, of stock upon conversion of Company securities as described in the Pricing Prospectus and the Prospectus) or long-term debt of the Company or any of its subsidiaries or (y) any Material Adverse Effect (as defined below); as used in this Agreement, “Material Adverse Effect” shall mean any material adverse change or effect, or any development involving a prospective material adverse change or effect, in or affecting (i) the business, properties, general affairs, management, financial position, stockholders’ equity or results of operations of the Company and its subsidiaries, taken as a whole, except as set forth or contemplated in the Pricing Prospectus; or (ii) the ability of the Company to perform its obligations under this Agreement, including the issuance and sale of the Shares;

(f) The Company and its subsidiaries have good and marketable title in fee simple to all real property and good and marketable title to all personal property owned by them, in each case free and clear of all liens, encumbrances and defects except such as are described in the Pricing Prospectus or such as would not, individually or in the aggregate, reasonably be expected to have a Materially Adverse Effect; and any real property and buildings held under lease by the Company and its subsidiaries are held by them under valid, subsisting and enforceable leases except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(g) Each of the Company and each of its Significant Subsidiaries (as defined in Rule 1-02(x) of Regulation S-X under the Act) set forth on Annex III hereto has been (i) duly organized, incorporated or formed, as applicable, and is validly existing and in good standing under the laws of its jurisdiction of organization, formation or incorporation, as applicable, with power and authority to own its properties and conduct its business as described in the Pricing Prospectus, and (ii) duly qualified for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, except where the failure to be so qualified or in good standing in any such jurisdiction would not, individually or in the aggregate, have a Material Adverse Effect;

(h) The Company has an authorized capitalization as set forth in the Pricing Prospectus and all of the issued shares of capital stock of the Company have been duly and validly authorized and issued and are fully paid and non-assessable and conform to the description of the Stock contained in the Pricing Disclosure Package and Prospectus; and all of the issued shares of capital stock or equity interest, as applicable, of each Significant Subsidiary of the Company have been duly and validly authorized and issued (and with respect to shares of capital stock, are fully paid and non-assessable) and (except, in the case of any foreign subsidiary, for directors' qualifying shares) are owned directly or indirectly by the Company, free and clear of all liens, encumbrances, equities or claims, except for such liens or encumbrances described in the Pricing Prospectus and the Prospectus;

(i) The unissued Shares to be issued and sold by the Company to the Underwriters hereunder have been duly and validly authorized and, when issued and delivered against payment therefor as provided herein, will be duly and validly issued and fully paid and non-assessable and will conform in all material respects to the description of the Stock contained in the Pricing Disclosure Package and the Prospectus and the issuance of the Shares is not subject to any preemptive or similar rights;

(j) The issue and sale of the Shares and the compliance by the Company with this Agreement and the consummation of the transactions contemplated in this Agreement and the Pricing Prospectus will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, (A) any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject, (B) the certificate of incorporation or by-laws (or other applicable organizational document) of the Company or any of its subsidiaries, or (C) any statute or any judgment, order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their properties, except in the case of clause (A) or (C), for such defaults, breaches or violations that would not, individually or in the aggregate, have a Material Adverse Effect; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the Shares or the consummation by the Company of the transactions contemplated by this Agreement, except such as have already been obtained or as may be required for registration under the Act of the Shares**,** the approval by FINRA of the underwriting terms and arrangements, the approval for listing on the Exchange and such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Shares by the Underwriters;

(k) Neither the Company nor any of its subsidiaries is (i) in violation of its certificate of incorporation or by-laws (or other applicable organizational document), (ii) in violation of any statute or any judgment, order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their properties, or (iii) in default in the performance or observance of any obligation, agreement, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which it is a party or by which it or any of its properties may be bound, except, in the case of the immediately foregoing clauses (ii) and (iii), for such violations, breaches or defaults as would not, individually or in the aggregate, have a Material Adverse Effect. As used in this Agreement, “subsidiary” has the meaning set forth in Rule 405 under the Act;

(l) The statements set forth in the Pricing Prospectus and Prospectus under the caption “Description of Capital Stock”, insofar as they purport to constitute a summary of the terms of the Stock, and under the captions “Business – Regulation”, “Material U.S. Federal Income Tax Consequences to Non-U.S. Holders of our Common Stock”, and “Underwriting”, insofar as they purport to describe the provisions of the laws and documents referred to therein, are accurate and fair in all material respects;

(m) Other than as set forth in the Pricing Prospectus, there are no legal or governmental proceedings pending to which the Company or any of its subsidiaries, or, to the Company’s knowledge, any officer or director of the Company, is a party or of which any property of the Company or any of its subsidiaries, or, to the Company’s knowledge, any officer or director of the Company, is the subject which, if determined adversely to the Company or any of its subsidiaries (or such officer or director), would individually or in the aggregate, have a Material Adverse Effect; and, to the Company’s knowledge, no such proceedings are threatened or contemplated by governmental authorities or others;

(n) The Company is not and, after giving effect to the offering and sale of the Shares and the application of the proceeds thereof, will not be an "investment company", as such term is defined in the Investment Company Act of 1940, as amended (the "Investment Company Act");

(o) At the time of filing the Initial Registration Statement and any post-effective amendment thereto, at the earliest time thereafter that the Company or any offering participant made a bona fide offer (within the meaning of Rule 164(h)(2) under the Act) of the Shares, the Company was not, and as of the date hereof is not, an "ineligible issuer," as defined under Rule 405 under the Act;

(p) PricewaterhouseCoopers LLP, who have certified certain financial statements of the Company and its subsidiaries, are independent public accountants as required by the Act and the rules and regulations of the Commission thereunder;

(q) The Company maintains a system of internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) that (i) has been designed to comply with the requirements of the Exchange Act, and (ii) has been designed by the Company's principal executive officer and principal financial officer, or under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Other than as described in the Pricing Prospectus, the Company is not aware of any material weaknesses in its internal control over financial reporting;

(r) Except as disclosed in the Pricing Prospectus, since the date of the latest audited financial statements included in the Pricing Prospectus, there has been no change in the Company's internal control over financial reporting that has materially and adversely affected, or is reasonably likely to materially and adversely affect, the Company's internal control over financial reporting;

(s) The Company maintains disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act) that will comply with the requirements of the Exchange Act within the time period required and such disclosure controls and procedures have been designed to ensure that material information relating to the Company and its subsidiaries is made known to the Company's principal executive officer and principal financial officer by others within those entities;

(t) Except as would not reasonably be expected to have a Material Adverse Effect, and other than as set forth in the Pricing Prospectus or Prospectus, the Company and its subsidiaries have paid all U.S. federal, state, local and non-U.S. taxes and filed all tax returns required to be paid or filed through the date hereof unless such taxes are being contested in good faith and for which adequate reserves have been provided or for those taxes currently payable without penalty or interest;

(u) The Company has taken all reasonable actions to ensure that, upon the effectiveness of the Registration Statement, it will be in compliance in all material respects with all applicable provisions of the Sarbanes-Oxley Act of 2002 and all rules and regulations promulgated thereunder that are then in effect and with which the Company is required to comply as of the effectiveness of the Registration Statement;

(v) Except as disclosed in the Pricing Prospectus, there are no material business relationships or related party transactions which would be required to be disclosed therein by Item 404 of Regulation S-K of the Commission and any such business relationships or related party transactions described therein are fairly and accurately described in all material respects;

(w) Except as described in the Pricing Prospectus, there are no contracts or agreements between the Company or its subsidiaries and any person granting such person the right to require the Company to file a registration statement under the Act with respect to any securities of the Company owned or to be owned by such person or to require the Company to include such securities in the securities registered pursuant to the Registration Statement or in any securities being registered pursuant to any other registration statement filed by the Company under the Act;

(x) This Agreement has been duly authorized, executed and delivered by the Company;

(y) None of the Company or any of its subsidiaries nor, to the knowledge of the Company, any director, officer, agent, employee, affiliate or other person associated with or acting on behalf of the Company or any of its subsidiaries has (i) made, offered, promised or authorized any unlawful contribution, gift, entertainment or other unlawful expense; (ii) made, offered, promised or authorized any direct or indirect unlawful payment; or (iii) violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977 or the Bribery Act 2010 of the United Kingdom or any other applicable anti-bribery or anti-corruption law. The Company maintains a system of internal controls, including, but not limited to, accounting systems, purchasing systems, billing systems, and other systems, designed to monitor different expenditures to ensure compliance with the Foreign Corrupt Practices Act of 1977, the Bribery Act of 2010 of the United Kingdom or any other applicable anti-bribery or anti-corruption law;

(z) The operations of the Company and its subsidiaries are and have been conducted at all times in compliance with the requirements of applicable anti-money laundering laws, including, but not limited to, the Bank Secrecy Act of 1970, as amended by the USA PATRIOT ACT of 2001, and the rules and regulations promulgated thereunder, and the anti-money laundering laws of the various jurisdictions in which the Company and its subsidiaries conduct business (collectively, the “Money Laundering Laws”) and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened;

(aa) None of the Company or any of its subsidiaries nor, to the knowledge of the Company, any director, officer, agent, employee or affiliate of the Company or any of its subsidiaries is currently the subject or the target of any sanctions administered or enforced by the U.S. Government, including, without limitation, by the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC") (unless as disclosed to the Underwriters and authorized pursuant to OFAC regulations), or by the U.S. Department of State and including, without limitation, the designation as a "specially designated national" or "blocked person," the European Union, Her Majesty's Treasury, or the United Nations Security Council (collectively, "Sanctions"), nor is the Company or any of its subsidiaries located, organized or resident in a country or territory that is the subject or target of Sanctions (as of the date of this agreement, Cuba, Iran, North Korea, Syria, and the Crimea region of Ukraine), and the Company will not directly or indirectly use the proceeds of the offering of the Shares hereunder, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity (i) to fund or facilitate any activities of or business with any person, or in any country or territory, that, at the time of such funding, is the subject or the target of Sanctions or (ii) in any other manner that will result in a violation by any person (including any person participating in the transaction, whether as underwriter, advisor, investor or otherwise) of Sanctions;

(bb) The financial statements included in the Registration Statement, the Pricing Prospectus and the Prospectus, together with the related schedules and notes, present fairly in all material respects the financial position of the Company and its subsidiaries at the dates indicated and the statement of operations, stockholders' equity and cash flows of the Company and its subsidiaries for the periods specified; said financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods involved. The supporting schedules, if any, included in the Registration Statement, the Pricing Prospectus and the Prospectus present fairly in accordance with GAAP the information required to be stated therein in all material respects. The selected financial data and the summary financial information included in the Registration Statement, the Pricing Prospectus and the Prospectus present fairly in all material respects the information shown therein and have been compiled on a basis consistent with that of the audited financial statements included therein. Except as included therein or as waived by the Commission to not be required to be included, no historical or pro forma financial statements or supporting schedules are required to be included in the Registration Statement, the Pricing Prospectus or the Prospectus under the Act or the rules and regulations promulgated thereunder. All disclosures contained in the Registration Statement, the Pricing Prospectus and the Prospectus regarding "non-GAAP financial measures" (as such term is defined by the rules and regulations of the Commission) comply with Regulation G of the Exchange Act and Item 10 of Regulation S-K of the Act, to the extent applicable;

(cc) The Company and its subsidiaries own or possess, or can acquire on reasonable terms, adequate rights to use all inventions, patent applications, patents, trademarks, tradenames, service names, copyrights, trade secrets and other proprietary information (collectively, the "Intellectual Property") necessary for the conduct of, the business now operated by them or as described in the Pricing Prospectus, except as would not, individually or in the aggregate, have a Material Adverse Effect. Neither the Company nor its subsidiaries have received written notice of a claim of infringement, misappropriation or other violation of the intellectual property of a third party, except as would not, individually or in the aggregate, have a Material Adverse Effect;

(dd) Except as otherwise disclosed in the Pricing Prospectus, the Company and its subsidiaries (i) have received all federal, state and foreign permits, licenses and other approvals (the "Permits") required of them to conduct their respective businesses as currently described in the Pricing Prospectus, except where such failure to receive such Permit would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, and (ii) are in compliance with all terms and conditions of any such Permit, except where such noncompliance with such Permit would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(ee) Except as set forth in the Pricing Prospectus or as would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect: (i) the Company, its subsidiaries and their operations and facilities are in compliance with, and not subject to any known liabilities under, applicable Environmental Laws, which compliance includes, without limitation, having obtained and being in material compliance with any permits, licenses or other governmental authorizations or approvals, and having made all material filings and provided all financial assurances and notices, required for the ownership and operation of the business, properties and facilities of the Company or its subsidiaries under applicable Environmental Laws, and compliance with the terms and conditions thereof; (ii) neither the Company, nor any of its subsidiaries has received any written communication, whether from a governmental authority, citizens group, employee or otherwise, that alleges that the Company or any of its subsidiaries are in violation of any Environmental Law; and (iii) there is (x) no claim, action or cause of action filed with a court or governmental authority, (y) no investigation with respect to which the Company or one of its subsidiaries has received written notice, and (z) no written notice provided to the Company or one of its subsidiaries by any person or entity, in the case of each of (x), (y), or (z), alleging actual or potential material liability on the part of the Company or any of its subsidiaries based on or pursuant to any Environmental Law pending or, to the Company's knowledge, threatened against the Company or any of its subsidiaries or any person or entity whose liability under or pursuant to any Environmental Law, the Company or any of its subsidiaries has retained or assumed either contractually or by operation of law; (iv) neither the Company, nor any of its subsidiaries is conducting or paying for, in whole or in part, any investigation, response or other corrective action pursuant to any Environmental Law at any site or facility, nor is any of them subject or party to any order, judgment, decree, contract or agreement which imposes any obligation or liability under any Environmental Law; (v) no lien, charge, encumbrance or restriction has been recorded pursuant to any Environmental Law with respect to any assets, facility or property owned, operated or leased by the Company or any of its subsidiaries; and (vi) there are no past or present actions, activities, circumstances, conditions or occurrences, including, without limitation, the Release or threatened Release of any Material of Environmental Concern, that, to the knowledge of the Company, could reasonably be expected to result in a violation of or liability under any Environmental Law, including remedial and investigatory responsibilities triggered by state laws governing the transfer of owned or operated properties, on the part of the Company or any of its subsidiaries, including without limitation, any such liability which the Company or any of its subsidiaries has retained or assumed either contractually or by operation of law. For purposes of this Agreement, (A) "Environment" means ambient air, indoor air, surface water, groundwater, drinking water, soil, surface and subsurface strata, and natural resources such as wetlands, flora and fauna, (B) "Environmental Laws" means the common law and all federal, state, local and foreign laws or regulations, ordinances, codes, orders, decrees, judgments and injunctions issued, promulgated or entered thereunder, relating to pollution or protection of the Environment or human health, including without limitation, those relating to (i) the Release or threatened Release of Materials of Environmental Concern; and (ii) the manufacture, processing, distribution, use, generation, treatment, storage, transport, handling or recycling of Materials of Environmental Concern, (C) "Materials of Environmental Concern" means any substance, material, pollutant, contaminant, chemical, waste compound or constituent, in any form, including without limitation, petroleum and petroleum products, subject to regulation or which can give rise to liability under Environmental Law and (D) "Release" means any release, spill, emission, discharge, deposit, disposal, leaking, pumping, pouring, dumping, emptying, injection, migration or leaching into the Environment, or into, from or through any building, structure of facility;

(ff) In the ordinary course of its business, the Company conducts periodic reviews of the effect of Environmental Laws on its businesses, operations and properties, in the course of which it identifies and evaluates associated costs and liabilities (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties). On the basis of such review and the amount of its established reserves, the Company has reasonably concluded that such associated costs and liabilities would not, individually or in the aggregate, result in a Material Adverse Effect;

(gg) (A) The Company and its subsidiaries and each "employee benefit plan" (as defined under the Employee Retirement Income Security Act of 1974 (as amended, "ERISA," which term, as used herein, includes the regulations promulgated thereunder)) established or maintained by the Company and its subsidiaries or their ERISA Affiliates (as defined below) are in compliance with ERISA, and (B) to the knowledge of the Company, each "multiemployer plan" (as defined in Section 4001 of ERISA) to which the Company and its subsidiaries or an ERISA Affiliate contributes (a "Multiemployer Plan") is in compliance with ERISA except in the case of clause (A) and (B), any noncompliance that would not, individually or in the aggregate, result in a Material Adverse Effect. "ERISA Affiliate" means, with respect to the Company or a subsidiary, any member of any group of organizations described in Section 414 of the Internal Revenue Code of 1986 (as amended, the "Code," which term, as used herein, includes the regulations promulgated thereunder) of which the Company or any of its subsidiaries is a member. No "reportable event" (as defined under ERISA) has occurred or is reasonably expected to occur, other than an event as to which the notice period in Section 4043(a) of ERISA has been waived, with respect to any "employee pension benefit plan" (as defined under Section 3(2) of ERISA) established or maintained by the Company, any of its subsidiaries or any of their ERISA Affiliates. No "single employer plan" (as defined by Section 4001 of ERISA) established or maintained by the Company, any of its subsidiaries or any of their ERISA Affiliates, if such "single employer plan" were terminated, would have any "amount of unfunded benefit liabilities" (as defined under Section 4001 of ERISA) that is material to the Company and its subsidiaries, considered as one entity. Neither the Company nor its subsidiaries nor any of their ERISA Affiliates has incurred or reasonably expects to incur any material liability under (i) Title IV of ERISA with respect to termination of, or withdrawal from, any "employee pension benefit plan" or "multiemployer plan" (as defined under Section 4001(a)(3) of ERISA) or (ii) Sections 412, 4971, 4975 or 4980B of the Code. Each "employee pension benefit plan" established or maintained by the Company and its subsidiaries or any of their ERISA Affiliates that is intended to be qualified under Section 401 of the Code is so qualified and nothing has occurred, whether by action or failure to act, which would cause the loss of such qualification;

(hh) Except as would not, individually or in the aggregate, result in a Material Adverse Effect, (i) there is (A) no unfair labor practice complaint pending or, to the Company's knowledge, threatened against the Company before the National Labor Relations Board, and no grievance or arbitration proceeding arising out of or under collective bargaining agreements pending, or to the Company's knowledge, threatened, against the Company, (B) no strike, labor dispute, slowdown or stoppage pending or to the Company's knowledge, threatened against the Company and (C) no union representation question existing with respect to the employees of the Company, and to the Company's knowledge, no union organizing activities taking place and (ii) there has been no violation of any federal, state or local law relating to discrimination in hiring, promotion or pay of employees or of any applicable wage or hour laws;

(ii) The Company and its subsidiaries possess all certificates, authorizations, permits and facility clearances and a sufficient number of their personnel has security clearances issued by the appropriate federal, state or foreign regulatory authorities necessary to conduct their businesses except where failure to obtain such certificates, authorizations, permits and clearances would not be reasonably expected to have a Material Adverse Effect; and neither the Company nor any of its subsidiaries have received any notice of proceedings relating to the revocation or modification of any such certificate, authorization, permit or clearance which, if the subject of an unfavorable decision, ruling or finding, would have a Material Adverse Effect;

(jj) The Company and its subsidiaries have insurance or self-insurance in amounts that insures against such losses and risks as, in the Company's reasonable judgment, are prudent and customary for comparable companies in the same or similar businesses; and neither the Company nor any of its subsidiaries has (i) received any notice from any insurer or agent of such insurer that capital improvements or other expenditures are required or necessary to be made in order to continue such insurance, except as would not individually or in the aggregate, reasonably be expected to have a Material Adverse Effect or (ii) any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business, except as would not individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(kk) Except as disclosed in the Pricing Prospectus, to the knowledge of the Company, there is no outstanding allegation of improper or illegal activities arising from any government audit or non-audit review, including without limitation, by the Defense Contract Audit Agency, of the Company or any of its subsidiaries or work performed by the Company or any of its subsidiaries that would have a Material Adverse Effect. Except as disclosed in the Pricing Prospectus, there are no civil or criminal penalties or administrative sanctions that have been imposed upon the Company or any of its subsidiaries, or to the knowledge of the Company, are pending or threatened, arising from a government audit or non-audit review of the Company or any of its subsidiaries or work performed by the Company or any of its subsidiaries, including, but not limited to, termination of contracts, forfeiture of profits, suspension of payments, fines, or suspension or debarment from doing business with any of the United States Government or any agency thereof that would have a Material Adverse Effect;

(ll) The Company has established and maintains appropriate technical, physical and organizational measures and security systems and technologies in compliance with all material data security requirements under all applicable laws designed to protect Company data against accidental or unlawful processing in a manner appropriate to the risks represented by the processing of such data by the Company and its data processors, in all material respects. To the knowledge of the Company, the Company has not experienced any breach of security or otherwise unauthorized access by third parties to confidential information, including Company data in the Company's possession, custody or control, except as disclosed in the Pricing Prospectus or as would not, individually or in the aggregate, have a Material Adverse Effect;

(mm) With respect to each Government Contract to which the Company or any of its subsidiaries is currently a party or has received final payment within three years prior to the date hereof and to each Government Bid and except as disclosed in the Pricing Prospectus: (i) the Company and each of its subsidiaries has complied and is in compliance in all material respects with all material terms and conditions of each Government Contract and Government Bid, including all incorporated clauses, provisions, certifications, representations, requirements, schedules, attachments, regulations and applicable laws, including without limitation the Truth in Negotiations Act, the Federal Acquisition Regulation ("FAR"), and the Cost Accounting Standards, as applicable; (ii) the Company and each of its subsidiaries has complied in all material respects with all material requirements of statute, rule, regulation, order or agreements with the U.S. Government pertaining to, and as applicable, such Government Contract or Government Bid; and (iii) neither the U.S. Government, nor any prime contractor, subcontractor or other person has notified the Company or any of its subsidiaries, in writing, that the Company or any of its subsidiaries has breached or violated any statute, rule, regulation, certification, representation, clause, provision or requirement, except as would not, individually or in the aggregate, have a Material Adverse Effect; and (iv) to the knowledge of the Company, no reasonable basis exists to give rise to a material claim by a Governmental Authority for fraud (as such concept is defined under the state or federal laws of the United States) in connection with any such Government Contract; for the purposes of this Agreement, “Governmental Authority” means any federal, state, local or foreign court or tribunal, governmental, judicial, arbitral, legislative, executive or regulatory body (or subdivision thereof), administrative agency, self-regulatory authority, instrumentality, agency commission or other governmental authority or body; “Government Bid” means any offer made by the Company or any of its affiliates (including its subsidiaries), which, if accepted, would result in a Government Contract; “Government Contract” means any contract, including any arrangement, joint venture, basic ordering agreement, pricing agreement, letter agreement or other similar arrangement of any kind, between the Company or any of its subsidiaries on the one hand, and (A) the United States Government, (B) any prime contractor to the United States Government in its capacity as a prime contractor, or (C) any subcontractor with respect to any contract described in clause (A) or clause (B) above, on the other hand. A task, purchase or delivery order under a Government Contract shall not constitute a separate Government Contract, for purposes of this definition, but shall be part of the Government Contract to which it relates

(nn) The Company and its subsidiaries have not received any written notice of termination for cause, “show cause” or cure notice (that has resulted in a termination for cause) pertaining to any Government Contract; provided that this clause (nn) shall not apply to any notice received more than three years prior to the date hereof;

(oo) To the knowledge of the Company, there is no charge, proceeding or investigation by any Governmental Authority with respect to a material violation by the Company of any applicable United States national customs or export control laws and regulations, including the Export Administration Regulations, the Arms Export Control Act, and the International Traffic in Arms Regulations (“Trade Controls”). The Company has not, in the past five (5) years, made any mandatory or voluntary disclosure with respect to a possible violation of Trade Controls to any Governmental Authority;

(pp) Within the past three years, the Company has not entered into any consent order or administrative agreement relating directly or indirectly to any Government Contract or Government Bid that has had or would reasonably be expected to result in a Material Adverse Effect;

(qq) The Company has a written code of business ethics and conduct, a business ethics awareness and compliance program, and an internal control system that are in material compliance with all requirements of the Government Contracts of the Company and of applicable laws (including without limitation FAR 52.203-13, where applicable). Within the past three years, the Company has not performed any activities under any Government Contract nor has it had any other relationship with any other person or entity that at the time constituted an "Organizational Conflict of Interest" (as defined by FAR 9.501) or a violation of the Procurement Integrity Act (41 U.S.C. §§ 2101-2107); and

(rr) None of the Company nor, to the knowledge of the Company, any of its officers, employees, agents, nor any "Principal" (as defined in FAR 52.209-5) of the Company has been debarred, or suspended from participation in the award of contracts with any Authority, or been the subject of a debarment, suspension or exclusion from participation in programs funded by any Authority, nor are any of them listed on the Excluded Party Listing (the "Listing"), nor to the knowledge of the Company has any such debarment, suspension or exclusion proceeding or proposed Listing been initiated in the past three years. The Company is not, nor has it ever been, suspended or debarred from doing business with an Authority or, to the knowledge of the Company, proposed for suspension or debarment by an Authority and has not been the subject of a finding of non-responsibility or ineligibility for contracting with an Authority.

2. Subject to the terms and conditions herein set forth, (a) the Company agrees to issue and sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at a purchase price per share of $[•], the number of Firm Shares set forth opposite the name of such Underwriter in Schedule I hereto and (b) in the event and to the extent that the Underwriters shall exercise the election to purchase Optional Shares as provided below, the Company agrees to issue and sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at the purchase price per share set forth in clause (a) of this Section 2 (provided that the purchase price per Optional Share shall be reduced by an amount per share equal to any dividends or distributions declared by the Company and payable on the Firm Shares but not payable on the Optional Shares), that portion of the number of Optional Shares as to which such election shall have been exercised (to be adjusted by you so as to eliminate fractional shares) determined by multiplying such number of Optional Shares by a fraction, the numerator of which is the maximum number of Optional Shares which such Underwriter is entitled to purchase as set forth opposite the name of such Underwriter in Schedule I hereto and the denominator of which is the maximum number of Optional Shares that all of the Underwriters are entitled to purchase hereunder.

The Company hereby grants to the Underwriters the right to purchase at their election up to 2,777,775 Optional Shares, at the purchase price per share set forth in the paragraph above, for the sole purpose of covering sales of shares in excess of the number of Firm Shares, provided that the purchase price per Optional Share shall be reduced by an amount per share equal to any dividends or distributions declared by the Company and payable on the Firm Shares but not payable on the Optional Shares. Any such election to purchase Optional Shares may be exercised only by written notice from you to the Company, given within a period of 30 calendar days after the date of this Agreement, setting forth the aggregate number of Optional Shares to be purchased and the date on which such Optional Shares are to be delivered, as determined by you but in no event earlier than the First Time of Delivery (as defined in Section 4 hereof) or, unless you and the Company otherwise agree in writing, earlier than two or later than ten business days after the date of such notice.

3. Upon the authorization by you of the release of the Firm Shares, the several Underwriters propose to offer the Firm Shares for sale upon the terms and conditions set forth in the Pricing Disclosure Package and the Prospectus.

4. (a) The Shares to be purchased by each Underwriter hereunder, in definitive or book-entry form, and in such authorized denominations and registered in such names as the Representatives may request upon at least forty-eight hours' prior notice to the Company shall be delivered by or on behalf of the Company to the Representatives, through the facilities of the Depository Trust Company ("DTC"), for the account of such Underwriter, against payment by or on behalf of such Underwriter of the purchase price therefor by wire transfer of Federal (same-day) funds to the account specified by the Company to the Representatives at least forty-eight hours in advance. The Company will cause the certificates, if any, representing the Shares to be made available for checking and packaging at least twenty-four hours prior to the Time of Delivery (as defined below) with respect thereto at the office of DTC or its designated custodian (the "Designated Office"). The time and date of such delivery and payment shall be, with respect to the Firm Shares, 9:30 a.m., New York City time, on [............], 2019 or such other time and date as the Representatives and the Company may agree upon in writing, and, with respect to the Optional Shares, 9:30 a.m., New York time, on the date specified by the Representatives in the written notice given by the Representatives of the Underwriters' election to purchase such Optional Shares, or such other time and date as the Representatives and the Company may agree upon in writing. Such time and date for delivery of the Firm Shares is herein called the "First Time of Delivery", such time and date for delivery of the Optional Shares, if not the First Time of Delivery, is herein called the "Second Time of Delivery", and each such time and date for delivery is herein called a "Time of Delivery".

(b) The documents to be delivered at each Time of Delivery by or on behalf of the parties hereto pursuant to Section 8 hereof, including the cross receipt for the Shares and any additional documents reasonably requested by the Underwriters pursuant to Section 8(j) hereof, will be delivered at the offices of Gibson, Dunn & Crutcher LLP, 333 South Grand Avenue, Los Angeles, California 90071 (the "Closing Location"), and the Shares will be delivered at the Designated Office, all at such Time of Delivery. A meeting will be held on the day next preceding such Time of Delivery, at which meeting the final drafts of the documents to be delivered pursuant to the preceding sentence will be available for review by the parties hereto. For the purposes of this Agreement, "New York Business Day" shall mean each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in New York City are generally authorized or obligated by law or executive order to close.

5. The Company agrees with each of the Underwriters:

(a) To prepare the Prospectus in a form approved by you and to file such Prospectus pursuant to Rule 424(b) under the Act not later than the Commission's close of business on the second business day following the execution and delivery of this Agreement, or, if applicable, such earlier time as may be required by Rule 430A(a)(3) under the Act; to make no further amendment or any supplement to the Registration Statement or the Prospectus prior to the last Time of Delivery which shall be disapproved by you promptly after reasonable notice thereof; to advise you, promptly after it receives notice thereof, of the time when any amendment to the Registration Statement has been filed or becomes effective or any amendment or supplement to the Prospectus has been filed and to furnish you with copies thereof; to file promptly all material required to be filed by the Company with the Commission pursuant to Rule 433(d) under the Act; to advise you, promptly after it receives notice thereof, of the issuance by the Commission of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or other prospectus in respect of the Shares, of the suspension of the qualification of the Shares for offering or sale in any jurisdiction, of the initiation or threatening of any proceeding for any such purpose, or of any request by the Commission for the amending or supplementing of the Registration Statement or the Prospectus or for additional information; and, in the event of the issuance of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or other prospectus or suspending any such qualification, to promptly use its best efforts to obtain the withdrawal of such order;

(b) Promptly from time to time to take such action as you may reasonably request to qualify the Shares for offering and sale under the securities laws of such jurisdictions as you may reasonably request and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdictions for as long as may be necessary to complete the distribution of the Shares, provided that in connection therewith the Company shall not be required to qualify as a foreign corporation or entity or to file a general consent to service of process in any jurisdiction or subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject as of the date hereof;

(c) Prior to 5:00 p.m. on the second New York Business Day succeeding the date of this Agreement and from time to time, to furnish the Underwriters with written and electronic copies of the Prospectus in New York City in such quantities as you may reasonably request, and, if the delivery of a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is required under the Act at any time prior to the expiration of nine months after the time of issue of the Prospectus in connection with the offering or sale of the Shares and if at such time any event shall have occurred as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is delivered, not misleading, or, if for any other reason it shall be necessary during such same period to amend or supplement the Prospectus in order to comply with the Act, to notify you and upon your request to prepare and furnish without charge to each Underwriter and to any dealer in securities as many written and electronic copies as you may from time to time reasonably request of an amended Prospectus or a supplement to the Prospectus which will correct such statement or omission or effect such compliance; and in case any Underwriter is required under the Act to deliver a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) in connection with sales of any of the Shares at any time nine months or more after the time of issue of the Prospectus, upon your request but at the expense of such Underwriter, to prepare and deliver to such Underwriter as many written and electronic copies as you may request of an amended or supplemented Prospectus complying with Section 10(a)(3) of the Act;

(d) To make generally available to its securityholders as soon as practicable (which may be satisfied by filings its Annual Report on Form 10-K with the Commission's EDGAR system), but in any event not later than sixteen months after the effective date of the Registration Statement (as defined in Rule 158(c) under the Act), an earnings statement of the Company and its subsidiaries (which need not be audited) complying with the last paragraph of Section 11(a) of the Act and the rules and regulations of the Commission thereunder (including, at the option of the Company, Rule 158);

(e) (1) During the period beginning from the date hereof and continuing to and including the date 180 days after the date of the Prospectus (the "Lock-Up Period"), not to (i) offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise transfer or dispose of, directly or indirectly, or file with or confidentially submit to the Commission a registration statement under the Act relating to, any securities of the Company that are substantially similar to the Shares, including but not limited to any options or warrants to purchase shares of Stock or any securities that are convertible into or exchangeable for, or that represent the right to receive, Stock or any such substantially similar securities, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, other than the grant of Shares or securities convertible into or exercisable or exchangeable for Shares issued or granted pursuant to the Company's Long Term Growth Plan, Restricted Award Plan, Incentive Award Plan; (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Stock or any such other securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Stock or such other securities, in cash or otherwise; or (iii) except to the extent permitted under that certain Parsons Employee Stock Ownership Plan – Lock-Up Agreement by and between Goldman Sachs & Co. LLC and Newport Trust Company, dated April 11, 2019, to distribute or cause to be distributed any shares of Stock to any participant in the ESOP (other than the Shares to be sold hereunder), without your prior written consent;

(e) (2) If Goldman Sachs & Co. LLC and Merrill, Lynch, Pierce, Fenner & Smith Incorporation, in their sole discretion, agree to release or waive the restrictions set forth in a lock-up letter described in Section 8(h) hereof for an officer or director of the Company and provides the Company with notice of the impending release or waiver at least three business days before the effective date of the release or waiver, the Company agrees to announce the impending release or waiver by a press release substantially in the form of Annex I hereto through a major news service at least two business days before the effective date of the release or waiver;

(f) During a period of three years from the effective date of the Registration Statement, so long as the Company is subject to the reporting requirements of either Section 13 or Section 15(d) of the Exchange Act, to furnish to its stockholders as soon as practicable after the end of each fiscal year an annual report (including a balance sheet and statements of income, stockholders' equity and cash flows of the Company and its consolidated subsidiaries certified by independent public accountants) and, as soon as practicable after the end of each of the first three quarters of each fiscal year (beginning with the fiscal quarter ending after the effective date of the Registration Statement), to make available to its stockholders consolidated summary financial information of the Company and its subsidiaries for such quarter in reasonable detail; provided, that no reports, documents or other information needs to be furnished pursuant to this Section 5(f) to the extent they are available on EDGAR;

(g) During a period of three years from the effective date of the Registration Statement, to furnish to you copies of all reports or other communications (financial or other) furnished to stockholders, and to deliver to you (i) as soon as they are available, copies of any reports and financial statements furnished to or filed with the Commission or any national securities exchange on which any class of securities of the Company is listed; and (ii) such additional information concerning the business and financial condition of the Company as you may from time to time reasonably request (such financial statements to be on a consolidated basis to the extent the accounts of the Company and its subsidiaries are consolidated in reports furnished to its stockholders generally or to the Commission); provided, that no reports, documents or other information needs to be furnished pursuant to this Section 5(g) to the extent they are available on EDGAR;

(h) To use the net proceeds received by it from the sale of the Shares pursuant to this Agreement in the manner specified in the Pricing Prospectus under the caption "Use of Proceeds";

(i) To use its best efforts to list, subject to official notice of issuance, the Shares on the New York Stock Exchange (the "Exchange");

(j) To file with the Commission such information on Form 10-Q or Form 10-K as may be required by Rule 463 under the Act;

(k) If the Company elects to rely upon Rule 462(b), the Company shall file a Rule 462(b) Registration Statement with the Commission in compliance with Rule 462(b) by 10:00 P.M., Washington, D.C. time, on the date of this Agreement, and the Company shall at the time of filing either pay to the Commission the filing fee for the Rule 462(b) Registration Statement or give irrevocable instructions for the payment of such fee pursuant to Rule 111(b) under the Act; and

(l) Upon the reasonable request of any Underwriter, to furnish, or cause to be furnished, to such Underwriter an electronic version of the Company's trademarks, servicemarks and corporate logo for use on the website, if any, operated by such Underwriter for the purpose of facilitating the on-line offering of the Shares (the "License"); provided, however, that the License shall be used solely for the purpose described above, is granted without any fee and may not be assigned or transferred.

6. (a) The Company represents and agrees that, without the prior consent of the Representatives, it has not made and will not make any offer relating to the Shares that would constitute a "free writing prospectus" as defined in Rule 405 under the Act; each Underwriter represents and agrees that, without the prior consent of the Company and the Representatives, it has not made and will not make any offer relating to the Shares that would constitute a free writing prospectus; any such free writing prospectus the use of which has been consented to by the Company and the Representatives is listed on Schedule II(a) hereto;

(b) The Company has complied and will comply with the requirements of Rule 433 under the Act applicable to any Issuer Free Writing Prospectus, including timely filing with the Commission or retention where required and legending; and the Company represents that it has satisfied and agrees that it will satisfy the conditions under Rule 433 under the Act to avoid a requirement to file with the Commission any electronic roadshow; and

(c) The Company agrees that if at any time following issuance of an Issuer Free Writing Prospectus any event occurred or occurs as a result of which such Issuer Free Writing Prospectus would conflict with the information in the Registration Statement, the Pricing Prospectus or the Prospectus or would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances then prevailing, not misleading, the Company will give prompt notice thereof to the Representatives and, if requested by the Representatives, will prepare and furnish without charge to each Underwriter an Issuer Free Writing Prospectus or other document which will correct such conflict, statement or omission; provided, however, that this representation and warranty shall not apply to any statements or omissions in an Issuer Free Writing Prospectus made in reliance upon and in conformity with the Underwriter Information.

7. The Company covenants and agrees with the several Underwriters that the Company will pay or cause to be paid the following: (i) the fees, disbursements and expenses of the Company's counsel and accountants in connection with the registration of the Shares under the Act and all other expenses incurred in connection with the preparation, printing, reproduction and filing of the Registration Statement, any Preliminary Prospectus, any Issuer Free Writing Prospectus and the Prospectus and amendments and supplements thereto and the mailing and delivering of copies thereof to the Underwriters and dealers; (ii) the cost of printing or producing any Agreement among Underwriters, this Agreement, the Blue Sky Memorandum, closing documents (including any compilations thereof) and any other documents in connection with the offering,

purchase, sale and delivery of the Shares; (iii) all expenses in connection with the qualification of the Shares for offering and sale under state securities laws as provided in Section 5(b) hereof, including the reasonable and documented fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with the Blue Sky survey; (iv) all fees and expenses in connection with listing the Shares on the Exchange; (v) the filing fees incident to, and the reasonable and documented fees and disbursements of counsel for the Underwriters in connection with, any required review by FINRA of the terms of the sale of the Shares; provided, that the reasonable fees of counsel for the Underwriters relating to subclauses (iii) and (v) of this Section 7 shall not exceed $40,000 in the aggregate; (vi) the cost of preparing stock certificates; (vii) the cost and charges of any transfer agent or registrar; (viii) the fees and expenses of the QIU; and (viii) all other costs and expenses incident to the performance of its obligations hereunder which are not otherwise specifically provided for in this Section. It is understood, however, that, except as provided in this Section, and Sections 9 and 12 hereof, the Underwriters will pay all of their own costs and expenses, including the fees of their counsel, stock transfer taxes on resale of any of the Shares by them, and any advertising expenses connected with any offers they may make and the Underwriters (1) shall be responsible for 50% of the cost of any chartered plane, jet, private aircraft, other aircraft or other transportation chartered in connection with any "roadshow" presentation to investors undertaken in connection with the offering and (2) shall pay all lodging, commercial airfare and other expenses attributable to employees of the Underwriters in connection with any roadshow undertaken in connection with this offering.

8. The obligations of the Underwriters hereunder, as to the Shares to be delivered at each Time of Delivery, shall be subject, in their discretion, to the condition that all representations and warranties and other statements of the Company herein are, at and as of the Applicable Time and such Time of Delivery, true and correct, the condition that the Company shall have performed all of its obligations hereunder theretofore to be performed, and the following additional conditions:

(a) The Prospectus shall have been filed with the Commission pursuant to Rule 424(b) under the Act within the applicable time period prescribed for such filing by the rules and regulations under the Act and in accordance with Section 5(a) hereof; all material required to be filed by the Company pursuant to Rule 433(d) under the Act shall have been filed with the Commission within the applicable time period prescribed for such filing by Rule 433; if the Company has elected to rely upon Rule 462(b) under the Act, the Rule 462(b) Registration Statement shall have become effective by 10:00 P.M., Washington, D.C. time, on the date of this Agreement; no stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission; no stop order suspending or preventing the use of the Pricing Prospectus, Prospectus or any Issuer Free Writing Prospectus shall have been initiated or threatened by the Commission; and all requests for additional information on the part of the Commission shall have been complied with to your reasonable satisfaction;

(b) Gibson, Dunn & Crutcher, LLP, counsel for the Underwriters, shall have furnished to you such written opinion or opinions dated such Time of Delivery, in form and substance reasonably satisfactory to you, with respect to such matters as you may reasonably request, and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters;

(c) Latham & Watkins LLP, counsel for the Company, shall have furnished to you their written opinion and negative assurance letter (a form of such opinion and negative assurance letter is attached as Annex II hereto), dated such Time of Delivery, in form and substance satisfactory to you;

(d) (A) On the date of the Prospectus at the time of execution of this Agreement, on the effective date of any post-effective amendment to the Registration Statement filed subsequent to the date of this Agreement and also at each Time of Delivery, PricewaterhouseCoopers LLP shall have furnished to you a letter or letters, dated the respective dates of delivery thereof, in form and substance satisfactory to you and (B) the Chief Financial Officer of the Company shall have furnished to you a certificate dated the date of this Agreement and each Time of Delivery, in form and substance satisfactory to you;

(e) (i) Neither the Company nor any of its subsidiaries shall have sustained since the date of the latest audited financial statements included in the Pricing Prospectus any loss or interference with the business of the Company and its subsidiaries (taken as a whole) from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Pricing Disclosure Package, and (ii) since the respective dates as of which information is given in the Pricing Prospectus there shall not have been any change in the capital stock or other than in the ordinary course of business, increase in the long-term debt of the Company or any of its subsidiaries or any change or effect, or any development involving a prospective change or effect, in or affecting (x) the business, properties, general affairs, management, financial position, stockholders' equity or results of operations of the Company and its subsidiaries, taken as a whole, except as set forth or contemplated in the Pricing Prospectus and the Prospectus, or (y) the ability of the Company to perform its obligations under this Agreement, including the issuance and sale of the Shares, and the Prospectus, the effect of which, in any such case described in clause (i) or (ii), is in your judgment so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares being delivered at such Time of Delivery on the terms and in the manner contemplated in the Pricing Prospectus and the Prospectus;

(f) On or after the Applicable Time (i) no downgrading shall have occurred in the rating accorded the Company's debt securities by any "nationally recognized statistical rating organization", as that term is defined by the Commission for purposes of Rule 436(g)(2) under the Act, and (ii) no such organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of any of the Company's debt securities;

(g) On or after the Applicable Time there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on the Exchange; (ii) a suspension or material limitation in trading in the Company's securities on the Exchange; (iii) a general moratorium on commercial banking activities declared by either Federal or New York State authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States; (iv) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war or (v) the occurrence of any other calamity or crisis or any change in financial, political or economic conditions in the United States or elsewhere, if the effect of any such event specified in clause (iv) or (v) in your judgment makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares being delivered at such Time of Delivery on the terms and in the manner contemplated in the Pricing Prospectus and the Prospectus;

(h) The Shares to be sold at such Time of Delivery shall have been approved for listing, subject to official notice of issuance, on the Exchange;

(i) The Company shall have obtained and delivered to the Underwriters executed copies of an agreement from the officers and directors of the Company, and the trustee of the ESOP, substantially in the form attached as Annex IV and Annex V respectively hereto;

(j) The Company shall have complied with the provisions of Section 5(c) hereof with respect to the furnishing of prospectuses on the second New York Business Day succeeding the date of this Agreement; and

(k) The Company shall have furnished or caused to be furnished to you at such Time of Delivery certificates of officers of the Company satisfactory to you as to the accuracy of the representations and warranties of the Company herein at and as of such Time of Delivery, as to the performance by the Company of all of its obligations hereunder to be performed at or prior to such Time of Delivery, and as to the matters set forth in subsections (a) and (e) of this Section and as to such other matters as you may reasonably request.

9. (a) The Company will indemnify and hold harmless each Underwriter against any losses, claims, damages or liabilities, joint or several, to which such Underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, any Issuer Free Writing Prospectus, any "roadshow" as defined in Rule 433(h) under the Act (a "roadshow"), or any "issuer information" filed or required to be filed pursuant to Rule 433(d) under the Act, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, any Issuer Free Writing Prospectus, any "issuer

information" or any "roadshow", in light of the circumstances under which they were made) not misleading, and will reimburse each Underwriter for any legal or other expenses reasonably incurred by such Underwriter in connection with investigating or defending any such action or claim as such expenses are incurred; *provided*, *however*, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, in reliance upon and in conformity with the Underwriter Information.

(b) Each Underwriter will indemnify and hold harmless the Company against any losses, claims, damages or liabilities to which the Company may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, or any roadshow, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, any Issuer Free Writing Prospectus, any "issuer information" or any "roadshow", in light of the circumstances under which they were made) not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, or any roadshow, in reliance upon and in conformity with the Underwriter Information; and will reimburse the Company for any legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such action or claim as such expenses are incurred. As used in this Agreement with respect to an Underwriter and an applicable document, "Underwriter Information" shall mean the written information furnished to the Company by such Underwriter through the Representatives expressly for use therein; it being understood and agreed upon that the only such information furnished by any Underwriter consists of the following information in the Pricing Prospectus and Prospectus furnished on behalf of each Underwriter: the concession and reallowance figures appearing in the fifth paragraph under the caption "Underwriting", and the information contained in the second sentence of the eighth paragraph and the ninth and tenth paragraphs under the caption "Underwriting".

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; provided that the failure to notify the indemnifying party shall not relieve it from any liability that it may have under the preceding paragraphs of this Section 9 except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party.

(d) If the indemnification provided for in this Section 9 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other from the offering of the Shares. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover page of the Prospectus. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or the Underwriters on the other and the parties’ relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this subsection (d) were determined by *pro rata* allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Shares underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission; further, the QIU shall not be required to contribute any amount in excess of the compensation received by the QIU for acting in its capacity as a QIU. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this subsection (d) to contribute are several in proportion to their respective underwriting obligations and not joint.

(e) The obligations of the Company under this Section 9 shall be in addition to any liability which the Company may otherwise have and shall extend, upon the same terms and conditions, to each employee, officer and director of each Underwriter and each person, if any, who controls any Underwriter within the meaning of the Act and each broker-dealer affiliate or other affiliate of any Underwriter; and the obligations of the Underwriters under this Section 9 shall be in addition to any liability which the respective Underwriters may otherwise have and shall extend, upon the same terms and conditions, to each employee, officer and director of the Company and to each person, if any, who controls the Company within the meaning of the Act.

(f) Without limitation of and in addition to its obligations under the other paragraphs of this Section 9, the Company agrees to indemnify and hold harmless the QIU, its directors, officers, employees, and affiliates and each person who controls the QIU within the meaning of either the Securities Act or the Exchange Act against any and all losses, claims, damages or liabilities, to which they or any of them may become subject, insofar as such losses, claims, damages or liabilities (or action in respect thereof) arise out of or are based upon the QIU acting as a "qualified independent underwriter" (within the meaning of FINRA Rule 5121) in connection with the offering contemplated by this Agreement, and agrees to reimburse each such indemnified party, as incurred, for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability is finally judicially determined to have resulted primarily from the gross negligence or willful misconduct of the QIU.

10. (a) If any Underwriter shall default in its obligation to purchase the Shares which it has agreed to purchase hereunder at a Time of Delivery, you may in your discretion arrange for you or another party or other parties to purchase such Shares on the terms contained herein. If within thirty-six hours after such default by any Underwriter you do not arrange for the purchase of such Shares, then the Company shall be entitled to a further period of thirty-six hours within which to procure another party or other parties satisfactory to you to purchase such Shares on such terms. In the event that, within the respective prescribed periods, you notify the Company that you have so arranged for the purchase of such Shares, or the Company notifies you that it has so arranged for the purchase of such Shares, you or the Company shall have the right to postpone such Time of Delivery for a period of not more than seven days, in order to effect whatever changes may thereby be made necessary in the Registration Statement or the Prospectus, or in any other documents or arrangements, and the Company agrees to file promptly any amendments or supplements to the Registration Statement or the Prospectus which in your opinion may thereby be made necessary. The term "Underwriter" as used in this Agreement shall include any person substituted under this Section with like effect as if such person had originally been a party to this Agreement with respect to such Shares.

(b) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by you and the Company as provided in subsection (a) above, the aggregate number of such Shares which remains unpurchased does not exceed one-eleventh of the aggregate number of all of the Shares to be purchased at such Time of Delivery, then the Company shall have the right to require each non-defaulting Underwriter to purchase the number of Shares which such Underwriter agreed to purchase hereunder at such Time of Delivery and, in addition, to require each non-defaulting Underwriter to purchase its pro rata share (based on the number of Shares which such Underwriter agreed to purchase hereunder) of the Shares of such defaulting Underwriter or Underwriters for which such arrangements have not been made; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

(c) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by you and the Company as provided in subsection (a) above, the aggregate number of such Shares which remains unpurchased exceeds one-eleventh of the aggregate number of all of the Shares to be purchased at such Time of Delivery, or if the Company shall not exercise the right described in subsection (b) above to require non-defaulting Underwriters to purchase Shares of a defaulting Underwriter or Underwriters, then this Agreement (or, with respect to the Second Time of Delivery, the obligations of the Underwriters to purchase and of the Company to sell the Optional Shares) shall thereupon terminate, without liability on the part of any non-defaulting Underwriter or the Company, except for the expenses to be borne by the Company and the Underwriters as provided in Section 7 hereof and the indemnity and contribution agreements in Section 9 hereof; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

11. The respective indemnities, agreements, representations, warranties and other statements of the Company and the several Underwriters, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Underwriter or any controlling person of any Underwriter, or the Company, or any officer or director or controlling person of the Company, and shall survive delivery of and payment for the Shares.

12. If this Agreement shall be terminated pursuant to Section 10 hereof, the Company shall not then be under any liability to any Underwriter except as provided in Sections 7 and 9 hereof; but, if for any other reason, any Shares are not delivered by or on behalf of the Company as provided herein, the Company will reimburse the Underwriters through you for all reasonable and documented out-of-pocket expenses approved in writing by you, including reasonable and documented fees and disbursements of counsel, reasonably incurred by the Underwriters in making preparations for the purchase, sale and delivery of the Shares not so delivered, but the Company shall then be under no further liability to any Underwriter except as provided in Sections 7 and 9 hereof.

13. In all dealings hereunder, you shall act on behalf of each of the Underwriters, and the parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any Underwriter made or given by you.

All statements, requests, notices and agreements hereunder shall be in writing, and if to the Underwriters shall be delivered or sent by mail, telex or facsimile transmission to the Representatives in care of Goldman Sachs & Co. LLC, 200 West Street, New York, New York 10282-2198, Attention: Registration Department; and if to the Company shall be delivered or sent by mail, telex or facsimile transmission to the address of the Company set forth in the Registration Statement, Attention: Secretary; provided, however, that any notice to an Underwriter pursuant to Section 9(c) hereof shall be delivered or sent by mail, telex or facsimile transmission to such Underwriter at its address set forth in its Underwriters' Questionnaire, or telex constituting such Questionnaire, which address will be supplied to the Company by you upon request; provided, however, that notices under subsection 5(e) shall be in writing, and if to the Underwriters shall be delivered or sent by mail, telex or facsimile transmission to the Representatives in care of Goldman Sachs & Co. LLC, 200 West Street, New York, New York 10282-2198, Attention: Control Room. Any such statements, requests, notices or agreements shall take effect upon receipt thereof.

In accordance with the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), the Underwriters are required to obtain, verify and record information that identifies their respective clients, including the Company, which information may include the name and address of their respective clients, as well as other information that will allow the Underwriters to properly identify their respective clients.

14. This Agreement shall be binding upon, and inure solely to the benefit of, the Underwriters, the Company and, to the extent provided in Sections 9 and 11 hereof, the officers and directors of the Company and each person who controls the Company or any Underwriter, and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. No purchaser of any of the Shares from any Underwriter shall be deemed a successor or assign by reason merely of such purchase.

15. Time shall be of the essence of this Agreement. As used herein, the term "business day" shall mean any day when the Commission's office in Washington, D.C. is open for business.

16. The Company acknowledges and agrees that (i) the purchase and sale of the Shares pursuant to this Agreement is an arm's-length commercial transaction between the Company, on the one hand, and the several Underwriters, on the other, (ii) in connection therewith and with the process leading to such transaction each Underwriter (including the QIU in its capacity as such) is acting solely as a principal and not the agent or fiduciary of the Company, (iii) no Underwriter (including the QIU in its capacity as such) has assumed an advisory or fiduciary responsibility in favor of the Company with respect to the offering contemplated hereby or the process leading thereto (irrespective of whether such Underwriter (including the QIU in its capacity as such) has advised or is currently advising the Company on other matters) or any other obligation to the Company except the obligations expressly set forth in this Agreement and (iv) the Company has consulted its own legal and financial advisors to the extent it deemed appropriate. The Company agrees that it will not claim that the Underwriters (including the QIU in its capacity as such), or any of them, has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Company, in connection with such transaction or the process leading thereto.

17. This Agreement supersedes all prior agreements and understandings (whether written or oral) between the Company and the Underwriters, or any of them, with respect to the subject matter hereof.

18. **This Agreement and any transaction contemplated by this Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflict of laws that would results in the application of any other law than the laws of the State of New York. The Company agrees that any suit or proceeding arising in respect of this Agreement and any transaction contemplated by this Agreement will be tried exclusively in the U.S. District Court for the Southern District of New York or, if that court does not have subject matter jurisdiction, in any state court located in The City and County of New York and the Company agrees to submit to the jurisdiction of, and to venue in, such courts.**

19. The Company and each of the Underwriters hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

20. This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

21. Notwithstanding anything herein to the contrary, the Company is authorized to disclose to any persons the U.S. federal and state income tax treatment and tax structure of the potential transaction and all materials of any kind (including tax opinions and other tax analyses) provided to the Company relating to that treatment and structure, without the Underwriters imposing any limitation of any kind. However, any information relating to the tax treatment and tax structure shall remain confidential (and the foregoing sentence shall not apply) to the extent necessary to enable any person to comply with securities laws. For this purpose, "tax structure" is limited to any facts that may be relevant to that treatment.

22. Recognition of the U.S. Special Resolution Regimes.

In the event that any Underwriter that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer from such Underwriter of this Agreement, and any interest and obligation in or under this Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement, and any such interest and obligation, were governed by the laws of the United States or a state of the United States.

(b) In the event that any Underwriter that is a Covered Entity or a BHC Act Affiliate of such Underwriter becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under this Agreement that may be exercised against such Underwriter are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a state of the United States.

(c) As used in this section:

"BHC Act Affiliate" has the meaning assigned to the term "affiliate" in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k).

"Covered Entity" means any of the following:

(i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"U.S. Special Resolution Regime" means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

[Remainder of page intentionally left blank]

If the foregoing is in accordance with your understanding, please sign and return to us counterparts hereof, and upon the acceptance hereof by you, on behalf of each of the Underwriters, this letter and such acceptance hereof shall constitute a binding agreement between each of the Underwriters and the Company. It is understood that your acceptance of this letter on behalf of each of the Underwriters is pursuant to the authority set forth in a form of Agreement among Underwriters, the form of which shall be submitted to the Company for examination upon request, but without warranty on your part as to the authority of the signers thereof.

Very truly yours,

Parsons Corporation

By: ______________________________

Name:

Title:

Accepted as of the date hereof:

Goldman Sachs & Co. LLC

By: ____________________________________
Name:
Title:

Merrill Lynch, Pierce, Fenner & Smith Incorporated

By: ____________________________________
Name:
Title:

Morgan Stanley & Co. LLC

By: ____________________________________
Name:
Title:

On behalf of each of the Underwriters

SCHEDULE I

Underwriter	Total Number of Firm Shares to be Purchased	Number of Optional Shares to be Purchased if Maximum Option Exercised
Goldman Sachs & Co. LLC		
Merrill Lynch, Pierce, Fenner & Smith Incorporated		
Morgan Stanley & Co. LLC		
Jefferies LLC		
Wells Fargo Securities, LLC		
Cowen and Company, LLC		
SunTrust Robinson Humphrey, Inc.		
MUFG Securities Americas Inc.		
Scotia Capital (USA) Inc.		
Total		
	18,518,500	2,777,775

SCHEDULE II

(a) Issuer Free Writing Prospectuses not included in the Pricing Disclosure Package:

Electronic roadshow dated [________], 2019

(b) Additional Documents Incorporated by Reference:

[None]

(c) Information other than the Pricing Prospectus that comprise the Pricing Disclosure Package:

The initial public offering price per share for the Shares is $[ ]
The number of Shares purchased by the Underwriters is [ ].
[Add any other pricing disclosure.]

ANNEX I

Form of Press Release

Parsons Corporation
[Date]

Parsons Corporation (“Company”) announced today that Goldman Sachs & Co. LLC, and Merrill, Lynch, Pierce Fenner & Smith Incorporated, the book-running managers in the Company’s recent public sale of shares of common stock, are [waiving] [releasing] a lock-up restriction with respect to shares of the Company’s common stock held by [certain officers or directors] [an officer or director] of the Company. The [waiver] [release] will take effect on , 20 , and the shares may be sold on or after such date.

This press release is not an offer for sale of the securities in the United States or in any other jurisdiction where such offer is prohibited, and such securities may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended.

Form of LW Opinion

[Attached Separately]

ANNEX III

List of Significant Subsidiaries

Parsons International Limited
Parsons Secure Solutions Inc.
Saudi Arabian Parsons Limited
Parsons Transportation Group Inc.
Parsons Environment & Infrastructure Group Inc.
Parsons International Limited
Parsons Government Services Inc.
Parsons Construction Group Inc.
Polaris Alpha, LLC

ANNEX IV

Form of Lock-Up for Officers and Directors of the Company

April [ ], 2019

Goldman Sachs & Co. LLC
Merrill Lynch, Pierce, Fenner & Smith Incorporated
Morgan Stanley & Co. LLC
As representatives of the several Underwriters

c/o Goldman Sachs & Co. LLC
200 West Street,
New York, New York 10282-2198

Re: *Parsons Corporation - Lock-Up Agreement*

Ladies and Gentlemen:

The undersigned understands that you, as representatives (the "**Representatives**"), propose to enter into an Underwriting Agreement (the "**Agreement**") on behalf of the several Underwriters named in Schedule I of the Agreement (collectively, the "**Underwriters**"), with Parsons Corporation, a Delaware corporation (the "**Company**"), providing for a public offering (the "**Offering**") of common stock, par value $1.00 (the "**Stock**") of the Company (the "**Shares**") pursuant to a Registration Statement on Form S-1 to be filed with the Securities and Exchange Commission (the "**SEC**").

In consideration of the agreement by the Underwriters to offer and sell the Shares, and of other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the undersigned agrees that, during the period beginning from the date of this Lock-Up Agreement and continuing to and including the date 180 days after the date set forth on the final prospectus used to sell the Shares (the "**Final Prospectus**"), the undersigned will not offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise transfer for value or dispose of for value, directly or indirectly, any shares of Stock of the Company, or any options or warrants to purchase any shares of Stock of the Company, or any securities convertible into, exchangeable for or that represent the right to receive shares of Stock of the Company, whether now owned or hereinafter acquired, owned directly by the undersigned (including holding as a custodian) or with respect to which the undersigned has beneficial ownership within the rules and regulations of the SEC (collectively the "**Undersigned's Shares**"). The foregoing restriction is expressly agreed to preclude the undersigned from engaging in any hedging or other transaction which is designed to or which reasonably could be expected to lead to or result in a sale or other disposition for value of the Undersigned's Shares even if such Shares would be disposed of by someone other than the undersigned. Such prohibited hedging or other transactions would include without limitation any short sale or any purchase, sale or grant of any right (including without limitation any put or call option) with respect to any of the Undersigned's Shares or with respect to any security that includes, relates to, or derives any significant part of its value from such Shares.

If the undersigned is an officer or director of the Company, (1) the undersigned further agrees that the foregoing restrictions shall be equally applicable to any issuer-directed Shares the undersigned may purchase in the Offering, (2) each Representative agrees that, at least three business days before the effective date of any release or waiver of the foregoing restrictions in connection with a transfer of Stock, the Representatives will notify the Company of the impending release or waiver, and (3) the Company has agreed in Section 5(e)(2) of the Agreement to announce the impending release or waiver by press release through a major news service at least two business days before the effective date of the release or waiver. Any release or waiver granted by the Representatives hereunder to any such officer or director shall only be effective two business days after the publication date of such press release. The provisions of this paragraph will not apply if (a) the release or waiver is effected solely to permit a transfer not for consideration and (b) the transferee has agreed in writing to be bound by the same terms described in this letter to the extent and for the duration that such terms remain in effect at the time of the transfer.

Notwithstanding the foregoing, the undersigned may transfer the Undersigned's Shares (i) as a *bona fide* gift or gifts, (ii) to any trust for the direct or indirect benefit of the undersigned or the immediate family of the undersigned, (iii) any transfer of Shares acquired by the undersigned in open market purchases after the Offering, provided, that any such transfer is not required to be publicly reported or disclosed (whether pursuant to Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), Section 13 of the Exchange Act or otherwise) and the undersigned does not voluntarily effect any public report, announcement or disclosure regarding such transfer, (iv) by will or intestate succession to an immediate family member, (v) any transfers by operation of law, including pursuant to a domestic order or a negotiated divorce settlement, or (vi) with the prior written consent of each Representative on behalf of the Underwriters; provided that, (A) with respect to clauses (i), (ii), (iv) and (v), any donees thereof, the trustee of the trust or any transferees thereof agree to be bound in writing by the restrictions set forth herein and (B) with respect to clauses (ii), (iv) and (v), any such transfer shall not involve a disposition for value. For purposes of this Lock-Up Agreement, "immediate family" shall mean any relationship by blood, marriage or adoption, not more remote than first cousin. The undersigned also agrees and consents to the entry of stop transfer instructions with the Company's transfer agent and registrar against the transfer of the Undersigned's Shares except in compliance with the foregoing restrictions.

The undersigned understands that the Company and the Underwriters are relying upon this Lock-Up Agreement in proceeding toward consummation of the Offering. The undersigned further understands that this Lock-Up Agreement is irrevocable and shall be binding upon the undersigned's heirs, legal representatives, successors, and assigns.

If for any reason (1) the Underwriters receive written notice from the Company that it does not intend to proceed with the Offering, (2) the Underwriting Agreement has not been executed prior to [●], 2019 or (3) the Underwriting Agreement is terminated prior to the Time of Delivery (as defined in the Underwriting Agreement), this Lock-Up Agreement shall be terminated and the undersigned released from its obligations hereunder.

Very truly yours,

Exact Name of Shareholder

Authorized Signature

Title

ANNEX V

Form of Lock-Up for Trustee of the ESOP

April , 2019

Goldman, Sachs & Co.
Merrill Lynch, Fenner & Smith Incorporated
As representatives of the several Underwriters
c/o Goldman, Sachs & Co.
200 West Street,
New York, New York 10282

Re: *Parsons Employee Stock Ownership Plan - Lock-Up Agreement*

Ladies and Gentlemen:

The undersigned understands that you, as representatives (the "**Representatives**"), propose to enter into an Underwriting Agreement (the "**Agreement**") on behalf of the several Underwriters named in Schedule I of the Agreement (collectively, the "**Underwriters**"), with Parsons Corporation, a Delaware corporation (the "**Company**"), providing for a public offering (the "**Offering**") of common stock, par value $1.00 (the "**Stock**") of the Company (the "**Shares**") pursuant to a Registration Statement on Form S-1 to be filed with the Securities and Exchange Commission (the "**SEC**").

In consideration of the agreement by the Underwriters to offer and sell the Shares, and of other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the undersigned agrees that, during the period beginning from the date of this Lock-Up Agreement and continuing to and including the date 180 days after the date set forth on the final prospectus used to sell the Shares (the "**Final Prospectus**"), the undersigned will not offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise transfer for value or dispose of for value, directly or indirectly, any shares of Stock of the Company, or any options or warrants to purchase any shares of Stock of the Company, or any securities convertible into, exchangeable for or that represent the right to receive shares of Stock of the Company, whether now owned or hereinafter acquired, owned directly by the undersigned (including holding as a custodian) or with respect to which the undersigned has beneficial ownership within the rules and regulations of the SEC (collectively the "**Undersigned's Shares**"). The foregoing restriction is expressly agreed to preclude the undersigned from engaging in any hedging or other transaction which is designed to or which reasonably could be expected to lead to or result in a sale or other disposition for value of the Undersigned's Shares even if such Shares would be disposed of by someone other than the undersigned. Such prohibited hedging or other transactions would include without limitation any short sale or any purchase, sale or grant of any right (including without limitation any put or call option) with respect to any of the Undersigned's Shares or with respect to any security that includes, relates to, or derives any significant part of its value from such Shares. Notwithstanding the foregoing, until the time of the effectiveness of the Company's registration statement filed with the SEC with respect to the Offering, of which the Final Prospectus forms a part, the undersigned may transfer the Undersigned's Shares in accordance with the terms of the Parsons Employee Stock Ownership Plan (the "**ESOP**") and the Parsons Corporation Employee Stock Ownership Trust Agreement (the "**ESOP Trust**"), both (i) in connection with a *bona fide* third party tender offer, merger, stock purchase, consolidation or similar transaction that, if consummated, would result in such third party possessing a majority of the voting power of the Company's equity securities, if such transfer is, in the reasonable discretion of the undersigned, necessary to fulfil the undersigned's fiduciary duties with respect to the ESOP under the Employee Retirement Income Security Act of 1974, as amended; and (ii) as otherwise necessary to honor the distribution and diversification rights of ESOP participants and beneficiaries in accordance with the terms of the ESOP and applicable law; provided that any Shares distributed pursuant to this clause (ii) shall be immediately repurchased by the Company for cash.

Furthermore, the undersigned agrees that, during the period beginning at the time of the effectiveness of the Company's registration statement filed with the SEC with respect to the Offering, of which the Final Prospectus forms a part, and continuing to and including the date 180 days after the date set forth on the Final Prospectus, the undersigned will not distribute or otherwise transfer any of the Undersigned's Shares to any person other than the Company, which shall immediately repurchase such Shares for cash.

Notwithstanding the foregoing, the undersigned may transfer the Undersigned's Shares with the prior written consent of each Representative on behalf of the Underwriters. The undersigned now has, and for the duration of this Lock-Up Agreement will have, good and marketable title to the Undersigned's Shares, free and clear of all liens, encumbrances, and claims whatsoever, subject to the terms and conditions of the ESOP and the ESOP Trust. The undersigned also agrees and consents to the entry of stop transfer instructions with the Company's transfer agent and registrar against the transfer of the Undersigned's Shares except in compliance with the foregoing restrictions.

The undersigned understands that the Company and the Underwriters are relying upon this Lock-Up Agreement in proceeding toward consummation of the offering. The undersigned further understands that this Lock-Up Agreement is irrevocable and shall be binding upon the undersigned's heirs, legal representatives, successors, and assigns.

This Lock-Up Agreement shall lapse and become null and void if the Company notifies the Representatives (with copy to the undersigned) that the Company does not intend to proceed with the Offering.

Very truly yours,

Newport Trust Company, solely in its capacity as Trustee of the Trust formed under the Parsons Employee Stock Ownership Plan

By: ______________________________

Name: William E. Ryan III

Title: President and Chief Fiduciary Officer

PARSONS CORPORATION

AMENDED AND RESTATED BYLAWS

ARTICLE I.
OFFICES

Section 1.01 Registered Office. The registered office of Parsons Corporation (the "Corporation") in the State of Delaware, and the name of the registered agent at such address, shall be as set forth in the Corporation's certificate of incorporation, as the same may be amended and/or restated from time to time (the "Certificate of Incorporation").

Section 1.02 Other Offices. The Corporation may have additional offices at any place or places, within or outside the State of Delaware, as the Corporation's board of directors (the "Board") may from time to time establish or as the business of the Corporation may require.

ARTICLE II.
MEETINGS OF STOCKHOLDERS

Section 2.01 Annual Meetings. The Board shall designate the date and time of the annual meeting. At the annual meeting, directors shall be elected and other proper business properly brought before the meeting in accordance with Section 2.04 may be transacted.

Section 2.02 Special Meetings. Special meetings of the stockholders may be called only by such Persons and only in such manner as set forth in the Certificate of Incorporation.

No business may be transacted at any special meeting of stockholders other than the business specified in the notice of such meeting.

Section 2.03 Place of Meetings. All meetings of the stockholders shall be held at such place, if any, within or outside the State of Delaware, as may from time to time be designated by the Board. The Board may, in its sole discretion, determine that a meeting of stockholders shall not be held at any place, but may instead be held solely by means of remote communication as authorized by Section 211(a)(2) of the General Corporation Law of the State of Delaware (the "DGCL"). In the absence of any such designation or determination, stockholders' meetings shall be held at the Corporation's principal executive office.

Section 2.04 Advance Notice Procedures for Business Brought before a Meeting.

(i) At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (a) specified in a notice of meeting given by or at the direction of the Board, (b) if not specified in a notice of meeting, otherwise brought before the meeting by the Board or the chairperson of the meeting, or (c) otherwise properly brought before the meeting by a stockholder present in Person who (A)(1) was a stockholder of the Corporation both at the time of giving the notice provided for in this Section 2.04 and at the time of the meeting, (2) is entitled to vote at the meeting and (3) has complied with this Section 2.04 or (B) properly made such proposal in accordance with Rule 14a-8 under the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (as so amended and inclusive of such rules and regulations, the "Exchange Act"), which proposal has been included in the proxy statement for the annual meeting. The foregoing clause (c) shall be the exclusive means for a stockholder to propose business to be brought before an annual meeting of the stockholders. The only matters that may be brought before a special meeting are the matters specified in the Corporation's notice of meeting given by or at the direction of the Person calling the meeting pursuant to the Certificate of Incorporation and Section 2.02 of these bylaws. For purposes of Article II of these bylaws, "present in Person" shall mean that the stockholder proposing that the business be brought before the annual or special meeting of the Corporation, or, if the proposing stockholder is not an individual, a qualified representative of such proposing stockholder, appear at such annual meeting, and a "qualified representative" of such proposing stockholder shall be, if such proposing stockholder is (x) a general or limited partnership, any general partner or Person who functions as a general partner of the general or limited partnership or who controls the general or limited partnership, (y) a corporation or a limited liability company, any officer or Person who functions as an officer of the corporation or limited liability company or any officer, director, general partner or Person who functions as an officer, director or general partner of any entity ultimately in control of the corporation or limited liability company or (z) a trust, any trustee of such trust. This Section 2.04 shall apply to any business that may be brought before an annual or special meeting of stockholders other than nominations for election to the Board at an annual meeting, which shall be governed by Section 2.05 of these bylaws. Stockholders seeking to nominate Persons for election to the Board must comply with Section 2.05 of these bylaws, and this Section 2.04 shall not be applicable to nominations for election to the Board except as expressly provided in Section 2.05 of these bylaws.

(ii) Without qualification, for business to be properly brought before an annual meeting by a stockholder, the stockholder must (a) provide Timely Notice (as defined below) thereof in writing and in proper form to the Secretary of the Corporation and (b) provide any updates or supplements to such notice at the times and in the forms required by this Section 2.04. To be timely, a stockholder's notice must be delivered to, or mailed and received at, the principal executive offices of the Corporation not less than ninety (90) days nor more than one hundred twenty (120) days prior to the one-year anniversary of the preceding year's annual meeting; *provided, however*, that if the date of the annual meeting is more than thirty (30) days before or more than sixty (60) days after such anniversary date, notice by the stockholder to be timely must be so delivered, or mailed and received, not later than the ninetieth (90th) day prior to such annual meeting or, if later, the tenth (10th) day following the day on which public disclosure of the date of such annual meeting was first made (such notice within such time periods, "Timely Notice"). In no event shall any adjournment or postponement of an annual meeting or the announcement thereof commence a new time period for the giving of Timely Notice as described above.

(iii) To be in proper form for purposes of this Section 2.04, a stockholder's notice to the Secretary shall set forth:

(a) As to each Proposing Person (as defined below), (A) the name and address of such Proposing Person (including, if applicable, the name and address that appear on the Corporation's books and records); and (B) the number of shares of each class or series of stock of the Corporation that are, directly or indirectly, owned of record or beneficially owned (within the meaning of Rule 13d-3 under the Exchange Act) by such Proposing Person, except that such Proposing Person shall in all events be deemed to beneficially own any shares of any class or series of stock of the Corporation as to which such Proposing Person has a right to acquire beneficial ownership at any time in the future (the disclosures to be made pursuant to the foregoing clauses (A) and (B) are referred to as "Stockholder Information");

(b) As to each Proposing Person, (A) the full notional amount of any securities that, directly or indirectly, underlie any "derivative security" (as such term is defined in

Rule 16a-1(c) under the Exchange Act) that constitutes a "call equivalent position" (as such term is defined in Rule 16a-1(b) under the Exchange Act) ("Synthetic Equity Position") and that is, directly or indirectly, held or maintained by such Proposing Person with respect to any shares of any class or series of stock of the Corporation; *provided* that, for the purposes of the definition of "Synthetic Equity Position," the term "derivative security" shall also include any security or instrument that would not otherwise constitute a "derivative security" as a result of any feature that would make any conversion, exercise or similar right or privilege of such security or instrument becoming determinable only at some future date or upon the happening of a future occurrence, in which case the determination of the amount of securities into which such security or instrument would be convertible or exercisable shall be made assuming that such security or instrument is immediately convertible or exercisable at the time of such determination; and, *provided*, *further*, that any Proposing Person satisfying the requirements of Rule 13d-1(b)(1) under the Exchange Act (other than a Proposing Person that so satisfies Rule 13d-1(b)(1) under the Exchange Act solely by reason of Rule 13d-1(b)(1)(ii)(E)) shall not be deemed to hold or maintain the notional amount of any securities that underlie a Synthetic Equity Position held by such Proposing Person as a hedge with respect to a bona fide derivatives trade or position of such Proposing Person arising in the ordinary course of such Proposing Person's business as a derivatives dealer, (B) any rights to dividends on the shares of any class or series of stock of the Corporation owned beneficially by such Proposing Person that are separated or separable from the underlying shares of the Corporation, (C) any material pending or threatened legal proceeding in which such Proposing Person is a party or material participant involving the Corporation or any of its officers or directors, or any affiliate of the Corporation, (D) any other material relationship between such Proposing Person, on the one hand, and the Corporation or any affiliate of the Corporation, on the other hand, (E) any direct or indirect material interest in any material contract or agreement of such Proposing Person with the Corporation or any affiliate of the Corporation (including, in any such case, any employment agreement, collective bargaining agreement or consulting agreement) and (F) any other information relating to such Proposing Person that would be required to be disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies or consents by such Proposing Person in support of the business proposed to be brought before the meeting pursuant to Section 14(a) of the Exchange Act (the disclosures to be made pursuant to the foregoing clauses (A) through (F) are referred to as "Disclosable Interests"); *provided*, *however*, that Disclosable Interests shall not include any such disclosures with respect to the ordinary course business activities of any broker, dealer, commercial bank, trust company or other nominee who is a Proposing Person solely as a result of being the stockholder directed to prepare and submit the notice required by these bylaws on behalf of a beneficial owner; and

(c) As to each item of business that the stockholder proposes to bring before the annual meeting, (A) a brief description of the business desired to be brought before the annual meeting, the reasons for conducting such business at the annual meeting and any material interest in such business of each Proposing Person, (B) the text of the proposal or business (including the text of any resolutions proposed for consideration), (C) a reasonably detailed description of all agreements, arrangements and understandings (x) between or among any of the Proposing Persons or (y) between or among any Proposing Person and any other Person or entity (including their names) in connection with the proposal of such business by such stockholder and (D) any other information relating to such item of business that would be required to be disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies in support of the business proposed to be brought before the meeting pursuant to Section 14(a) of the

Exchange Act; *provided*, *however*, that the disclosures required by this Section 2.04(iii) shall not include any disclosures with respect to any broker, dealer, commercial bank, trust company or other nominee who is a Proposing Person solely as a result of being the stockholder directed to prepare and submit the notice required by these bylaws on behalf of a beneficial owner.

(iv) For purposes of this Section 2.04, the term "Proposing Person" shall mean (a) the stockholder providing the notice of business proposed to be brought before an annual meeting, (b) the beneficial owner or beneficial owners, if different, on whose behalf the notice of the business proposed to be brought before the annual meeting is made, (c) any participant (as defined in paragraphs (a)(ii)-(vi) of Instruction 3 to Item 4 of Schedule 14A) with such stockholder in such solicitation or (d) any associate (within the meaning of Rule 12b-2 under the Exchange Act for the purposes of these bylaws) of such stockholder or beneficial owner.

(v) A Proposing Person shall update and supplement its notice to the Corporation of its intent to propose business at an annual meeting, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 2.04 shall be true and correct as of the record date for notice of the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to, or mailed and received by, the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for notice of the meeting (in the case of the update and supplement required to be made as of such record date), and not later than eight (8) business days prior to the date for the meeting or, if practicable, any adjournment or postponement thereof (and, if not practicable, on the first practicable date prior to the date to which the meeting has been adjourned or postponed) (in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof).

(vi) Notwithstanding anything in these bylaws to the contrary, no business shall be conducted at an annual meeting that is not properly brought before the meeting in accordance with this Section 2.04. The presiding officer of the meeting shall, if the facts warrant, determine that the business was not properly brought before the meeting in accordance with this Section 2.04, and if he or she should so determine, he or she shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

(vii) In addition to the requirements of this Section 2.04 with respect to any business proposed to be brought before an annual meeting, each Proposing Person shall comply with all applicable requirements of the Exchange Act with respect to any such business. Nothing in this Section 2.04 shall be deemed to affect the rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

(viii) For purposes of these bylaws, "public disclosure" shall mean disclosure in a press release reported by a national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Exchange Act.

Section 2.05 Advance Notice Procedures for Nominations of Directors.

(i) Nominations of any Person for election to the Board at an annual meeting may be made at such meeting only (a) by or at the direction of the Board, including by any committee or Persons authorized to do so by the Board or these bylaws, or (b) by a stockholder present in Person (as defined in Section 2.04) (1) who was a beneficial owner of shares of the Corporation both at the time of giving the notice provided for in this Section 2.05 and at the time of the meeting, (2) is entitled to vote at the meeting and (3) has complied with this Section 2.05 as to such notice and nomination. The foregoing clause (b) shall be the exclusive means for a stockholder to make any nomination of a Person or Persons for election to the Board at any annual meeting of stockholders.

(ii) Without qualification, for a stockholder to make any nomination of a Person or Persons for election to the Board at an annual meeting, the stockholder must (a) provide Timely Notice (as defined in Section 2.04(ii) of these bylaws) thereof in writing and in proper form to the Secretary of the Corporation, (b) provide the information, agreements and questionnaires with respect to such stockholder and its candidate for nomination as required to be set forth by this Section 2.05, and (c) provide any updates or supplements to such notice at the times and in the forms required by this Section 2.05. In no event shall any adjournment or postponement of an annual meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice as described above.

(iii) To be in proper form for purposes of this Section 2.05, a stockholder's notice to the Secretary shall set forth:

(a) As to each Nominating Person (as defined below), the Stockholder Information (as defined in Section 2.04(iii)(a) of these bylaws) except that for purposes of this Section 2.05, the term "Nominating Person" shall be substituted for the term "Proposing Person" in all places it appears in Section 2.04(iii)(a);

(b) As to each Nominating Person, any Disclosable Interests (as defined in Section 2.04(iii)(b), except that for purposes of this Section 2.05 the term "Nominating Person" shall be substituted for the term "Proposing Person" in all places it appears in Section 2.04(iii)(b) and the disclosure with respect to the business to be brought before the meeting in Section 2.04(iii)(c) shall be made with respect to nomination of each Person for election as a director at the meeting); and

(c) As to each candidate whom a Nominating Person proposes to nominate for election as a director, (A) all information with respect to such candidate for nomination that would be required to be set forth in a stockholder's notice pursuant to this Section 2.05 if such candidate for nomination were a Nominating Person, (B) all information relating to such candidate for nomination that is required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election pursuant to Section 14(a) under the Exchange Act (including such candidate's written consent to being named in the proxy statement as a nominee and to serving as a director if elected), (C) a description of any direct or indirect material interest in any material contract or agreement between or among any Nominating Person, on the one hand, and each candidate for nomination or his or her respective associates or any other participants in such solicitation, on the other hand, including, without limitation, all information that would be required to be disclosed pursuant to Item 404 under Regulation S-K if such Nominating Person were the "registrant" for purposes of such rule and the candidate for nomination were a director or executive officer of such registrant (the disclosures to be made pursuant to the foregoing clauses (A) through (C) are referred to as "Nominee Information"), and (D) a completed and signed questionnaire, representation and agreement as provided in Section 2.05(vi).

(iv) For purposes of this Section 2.05, the term "Nominating Person" shall mean (a) the stockholder providing the notice of the nomination proposed to be made at the meeting, (b) the beneficial owner or beneficial owners, if different, on whose behalf the notice of the nomination proposed to be made at the meeting is made and (c) any associate of such stockholder or beneficial owner or any other participant in such solicitation.

(v) A stockholder providing notice of any nomination proposed to be made at a meeting shall further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 2.05 shall be true and correct as of the record date for notice of the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to, or mailed and received by, the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for notice of the meeting (in the case of the update and supplement required to be made as of such record date), and not later than eight (8) business days prior to the date for the meeting or, if practicable, any adjournment or postponement thereof (and, if not practicable, on the first practicable date prior to the date to which the meeting has been adjourned or postponed) (in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof).

(vi) To be eligible to be a candidate for election as a director of the Corporation at an annual meeting, a candidate must be nominated in the manner prescribed in this Section 2.05 and the candidate for nomination, whether nominated by the Board or by a stockholder of record, must have previously delivered (in accordance with the time period prescribed for delivery in a notice to such candidate given by or on behalf of the Board), to the Secretary at the principal executive offices of the Corporation, a completed written questionnaire (in the form provided by the Corporation) with respect to the background, qualifications, stock ownership and independence of such candidate for nomination and (b) a written representation and agreement (in form provided by the Corporation) that such candidate for nomination (A) is not, and will not become a party to, any agreement, arrangement or understanding with any Person or entity other than the Corporation with respect to any direct or indirect compensation or reimbursement for service as a director of the Corporation that has not been disclosed therein and (B) if elected as a director of the Corporation, will comply with all applicable corporate governance, conflict of interest, confidentiality, stock ownership and trading and other policies and guidelines of the Corporation applicable to directors and in effect during such Person’s term in office as a director (and, if requested by any candidate for nomination, the Secretary of the Corporation shall provide to such candidate for nomination all such policies and guidelines then in effect).

(vii) The Board may also require any proposed candidate for nomination as a Director to furnish such other information as may reasonably be requested by the Board in writing prior to the meeting of stockholders at which such candidate’s nomination is to be acted upon in order for the Board to determine the eligibility of such candidate for nomination to be an independent director of the Corporation in accordance with the Corporation’s Corporate Governance Guidelines.

(viii) In addition to the requirements of this Section 2.05 with respect to any nomination proposed to be made at a meeting, each Proposing Person shall comply with all applicable requirements of the Exchange Act with respect to any such nominations.

(ix) No candidate shall be eligible for nomination as a director of the Corporation unless such candidate for nomination and the Nominating Person seeking to place such candidate’s name in nomination has complied with this Section 2.05, as applicable. The presiding officer at the meeting shall, if the facts warrant, determine that a nomination was not properly made in accordance with this Section 2.05, and if he or she should so determine, he or she shall so declare such determination to the meeting, the defective nomination shall be disregarded and any ballots cast for the candidate in question (but in the case of any form of ballot listing other qualified nominees, only the ballots case for the nominee in question) shall be void and of no force or effect.

(x) Notwithstanding anything in these bylaws to the contrary, no candidate for nomination shall be eligible to be seated as a director of the Corporation unless nominated and elected in accordance with this Section 2.05.

Section 2.06 Notice of Stockholders' Meetings. Unless otherwise provided by law, the Certificate of Incorporation or these bylaws, the notice of any meeting of stockholders shall be sent or otherwise given in accordance with either Section 2.07 or Section 11.01 of these bylaws not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting. The notice shall specify the place, if any, date and hour of the meeting, the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in Person and vote at such meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called.

Section 2.07 Manner of Giving Notice; Affidavit of Notice. Notice of any meeting of stockholders shall be deemed given:

(i) if mailed, when deposited in the U.S. mail, postage prepaid, directed to the stockholder at his or her address as it appears on the Corporation's records; or

(ii) if electronically transmitted as provided in Section 11.01 of these bylaws.

An affidavit of the secretary or an assistant secretary of the Corporation or of the transfer agent or any other agent of the Corporation that the notice has been given by mail or by a form of electronic transmission, as applicable, shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

Section 2.08 Quorum. Unless otherwise provided by law, the Certificate of Incorporation or these bylaws, the holders of a majority in voting power of the stock issued and outstanding and entitled to vote, present in Person, or by remote communication, if applicable, or represented by proxy, shall constitute a quorum for the transaction of business at all meetings of the stockholders. If, however, a quorum is not present or represented at any meeting of the stockholders, then either (i) the chairperson of the meeting or (ii) a majority in voting power of the stockholders entitled to vote at the meeting, present in Person, or by remote communication, if applicable, or represented by proxy, shall have power to adjourn the meeting from time to time in the manner provided in Section 2.09 of these bylaws until a quorum is present or represented.

Section 2.09 Adjourned Meeting; Notice. When a meeting is adjourned to another time or place, if any, notice need not be given of the adjourned meeting if the time, place, if any, thereof, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in Person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken. At any adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. If after the adjournment a new record date for determination of stockholders entitled to vote is fixed for the adjourned meeting, the Board shall fix as the record date for determining stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote at the adjourned meeting, and shall give notice of the adjourned meeting to each stockholder of record as of the record date so fixed for notice of such adjourned meeting.

Section 2.10 Conduct of Business. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting by the Person presiding over the meeting. The Board may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board, the chairperson of any meeting of stockholders shall have the right and authority to convene and (for any or no reason) to recess and/or adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairperson, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board or prescribed by the chairperson of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders entitled to vote at the meeting, their duly authorized and constituted proxies or such other Persons as the chairperson of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. Unless and to the extent determined by the Board or the chairperson of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 2.11 Voting. Except as may be otherwise provided in the Certificate of Incorporation, these bylaws or the DGCL, each stockholder shall be entitled to one (1) vote for each share of capital stock held by such stockholder.

Except as otherwise provided by the Certificate of Incorporation, at all duly called or convened meetings of stockholders at which a quorum is present, for the election of directors, a plurality of the votes cast shall be sufficient to elect a director. Except as otherwise provided by the Certificate of Incorporation, these bylaws, the rules or regulations of any stock exchange applicable to the Corporation, or applicable law or pursuant to any regulation applicable to the Corporation or its securities, each other matter presented to the stockholders at a duly called or convened meeting at which a quorum is present shall be decided by the affirmative vote of the holders of a majority of the votes cast (excluding abstentions and broker non-votes) on such matter.

Section 2.12 Record Date for Stockholder Meetings and Other Purposes. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall not be more than sixty (60) days nor less than ten (10) days before the date of such meeting. If the Board so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record date is fixed by the Board, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be the close of business on the next day preceding the day on which notice is first given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting; and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance herewith at the adjourned meeting.

In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment or any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of capital stock, or for the purposes of any other lawful action, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

Section 2.13 Proxies. Each stockholder entitled to vote at a meeting of stockholders may authorize another Person or Persons to act for such stockholder by proxy authorized by an instrument in writing or by a transmission permitted by law filed in accordance with the procedure established for the meeting, but, no such proxy shall be voted or acted upon after three (3) years from its date, unless the proxy provides for a longer period. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of Section 212 of the DGCL. A proxy may be in the form of a telegram, cablegram or other means of electronic transmission which sets forth or is submitted with information from which it can be determined that the telegram, cablegram or other means of electronic transmission was authorized by the stockholder.

Section 2.14 List of Stockholders Entitled to Vote. The Corporation shall prepare, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting (provided, however, that if the record date for determining the stockholders entitled to vote is less than ten (10) days before the date of the meeting, the list shall reflect the stockholders entitled to vote as of the tenth day before the meeting date), arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. The Corporation shall not be required to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting for a period of at least ten (10) days prior to the meeting: (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the Corporation's principal executive office. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting. Such list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them. Except as otherwise provided by law, the stock ledger shall be the only evidence as to who are the stockholders entitled to examine the list of stockholders required by this Section 2.14 or to vote in Person or by proxy at any meeting of stockholders.

Section 2.15 Inspectors of Election. Before any meeting of stockholders, the Corporation shall appoint an inspector or inspectors of election to act at the meeting or its adjournment and make a written report thereof. The Corporation may designate one or more Persons as alternate inspectors to replace any inspector who fails to act. If any Person appointed as inspector or any alternate fails to appear or fails or refuses to act, then the chairperson of the meeting shall appoint a Person to fill that vacancy.

Such inspectors shall:

(i) determine the number of shares outstanding and the voting power of each, the number of shares represented at the meeting and the validity of any proxies and ballots;

(ii) count all votes or ballots;

(iii) count and tabulate all votes;

(iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspector(s); and

(v) certify its or their determination of the number of shares represented at the meeting and its or their count of all votes and ballots.

Each inspector, before entering upon the discharge of the duties of inspector, shall take and sign an oath faithfully to execute the duties of inspection with strict impartiality and according to the best of such inspector's ability. Any report or certificate made by the inspectors of election is prima facie evidence of the facts stated therein. The inspectors of election may appoint such Persons to assist them in performing their duties as they determine.

ARTICLE III.
BOARD OF DIRECTORS

Section 3.01 General Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board, except as may be otherwise provided by the DGCL or in the Certificate of Incorporation.

Section 3.02 Number of Directors. Subject to the Certificate of Incorporation, the total number of directors constituting the Board shall be determined from time to time by resolution of the Board. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

Section 3.03 Election, Qualification and Term of Office of Directors. Except as provided in Section 3.04 of these bylaws, each director, including a director elected to fill a vacancy or newly created directorship, shall hold office until the expiration of the term of the class, if any, for which elected and until such director's successor is elected and qualified or until such director's earlier death, resignation or removal. Directors need not be stockholders. The Certificate of Incorporation or these bylaws may prescribe qualifications for directors. The election of directors is subject to any provisions contained in the Certificate of Incorporation relating thereto, including any provision for a classified board and for cumulative voting.

Section 3.04 Resignations and Vacancies. Any director of the Corporation may resign at any time by giving written notice or by electronic transmission to the Corporation. Any such resignation shall take effect at the time specified therein or upon the happening of an event specified therein, or, if no time or event is specified, it shall take effect immediately upon its receipt; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. When one or more directors so resigns and the resignation is effective at a future date or upon the happening of an event to occur on a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall hold office as provided in this section in the filling of other vacancies.

Unless otherwise provided in the Certificate of Incorporation or these bylaws, vacancies and newly created directorships resulting from any increase in the authorized number of directors shall be filled only by a majority of the directors then in office, although less than a quorum, or by a sole remaining director. Any director appointed in accordance with the preceding sentence shall hold office for the remainder of the term of the class, if any, to which the director is appointed and until such director's successor shall have been elected and qualified. A vacancy in the Board shall be deemed to exist under these bylaws in the case of the death, removal or resignation of any director.

Section 3.05 Place of Meetings; Meetings by Telephone The Board may hold any of its meetings, both regular and special, at such place or places within or outside the State of Delaware. Unless otherwise restricted by the Certificate of Incorporation or these bylaws, members of the Board, or any committee designated by the Board, may participate in a meeting of the Board, or any committee, by means of conference telephone or other communications equipment by means of which all Persons participating in the meeting can hear each other, and such participation in a meeting pursuant to this bylaw shall constitute presence in Person at the meeting.

Section 3.06 Regular Meetings. Regular meetings of the Board may be held without notice at such time and at such place as shall from time to time be determined by the Board.

Section 3.07 Special Meetings; Notice. Special meetings of the Board for any purpose or purposes may be called at any time by the chairperson of the Board, the chief executive officer, the president, the secretary or a majority of the total number of directors constituting the Board.

Notice of the time and place of special meetings shall be:

(i) delivered Personally by hand, by courier or by telephone;

(ii) sent by United States first-class mail, postage prepaid;

(iii) sent by facsimile or electronic mail; or

(iv) sent by other means of electronic transmission,

directed to each director at that director's address, telephone number, facsimile number or electronic mail address, or other address for electronic transmission, as the case may be, as shown on the Corporation's records.

If the notice is (i) delivered Personally by hand, by courier or by telephone, (ii) sent by facsimile or electronic mail, or (iii) sent by other means of electronic transmission, it shall be delivered or sent at least twenty-four (24) hours before the time of the holding of the meeting. If the notice is sent by U.S. mail, it shall be deposited in the U.S. mail at least four (4) days before the time of the holding of the meeting. The notice need not specify the place of the meeting (if the meeting is to be held at the Corporation's principal executive office) nor the purpose of the meeting.

Section 3.08 Quorum and Manner of Acting. Except as otherwise provided in these bylaws, Certificate of Incorporation, or by law, the presence of a majority of the total number of directors shall constitute a quorum for the transaction of business at any meeting of the Board, and the vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board. If a quorum is not present at any meeting of the Board, then the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

Section 3.09 Action by Consent. Unless otherwise restricted by the Certificate of Incorporation or these bylaws, any action required or permitted to be taken at any meeting of the Board, or of any committee thereof, may be taken without a meeting if a consent thereto in writing or by electronic transmission is signed by all members of the Board or of such committee, as the case may be, and such consent is filed with the minutes of proceedings of the Board or such committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 3.10 Compensation. Unless otherwise restricted by the Certificate of Incorporation or these bylaws, the Board shall have the authority to fix the compensation, including fees and reimbursement of expenses, of directors for services to the Corporation in any capacity.

ARTICLE IV.
COMMITTEES

Section 4.01 Committees of Directors. The Board may designate one (1) or more committees, each committee to consist, of one (1) or more of the directors of the Corporation. The Board may designate one (1) or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board or in these bylaws, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers that may require it; but no such committee shall have the power or authority to (i) approve or adopt, or recommend to the stockholders, any action or matter expressly required by the DGCL to be submitted to stockholders for approval, or (ii) adopt, amend or repeal any bylaw of the Corporation.

Section 4.02 Committee Minutes. Each committee shall keep regular minutes of its meetings and report the same to the Board when required.

Section 4.03 Meetings and Actions of Committees.

Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of:

(i) Section 3.05 (place of meetings and meetings by telephone);

(ii) Section 3.06 (regular meetings);

(iii) Section 3.07 (special meetings and notice);

(iv) Section 3.09 (action without a meeting); and

(v) Section 10.04 (waiver of notice),

with such changes in the context of those bylaws as are necessary to substitute the committee and its members for the Board and its members. *However*:

(i) the time of regular meetings of committees may be determined either by resolution of the Board or by resolution of the committee;

(ii) special meetings of committees may also be called by resolution of the Board or the chairperson of the applicable committee; and

(iii) the Board may adopt rules for the governance of any committee to override the provisions that would otherwise apply to the committee pursuant to this Section 4.03, provided that such rules do not violate the provisions of the Certificate of Incorporation or applicable law.

ARTICLE V.
OFFICERS

Section 5.01 Officers. The officers of the Corporation shall include a president and a secretary. The Corporation may also have, at the discretion of the Board, a chairperson of the Board, a vice chairperson of the Board, a chief executive officer, a chief financial officer, a treasurer, one (1) or more vice presidents, one (1) or more assistant vice presidents, one (1) or more assistant treasurers, one (1) or more assistant secretaries, and any such other officers as may be appointed in accordance with the provisions of these bylaws. Any number of offices may be held by the same Person.

Section 5.02 Appointment of Officers. The Board shall appoint the officers of the Corporation, except such officers as may be appointed in accordance with the provisions of Section 5.03 of these bylaws.

Section 5.03 Subordinate Officers. The Board may appoint, or empower the chief executive officer or, in the absence of a chief executive officer, the president, to appoint, such other officers and agents as the business of the Corporation may require. Each of such officers and agents shall hold office for such period, have such authority, and perform such duties as are provided in these bylaws or as the Board may from time to time determine.

Section 5.04 Removal and Resignation of Officers. Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, either with or without cause, by the Board or, except in the case of an officer chosen by the Board, by any officer upon whom such power of removal may be conferred by the Board.

Any officer may resign at any time by giving written notice to the Corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice. Unless otherwise specified in the notice of resignation, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party.

Section 5.05 Vacancies in Offices. Any vacancy occurring in any office of the Corporation shall be filled by the Board or as provided in Section 5.02.

Section 5.06 Representation of Shares of Other Corporations. The chairperson of the Board, the chief executive officer, the president, any vice president, the treasurer, the secretary or assistant secretary of this Corporation, or any other Person authorized by the Board, the chief executive officer, the president or a vice president, is authorized to vote, represent and exercise on behalf of this Corporation all rights incident to any and all shares of any other corporation or corporations standing in the name of this Corporation. The authority granted herein may be exercised either by such Person directly or by any other Person authorized to do so by proxy or power of attorney duly executed by such Person having the authority.

Section 5.07 Authority and Duties of Officers. All officers of the Corporation shall respectively have such authority and perform such duties in the management of the business of the Corporation as may be provided herein or designated from time to time by the Board and, to the extent not so provided, as generally pertain to their respective offices, subject to the control of the Board.

ARTICLE VI.
RECORDS

A stock ledger consisting of one or more records in which the names of all of the Corporation's stockholders of record, the address and number of shares registered in the name of each such stockholder, and all issuances and transfers of stock of the corporation are recorded in accordance with Section 224 of the DGCL shall be administered by or on behalf of the Corporation. Any records administered by or on behalf of the Corporation in the regular course of its business, including its stock ledger, books of account, and minute books, may be kept on, or by means of, or be in the form of, any information storage device, or method, or one or more electronic networks or databases (including one or more distributed electronic networks or databases), provided that the records so kept can be converted into clearly legible paper form within a reasonable time and, with respect to the stock ledger, that the records so kept (i) can be used to prepare the list of stockholders specified in Sections 219 and 220 of the DGCL, (ii) record the information specified in Sections 156, 159, 217(a) and 218 of the DGCL, and (iii) record transfers of stock as governed by Article 8 of the Uniform Commercial Code.

ARTICLE VII.
CONTRACTS, CHECKS, DRAFTS, BANK ACCOUNTS, ETC.

Section 7.01 Execution of Corporate Contracts and Instruments. The Board, except as otherwise provided in these bylaws, may authorize any officer or officers, or agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances; and unless so authorized or ratified by the Board or by these bylaws or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

ARTICLE VIII.
SHARES AND THEIR TRANSFER

Section 8.01 Certificate for Stock. The shares of the Corporation shall be represented by certificates, provided that the Board by resolution may provide that some or all of the shares of any class or series of stock of the Corporation shall be uncertificated. Certificates for the shares of stock, if any, shall be in such form as is consistent with the Certificate of Incorporation and applicable law. Every holder of stock represented by a certificate shall be entitled to have a certificate signed by, or in the name of the Corporation by, any two officers authorized to sign stock certificates representing the number of shares registered in certificate form. The chairperson or vice chairperson of the Board, the president, vice president, the treasurer, any assistant treasurer, the secretary or any assistant secretary of the Corporation shall be specifically authorized to sign stock certificates. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

Section 8.02 Lost Certificates. The Corporation may issue a new certificate of stock or uncertified shares in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertified shares.

Section 8.03 Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board and may be changed by the Board.

Section 8.04 Seal. The Corporation may adopt a corporate seal, which shall be adopted and which may be altered by the Board. The Corporation may use the corporate seal by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced

Section 8.05 Transfers of Stock. Shares of the Corporation shall be transferable in the manner prescribed by law and in these bylaws. Shares of stock of the Corporation shall be transferred on the books of the Corporation only by the holder of record thereof or by such holder's attorney duly authorized in writing, upon surrender to the Corporation of the certificate or certificates representing such shares endorsed by the appropriate Person or Persons (or by delivery of duly executed instructions with respect to uncertificated shares), with such evidence of the authenticity of such endorsement or execution, transfer, authorization and other matters as the Corporation may reasonably require, and accompanied by all necessary stock transfer stamps. No transfer of stock shall be valid as against the Corporation for any purpose until it shall have been entered in the stock records of the Corporation by an entry showing the names of the Persons from and to whom it was transferred.

Section 8.06 Stock Transfer Agreements. The Corporation shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes or series of stock of the Corporation to restrict the transfer of shares of stock of the Corporation of any one or more classes owned by such stockholders in any manner not prohibited by the DGCL.

Section 8.07 Shares Without Certificates The Corporation may adopt a system of issuance, recordation and transfer of its shares of stock by electronic or other means not involving the issuance of certificates, provided the use of such system by the Corporation is permitted in accordance with applicable law.

Section 8.08 Registered Stockholders.

The Corporation:

(i) shall be entitled to recognize the exclusive right of a Person registered on its books as the owner of shares to receive dividends and to vote as such owner; and

(ii) shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of another Person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Delaware.

ARTICLE IX.
INDEMNIFICATION

Section 9.01 Indemnification of Directors and Officers. The Corporation shall indemnify and hold harmless, to the fullest extent permitted by the DGCL as it presently exists or may hereafter be amended, any director or officer of the Corporation who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding") by reason of the fact that he or she, or a Person for whom he or she is the legal representative, is or was a director or officer of the Corporation or, while serving as a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or non-profit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees, judgments, fines ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred by such Person in connection with any such Proceeding. Notwithstanding the preceding sentence, except as otherwise provided in Section 9.04, the Corporation shall be required to indemnify a Person in connection with a Proceeding initiated by such Person only if the Proceeding was authorized in the specific case by the Board.

Section 9.02 Indemnification of Others. The Corporation shall have the power to indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any employee or agent of the Corporation who was or is made or is threatened to be made a party or is otherwise involved in any Proceeding by reason of the fact that he or she, or a Person for whom he or she is the legal representative, is or was an employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or non-profit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses reasonably incurred by such Person in connection with any such Proceeding.

Section 9.03 Prepayment of Expenses. The Corporation shall to the fullest extent not prohibited by applicable law pay the expenses (including attorneys' fees) incurred by any officer or director of the Corporation, and may pay the expenses incurred by any employee or agent of the Corporation, in defending any Proceeding in advance of its final disposition; *provided, however*, that, to the extent required by law, such payment of expenses in advance of the final disposition of the Proceeding shall be made only upon receipt of an undertaking by the Person to repay all amounts advanced if it should be ultimately determined that the Person is not entitled to be indemnified under this Article IX or otherwise.

Section 9.04 Determination; Claim. If a claim for indemnification (following the final disposition of such Proceeding) under this Article IX is not paid in full within sixty (60) days, or a claim for advancement of expenses under this Article IX is not paid in full within thirty (30) days, after a written claim therefor has been received by the Corporation the claimant may thereafter (but not before) file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim to the fullest extent permitted by law. In any such action the Corporation shall have the burden of proving that the claimant was not entitled to the requested indemnification or payment of expenses under applicable law.

Section 9.05 Non-Exclusivity of Rights. The rights conferred on any Person by this Article IX shall not be exclusive of any other rights which such Person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, these bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

Section 9.06 Insurance. The Corporation may purchase and maintain insurance on behalf of any Person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust enterprise or non-profit entity against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of the DGCL.

Section 9.07 Other Indemnification. The Corporation's obligation, if any, to indemnify or advance expenses to any Person who was or is serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, enterprise or non-profit entity shall be reduced by any amount such Person may collect as indemnification or advancement of expenses from such other corporation, partnership, joint venture, trust, enterprise or non-profit enterprise.

Section 9.08 Continuation of Indemnification. The rights to indemnification and to prepayment of expenses provided by, or granted pursuant to, this Article IX shall continue notwithstanding that the Person has ceased to be a director or officer of the Corporation and shall inure to the benefit of the estate, heirs, executors, administrators, legatees and distributees of such Person.

Section 9.09 Amendment or Repeal; Interpretation. The provisions of this Article IX shall constitute a contract between the Corporation, on the one hand, and, on the other hand, each individual who serves or has served as a director or officer of the Corporation (whether before or after the adoption of these bylaws), in consideration of such Person's performance of such services, and pursuant to this Article IX the Corporation intends to be legally bound to each such current or former director or officer of the Corporation. With respect to current and former directors and officers of the Corporation, the rights conferred under this Article IX are present contractual rights and such rights are fully vested, and shall be deemed to have vested fully, immediately upon adoption of theses bylaws. With respect to any directors or officers of the Corporation who commence service following adoption of these bylaws, the rights conferred under this provision shall be present contractual rights and such rights shall fully vest, and be deemed to have vested fully, immediately upon such director or officer commencing service as a director or officer of the Corporation. Any repeal or modification of the foregoing provisions of this Article IX shall not adversely affect any right or protection (i) hereunder of any Person in respect of any act or omission occurring prior to the time of such repeal or modification or (ii) under any agreement providing for indemnification or advancement of expenses to an officer or director of the Corporation in effect prior to the time of such repeal or modification.

Any reference to an officer of the Corporation in this Article IX shall be deemed to refer exclusively to the chairperson of the Board, a vice chairperson of the Board, a chief executive officer, a chief financial officer, a treasurer appointed pursuant to Article V of these bylaws, and to any vice president, assistant secretary, assistant treasurer, or other officer of the Corporation appointed by (x) the Board pursuant to Article V of these bylaws or (y) an officer to whom the Board has delegated the power to appoint officers pursuant to Article V of these bylaws, and any reference to an officer of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall be deemed to refer exclusively to an officer appointed by the board of directors (or equivalent governing body) of such other entity pursuant to the Certificate of Incorporation and bylaws (or equivalent organizational documents) of such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise. The fact that any Person who is or was an employee of the Corporation or an employee of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise has been given or has used the title of "vice president" or any other title that could be construed to suggest or imply that such Person is or may be an officer of the Corporation or of such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall not result in such Person being constituted as, or being deemed to be, an officer of the Corporation or of such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise for purposes of this Article IX.

ARTICLE X.
MISCELLANEOUS

Section 10.01 Construction; Definitions. Unless the context requires otherwise, the general provisions, rules of construction and definitions in the DGCL shall govern the construction of these bylaws. Without limiting the generality of this provision, the singular number includes the plural and the plural number includes the singular.

Section 10.02 Dividends. The Board, subject to any restrictions contained in either (i) the DGCL or (ii) the Certificate of Incorporation, may declare and pay dividends upon the shares of its capital stock. Dividends may be paid in cash, in property or in shares of the Corporation's capital stock.

The Board may set apart out of any of the funds of the Corporation available for dividends a reserve or reserves for any proper purpose and may abolish any such reserve. Such purposes shall include but not be limited to equalizing dividends, repairing or maintaining any property of the Corporation, and meeting contingencies.

Section 10.03 Waiver of Notices. Whenever notice is required to be given under any provision of the DGCL, the Certificate of Incorporation or these bylaws, a written waiver, signed by the Person entitled to notice, or a waiver by electronic transmission by the Person entitled to notice, whether before or after the time of the event for which notice is to be given, shall be deemed equivalent to notice. Attendance of a Person at a meeting shall constitute a waiver of notice of such meeting, except when the Person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in any written waiver of notice or any waiver by electronic transmission unless so required by the Certificate of Incorporation or these bylaws.

ARTICLE XI
NOTICE BY ELECTRONIC TRANSMISSION

Section 11.01 Notice by Electronic Transmission.

Without limiting the manner by which notice otherwise may be given effectively to stockholders pursuant to the DGCL, the Certificate of Incorporation or these bylaws, any notice to stockholders given by the Corporation under any provision of the DGCL, the Certificate of Incorporation or these bylaws shall be effective if given by a form of electronic transmission consented to by the stockholder to whom the notice is given. Any such consent shall be revocable by the stockholder by written notice to the Corporation. Any such consent shall be deemed revoked if:

(i) the Corporation is unable to deliver by electronic transmission two (2) consecutive notices given by the Corporation in accordance with such consent; and

(ii) such inability becomes known to the secretary or an assistant secretary of the Corporation or to the transfer agent, or other Person responsible for the giving of notice.

However, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action.

Any notice given pursuant to the preceding paragraph shall be deemed given:

(i) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice;

(ii) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice;

(iii) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; and

(iv) if by any other form of electronic transmission, when directed to the stockholder.

An affidavit of the secretary or an assistant secretary or of the transfer agent or other agent of the Corporation that the notice has been given by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

Section 11.02 Definition of Electronic Transmission.

An “electronic transmission” means any form of communication, not directly involving the physical transmission of paper, including the use of, or participation in, one or more electronic networks or databases (including one or more distributed electronic networks or databases), that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

ARTICLE XII
AMENDMENTS

The Board is expressly empowered to adopt, amend or repeal the bylaws of the Corporation. Any adoption, amendment or repeal of the bylaws of the Corporation by the Board shall require the approval of a majority of the number of directors then in office. The stockholders also shall have power to adopt, amend or repeal the bylaws of the Corporation, whether adopted by them or otherwise.

ARTICLE XIII
FORUM SELECTION

Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery (the “Chancery Court”) of the State of Delaware (or, in the event that the Chancery Court does not have jurisdiction, the federal district court for the District of Delaware or other state courts of the State of Delaware) shall, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer, employee or agent of the Corporation to the Corporation or to the Corporation’s stockholders, (iii) any action asserting a claim against the Corporation arising pursuant to any provision of the DGCL or the Certificate of Incorporation or these bylaws (as either may be amended from time to time) or (iv) any action asserting a claim against the Corporation governed by the internal affairs doctrine, in each case subject to the Chancery Court having personal jurisdiction over the indispensable parties named as defendants therein, unless the Corporation provides written consent to the selection of an alternative forum. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article XIII.

ARTICLE XIV.
DEFINITIONS

As used in these bylaws, unless the context otherwise requires, the term:

"Affiliate" means, with respect to any Person, any other Person that controls, is controlled by, or is under common control with such Person. For the purposes of this definition, "control," when used with respect to any Person, means the power to direct or cause the direction of the affairs or management of that Person, whether through the ownership of voting securities, as trustee (or the power to appoint a trustee), Personal representative or executor, by contract, credit arrangement or otherwise and "controlled" and "controlling" have meanings correlative to the foregoing.

"Person" means any individual, general partnership, limited partnership, limited liability company, corporation, trust, business trust, joint stock company, joint venture, unincorporated association, cooperative or association or any other legal entity or organization of whatever nature, and shall include any successor (by merger or otherwise) of such entity.

Parsons Corporation

Certificate of Amendment and Restatement of Bylaws

The undersigned hereby certifies that he is the duly elected, qualified, and acting Secretary of Parsons Corporation, a Delaware corporation (the "Corporation"), and that the foregoing bylaws were approved on April 15, 2019, effective as of April 15, 2019, by the Corporation's board of directors.

IN WITNESS HEREOF, the undersigned has hereunto set his hand this day of , 2019.

Michael R. Kolloway

Chief Legal Officer and Secretary

Exhibit 5.1

LATHAM&WATKINS LLP

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Seoul
Shanghai
Silicon Valley
Singapore
Tokyo
Washington, D.C.

April 29, 2019

Parsons Corporation
5875 Trinity Parkway #300
Centreville, Virginia 20120

Re: Form S-1 Registration Statement File No. 333-230833
Initial Public Offering of up to 21,296,275 Shares of Common Stock of Parsons Corporation

Ladies and Gentlemen:

We have acted as special counsel to Parsons Corporation, a Delaware corporation (the "***Company***"), in connection with the proposed issuance of up to 21,296,275 shares (including shares subject to the underwriters' option to purchase additional shares) of common stock, $1.00 par value per share (the "***Shares***"). The Shares are included in a registration statement on Form S–1 under the Securities Act of 1933, as amended (the "***Act***"), filed with the Securities and Exchange Commission (the "***Commission***") on April 12, 2019 (Registration No. 333–230833) (as amended, the "***Registration Statement***"). The term "Shares" shall include any additional shares of common stock registered by the Company pursuant to Rule 462(b) under the Act in connection with the offering contemplated by the Registration Statement. This opinion is being furnished in connection with the requirements of Item 601(b)(5) of Regulation S-K under the Act, and no opinion is expressed herein as to any matter pertaining to the contents of the Registration Statement or related prospectus (the "***Prospectus***"), other than as expressly stated herein with respect to the issue of the Shares.

As such counsel, we have examined such matters of fact and questions of law as we have considered appropriate for purposes of this letter. With your consent, we have relied upon certificates and other assurances of officers of the Company and others as to factual matters without having independently verified such factual matters. We are opining herein as to the General Corporation Law of the State of Delaware (the "***DGCL***"), and we express no opinion with respect to any other laws.

LATHAM&WATKINS LLP

Subject to the foregoing and the other matters set forth herein, it is our opinion that, as of the date hereof, when the Shares shall have been duly registered on the books of the transfer agent and registrar therefor in the name or on behalf of the purchasers and have been issued by the Company against payment therefor in the circumstances contemplated by the form of underwriting agreement most recently filed as an exhibit to the Registration Statement, the issue and sale of the Shares will have been duly authorized by all necessary corporate action of the Company, and the Shares will be validly issued, fully paid and nonassessable. In rendering the foregoing opinion, we have assumed that the Company will comply with all applicable notice requirements regarding uncertificated shares provided in the DGCL.

This opinion is for your benefit in connection with the Registration Statement and may be relied upon by you and by persons entitled to rely upon it pursuant to the applicable provisions of the Act. We consent to your filing this opinion as an exhibit to the Registration Statement and to the reference to our firm in the Prospectus under the heading “Legal Matters.” We further consent to the incorporation by reference of this letter and consent into any post-effective amendment to the Registration Statement filed pursuant to Rule 462(b) with respect to the Shares. In giving such consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission thereunder.

Very truly yours,

/s/ Latham & Watkins LLP

Exhibit 10.2

PARSONS EMPLOYEE STOCK OWNERSHIP PLAN

2019 AMENDMENT AND RESTATEMENT

TABLE OF CONTENTS

PARSONS EMPLOYEE STOCK OWNERSHIP PLAN

2019 AMENDMENT AND RESTATEMENT

ARTICLE I
GENERAL

1.1 Nature of Plan.

(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, shall remain in 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.

1.2 Effective Date. 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.

1.3 Defined Terms. All capitalized terms used in this Plan shall have the meaning set forth in Article II, unless the context clearly indicates otherwise.

ARTICLE II
DEFINITIONS

2.1 Account. "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.

2.2 Affiliated Company. "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.

2.3 Anniversary Date. "Anniversary Date" shall mean the last day of each Plan Year.

2.4 Approved Absence. "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.

2.5 Beneficiary. "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.

2.6 Board of Directors. "Board of Directors" shall mean the board of directors of the Sponsor, as such board may be constituted from time to time.

2.7 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 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 of Service cannot be determined, eight Hours of Service per day of such absence, except that the total number of Hours of Service to be credited shall not exceed 501. For purposes of this paragraph, an absence from work for maternity or paternity reasons means an absence (i) by reason of the pregnancy of the individual, (ii) by reason of a birth of a child of the individual, (iii) by reason of the placement of a child with the individual in connection with the adoption of such child by such individual, or (iv) 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 (A) in the Computation Period in which the absence begins if the crediting is necessary to prevent a Break in Service in that period, or (B) 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 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 a 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.

2.8 Business Day. "Business Day" shall mean any day other than Saturday, Sunday or any other day on which banking institutions in the State of California are not open for the transaction of normal banking business.

2.9 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.

2.10 Committee. "Committee" shall mean the Policy and Advisory Committee described in Article XII.

2.11 Company. "Company" shall mean the Sponsor or any Affiliated Company.

2.12 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.

2.13 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.

2.14 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.

2.15 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).

2.16 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) 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) 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.

2.17 Employee. “Employee” shall mean any individual employed by a Company.

2.18 ERISA. “ERISA” shall mean the Employee Retirement Income Security Act of 1974, as it may be amended from time to time.

2.19 ESOP Account. “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.

2.20 ESOP Fund. “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.

2.21 ESOP Suspense Subfund. “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 Company Stock to individual ESOP Accounts.

2.22 Exempt Loan. “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.

2.23 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 of Company Stock 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(a).

2.24 Forfeiture. "Forfeiture" shall mean the unvested portion of a Participant's Account that is forfeited on the date on which he or she has five consecutive Breaks in Service.

2.25 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 Plan 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 from employment with all Companies, 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.

2.26 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 501 Hours of Service shall be credited under this clause (2) 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 clauses (1) or (2), as the case may be, and under this clause (3).

(b) Hours of Service under subsections (a)(2) and (3) shall be determined and credited in accordance with subsections (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.

2.27 IPO Date. "IPO Date" shall mean the first date upon which Company Stock is traded on any securities exchange or an interdealer quotation system.

2.28 Lock-Up Period. "Lock-Up Period" shall mean the 180 days after the date set forth on the final prospectus used in the Sponsor's initial public offering.

2.29 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.

2.30 Normal Retirement Date. "Normal Retirement Date" shall mean the first day of the month in which the Participant attains age 65.

2.31 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.

2.32 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.

2.33 PAYSOP Fund. "PAYSOP Fund" shall mean that portion of the Trust Fund to which are allocated assets attributable to all PAYSOP Accounts and contributions.

2.34 Plan. "Plan" shall mean the Parsons Employee Stock Ownership Plan and includes the Trust Agreement.

2.35 Plan Administrator. "Plan Administrator" shall mean the Sponsor.

2.36 Plan Year. "Plan Year" shall mean each calendar year.

2.37 Predecessor Plan. "Predecessor Plan" shall mean each retirement plan that has merged into this Plan.

2.38 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.

2.39 Retirement Fund. "Retirement Fund" shall mean that portion of the Trust Fund attributable to all Retirement Accounts.

2.40 Sponsor. "Sponsor" shall mean Parsons Corporation.

2.41 Spouse and Surviving 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.

2.42 Trading Day. "Trading Day" shall mean each day that the New York Stock Exchange is open for trading following the IPO Date.

2.43 Trust. "Trust" shall mean the Parsons Corporation Employee Stock Ownership Trust, created by the Trust Agreement entered into between the Sponsor and the Trustee.

2.44 Trust Agreement. "Trust Agreement" shall mean the agreement by and between the Sponsor and the Trustee, as amended, which shall constitute a part of the Plan.

2.45 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.

2.46 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.

2.47 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 Plan recordkeeper's system by the Plan recordkeeper or its agent, provided such application is determined to be in good order by the Plan's recordkeeper within a reasonable period of time following the date such application is originally scanned as received and entered into the Plan recordkeeper's system by the Plan recordkeeper 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.

(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).

2.48 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); and

(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 2.48 with respect to any calendar year.

(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 a 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 in a manner consistent with the requirements of ERISA and the Code.

ARTICLE III
PARTICIPATION IN THE PLAN

3.1 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.

3.2 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 with all Companies, 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 with all Companies, 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.

3.3 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

4.1 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 Participants of a Member Company, when expressed as a percentage of the aggregate Compensation of such eligible Participants, will be in the same proportion as the contribution on behalf of eligible Participants 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).

4.2 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.

4.3 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

5.1 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, which, as amended from time to time, shall constitute part of the Plan.

5.2 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.

5.3 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 Sponsor 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 Trust 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 Trust Fund (or otherwise to provide investment management for Company Stock held in the Trust Fund) in order to maximize return or minimize loss.

(c) 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, to pay Plan administrative expenses or to acquire shares of Company Stock from Company shareholders or directly from the Company.

5.4 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 an 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.

5.5 Securities Law Limitation. Neither the Trustee nor the Committee shall 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.

5.6 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.

5.7 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

6.1 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 each eligible Participant 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 each eligible Participant who was an Eligible Employee of a Member Company during the Plan Year in the same proportion that the Compensation for the Plan Year of such eligible Participant while an Eligible Employee of such Member Company bears to the total Compensation for the Plan Year of all eligible 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.

6.2 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.

6.3 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.

6.4 Allocation of Shares Released from ESOP Suspense Subfund.

(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.

6.5 Stock Dividends, Splits, Recapitalizations, Etc. 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. Dividends on shares of unallocated Company Stock, including shares of Company 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.

6.6 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, and invested in short-term investments selected by the Trustee pending use of such proceeds for purposes of liquidating Participants' Accounts and 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(a) from the IPO Dividend (including any shares acquired by the Trustee in the public market with any remaining portion of the IPO Dividend and shares acquired by the Trustee from Participants in liquidation of their accounts to make cash distributions during the Lock-Up Period), to the Participant's Accounts as of the next Anniversary Date occurring after the expiration of the Lock-Up Period 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) 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, and provides at least 10 Business Days' written notice to the Sponsor of such determination, 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 (as such term is defined for purposes of 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.

(c) (1) A Participant may elect, from time to time, whether cash dividends paid on shares of Company Stock (other than the IPO Dividend) allocated to his or her Accounts will be:

(A) paid in cash to the Participant (which shall be paid, at the election of the Committee, either (I) directly from the Sponsor to the Participant or (II) from the Sponsor to the Plan and then by the Trustee to the Participant not later than 90 days after close of the Plan Year in which the cash dividend is paid by the Sponsor to the Plan); or

(B) reinvested in the Participant's ESOP Account as shares of Company Stock.

(2) The election of each Participant as to the disposition of the cash dividends on his or her shares of Company Stock credited to his Accounts shall be made in such written, electronic or telephonic form at such time as is reasonably prescribed by the Committee. Except as otherwise provided by the Committee, properly given directions generally shall take effect no later than the first day of each calendar quarter following receipt by the Committee. Each Participant shall be given a reasonable opportunity before a dividend is paid or distributed to Participant in which to make an election, and each Participant shall have a reasonable opportunity to change a dividend election at least annually and in the event the Committee changes the manner in which cash payments will be paid to Participants under subsection 6.6(c)(1)(A) above.

(3) A Participant's election in effect on the date of payment of a cash dividend by the Sponsor shall determine the disposition of such cash dividend and the application of such election to such cash dividend shall be irrevocable. Unless and until a Participant makes a specific direction in accordance with this Section, the cash dividends paid on the shares of Company Stock credited to such Participant's Accounts shall be paid to the Participant's ESOP Account and reinvested in shares of Company Stock. Notwithstanding the Participant's election, if 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 as soon as practical following the Anniversary Date.

(4) 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. Any reinvestment of such cash dividends shall be accomplished in a manner determined by the Trustee and shall be completed no later than the time provided in Section 404(k)(4)(B) of the Code.

(5) Dividends on shares of unallocated Company Stock, including shares of Company 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.

6.7 <u>Allocation of Amounts Transferred From Defined Benefit Plans</u>. 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

7.1 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.

7.2 Full Vesting of Participants' Accounts.

(a) A Participant 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 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.

7.3 Termination Prior to Full Vesting.

(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 consecutive Breaks in Service. Such Forfeiture shall be treated as provided in Section 7.4. The vested portion of such a Participant’s Accounts shall be distributed as provided in Articles VIII and IX.

(b) In the case of a Participant described in Section 8.2(b), (c) or (d) who receives a distribution on account of a disability, hardship or conflict of interest, respectively, before incurring five consecutive Breaks in Service and also resumes employment with a Company before five 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.

7.4 Treatment of Forfeitures. Any Forfeitures occurring pursuant to Section 7.3 and amounts forfeited under Section 8.5 shall be first used to reduce the contribution declared under Section 4.1, next to pay reasonable Plan expenses, and third shall be allocated among all other ESOP Accounts, but only among such ESOP Accounts of eligible 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 eligible Participant while an Eligible Employee bears to the total Compensation for the Plan Year of all such eligible Participants while Eligible Employees. Any forfeiture attributable to a Retirement Account may, but need not, be applied to the acquisition of Company Stock.

7.5 Diversification Rule.

(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.

(3) “Annual Election Period” shall mean the 90-day period (or, effective January 1, 2020, 150-day period) beginning on the January 1st following the end of each Plan Year in the Participant’s Qualified Election Period.

(b) Each Qualified Participant shall be permitted to direct the Plan as to the diversification of 25% 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 subsection (c) below, during each Annual Election Period. During the Election Period following the final Plan Year in the Qualified Election Period, a Qualified Participant may direct the Plan as to the diversification of 50% 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 Annual Election Period during which the election is made. Distributions shall be made in the medium 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 a 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 the medium provided for under Section 8.3 and shall be made no later than 180 days after the last day of the Annual Election Period during which the election is 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, the Qualified Participant may 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 Qualified 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 Annual Election Period during which the election is made.

ARTICLE VIII
RETIREMENT BENEFITS

8.1 Distribution Timing. The Participant's vested Account shall be distributed to him or her in the manner provided for 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), (d) or (f), attainment of his or her Early or Normal Retirement Date.

8.2 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 with all Companies as soon as practicable after his or her Normal Retirement Date or Early Retirement Date, but in no event later than the 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 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 one lump sum payment.

(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 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 annual 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 annual 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 (and to the extent the Participant fails to provide a valid election pursuant to this clause (ii), such vested Account balance shall be paid in a series of annual installments over three years, but in no case shall the number of yearly installments exceed the life expectancy of the Participant and his or her Spouse).

(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 with all Companies (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.

8.3 Medium 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.

8.4 Benefit Commencement Deadline. Notwithstanding the provisions of Articles VIII and IX of the Plan regarding distributions of Participants' Accounts, 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 subsection (a) shall not apply (1) following the Participant's death, or (2) with respect to a lump sum distribution of a Participant's Account if his or her 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 a 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 a 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 a Company before distribution is required to begin under this clause.

(2) For the purposes of this subsection (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 subsection (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 subsection (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 subsection (d).

(e) If it is not administratively practical to calculate and commence payments by the latest date specified in the rules of subsections (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.

8.5 Forfeiture on Failure to Locate Participant or Beneficiary. In the event that a Participant or Beneficiary or other recipient of benefits cannot be located with reasonable efforts within five 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.

8.6 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

9.1 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.

9.2 Death After Termination of Employment.

(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) Subject to Section 9.3(c), 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 as soon as practicable after the Participant's death. 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.

9.3 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 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

(1) 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

(2) 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.

9.4 <u>Incapacity of Participant or Beneficiary</u>. 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.

9.5 <u>Additional Documents</u>. 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
<u>CLAIMS PROCEDURES</u>

10.1 <u>General</u>. 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).

10.2 Initial Claim Determinations.

(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.

10.3 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.

10.4 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.

10.5 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.

10.6 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.

10.7 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

11.1 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) $40,000, as that amount may be adjusted for cost of living increases in accordance with Section 415(d) of the Code; or

(b) 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.

11.2 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.

11.3 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.

11.4 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.

11.5 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.

11.6 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

12.1 Named Fiduciary. For purposes of Section 402(a) of ERISA, the named fiduciary of this Plan shall be the Committee.

12.2 Policy Committee.

(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 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.

12.3 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.

12.4 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.

12.5 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.

12.6 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.

12.7 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.

12.8 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.

12.9 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.

12.10 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 or 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, 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

13.1 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.

13.2 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.

13.3 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

14.1 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.

14.2 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 Participants 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 or to cease contributions to 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.

14.3 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

15.1 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.

15.2 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 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 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.

15.3 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.

15.4 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 15.4(a)(2), the aggregate value of the Account balances under the Plan for all Employees who are Key Employees exceeds 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% 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 10% of all Employees be taken into account under this Section 15.4(b)(1) as Key Employees);

(2) One of the ten 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 5% of the outstanding stock of a Member Company or stock possessing more than 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 $150,000 and who would be described in Section 15.4(b)(3) if 1% were substituted for 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), a 5% owner of the Company, or a 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 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.

15.5 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 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 year look back period shall be exchanged for the one 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 a Company or an Affiliated Company (other than benefits under the Plan) at any time during the one 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 a 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

16.1 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.

16.2 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.

16.3 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.

16.4 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.

16.5 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 16.5, 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 16.5 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.

16.6 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.

16.7 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.

16.8 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.

16.9 Gender and Number. Masculine gender shall include the feminine, and the singular shall include the plural unless the context clearly indicates otherwise.

16.10 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.

16.11 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.

16.12 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 29th day of April, 2019 by the undersigned officer duly authorized thereunto.

PARSONS CORPORATION

By: ______________________________

Title: ______________________________

Exhibit 10.10

PARSONS CORPORATION
INCENTIVE AWARD PLAN*

ARTICLE 1.

PURPOSE

The purpose of the Parsons Corporation Incentive Award Plan (as it may be amended or restated from time to time, the "Plan") is to promote the success and enhance the value of Parsons Corporation (the "Company") by linking the individual interests of the members of the Board, Employees, and Consultants to those of Company stockholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to Company stockholders. The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of members of the Board, Employees, and Consultants upon whose judgment, interest, and special effort the successful conduct of the Company's operation is largely dependent.

ARTICLE 2.

DEFINITIONS AND CONSTRUCTION

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

2.1 "Administrator" shall mean the entity that conducts the general administration of the Plan as provided in Article 11. With reference to the duties of the Committee or the Board under the Plan which have been delegated to one or more persons pursuant to Section 11.6, or as to which the Board has assumed, the term "Administrator" shall refer to such person(s) or the Board, as applicable, unless the Committee or the Board has revoked such delegation or the Board has terminated the assumption of such duties.

2.2 "Applicable Accounting Standards" shall mean Generally Accepted Accounting Principles in the United States, International Financial Reporting Standards or such other accounting principles or standards as may apply to the Company's financial statements under United States federal securities laws from time to time.

2.3 "Applicable Law" shall mean any applicable law, including without limitation: (a) provisions of the Code, the Securities Act, the Exchange Act and any rules or regulations thereunder; (b) corporate, securities, tax or other laws, statutes, rules, requirements or regulations, whether federal, state, local or foreign; and (c) rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded.

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* The share numbers in this Plan give effect to the stock dividend to be effected by the Company in connection with its initial public offering.

2.4 "Automatic Exercise Date" shall mean, with respect to an Option or a Stock Appreciation Right, the last business day of the applicable Option Term or Stock Appreciation Right Term that was initially established by the Administrator for such Option or Stock Appreciation Right (*e.g.*, the last business day prior to the tenth anniversary of the date of grant of such Option or Stock Appreciation Right if the Option or Stock Appreciation Right initially had a ten-year Option Term or Stock Appreciation Right Term, as applicable).

2.5 "Award" shall mean an Option, a Stock Appreciation Right, a Restricted Stock award, a Restricted Stock Unit award, an Other Stock or Cash Based Award or a Dividend Equivalent award, which may be awarded or granted under the Plan.

2.6 "Award Agreement" shall mean any written notice, agreement, terms and conditions, contract or other instrument or document evidencing an Award, including through electronic medium, which shall contain such terms and conditions with respect to an Award as the Administrator shall determine consistent with the Plan.

2.7 "Board" shall mean the Board of Directors of the Company.

2.8 "Change in Control" shall mean and includes each of the following:

(a) A transaction or series of transactions (other than an offering of Common Stock to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) directly or indirectly acquires beneficial ownership (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act) of securities of the Company possessing more than 50 % of the total combined voting power of the Company's securities outstanding immediately after such acquisition; provided, however, that the following acquisitions shall not constitute a Change in Control: (i) any acquisition by the Company or any of its Subsidiaries; (ii) any acquisition by an employee benefit plan maintained by the Company or any of its Subsidiaries, (iii) any acquisition which complies with Sections 2.8(c)(i), 2.8(c)(ii) and 2.8(c)(iii); or (iv) in respect of an Award held by a particular Holder, any acquisition by the Holder or any group of persons including the Holder (or any entity controlled by the Holder or any group of persons including the Holder); or

(b) The Incumbent Directors cease for any reason to constitute a majority of the Board;

(c) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination, (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

(i) which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "Successor Entity")) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

(ii) after which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this Section 2.8(c)(ii) as beneficially owning 50% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction; and

(iii) after which at least a majority of the members of the board of directors (or the analogous governing body) of the Successor Entity were Board members at the time of the Board's approval of the execution of the initial agreement providing for such transaction; or

(d) The date which is 10 business days prior to the completion of a liquidation or dissolution of the Company.

For sake of clarity, a Change in Control will not occur by reason of the Parsons Employee Stock Ownership Plan (the "ESOP") owning less than 50% of the voting power of the Company's (or any successor thereto) equity securities due to (i) the ESOP making distributions to participants and their beneficiaries, or (ii) the ESOP selling equity securities to the public through underwritten registered public offerings.

Notwithstanding the foregoing, if a Change in Control constitutes a payment event with respect to any Award (or any portion of an Award) that provides for the deferral of compensation that is subject to Section 409A, to the extent required to avoid the imposition of additional taxes under Section 409A, the transaction or event described in subsection (a), (b), (c) or (d) with respect to such Award (or portion thereof) shall only constitute a Change in Control for purposes of the payment timing of such Award if such transaction also constitutes a "change in control event," as defined in Treasury Regulation Section 1.409A-3(i)(5).

The Board shall have full and final authority, which shall be exercised in its sole discretion, to determine conclusively whether a Change in Control has occurred pursuant to the above definition, the date of the occurrence of such Change in Control and any incidental matters relating thereto; provided that any exercise of authority in conjunction with a determination of whether a Change in Control is a "change in control event" as defined in Treasury Regulation Section 1.409A-3(i)(5) shall be consistent with such regulation.

2.9 "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, together with the regulations and official guidance promulgated thereunder, whether issued prior or subsequent to the grant of any Award.

2.10 "Committee" shall mean the Compensation Committee of the Board, or another committee or subcommittee of the Board or the Compensation Committee of the Board described in Article 11 hereof.

2.11 "Common Stock" shall mean the common stock of the Company, par value $1.00 per share.

2.12 "Company" shall have the meaning set forth in Article 1.

2.13 "Consultant" shall mean any consultant or advisor engaged to provide services to the Company or any Subsidiary who qualifies as a consultant or advisor under the applicable rules of the Securities and Exchange Commission for registration of shares on a Form S-8 Registration Statement.

2.14 "Director" shall mean a member of the Board, as constituted from time to time.

2.15 "Director Limit" shall have the meaning set forth in Section 4.6.

2.16 "Dividend Equivalent" shall mean a right to receive the equivalent value (in cash or Shares) of dividends paid on Shares, awarded under Section 9.2.

2.17 "DRO" shall mean a "domestic relations order" as defined by the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended from time to time, or the rules thereunder.

2.18 "Effective Date" shall mean the day prior to the Public Trading Date.

2.19 "Eligible Individual" shall mean any person who is an Employee, a Consultant or a Non-Employee Director, as determined by the Administrator.

2.20 "Employee" shall mean any officer or other employee (as determined in accordance with Section 3401(c) of the Code and the Treasury Regulations thereunder) of the Company or of any Subsidiary.

2.21 "Equity Restructuring" shall mean a nonreciprocal transaction between the Company and its stockholders, such as a stock dividend, stock split, spin-off, rights offering or recapitalization through a large, nonrecurring cash dividend, that affects the number or kind of Shares (or other securities of the Company) or the share price of Common Stock (or other securities) and causes a change in the per-share value of the Common Stock underlying outstanding Awards.

2.22 "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

2.23 "Expiration Date" shall have the meaning given to such term in Section 12.1(c).

2.24 "Fair Market Value" shall mean, as of any given date, the value of a Share determined as follows:

(a) If the Common 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 as quoted on such exchange or system for such date or, if there is no closing sales price for a Share on the date in question, the closing sales price for a Share on the last preceding date for which such quotation exists, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(b) If the Common Stock is not listed on an established securities exchange, national market system or automated quotation system, but the Common 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 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 Administrator deems reliable; or

(c) If the Common 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 by the Administrator in good faith.

2.25 "Greater Than 10% Stockholder" shall mean an individual then owning (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or any subsidiary corporation (as defined in Section 424(f) of the Code) or parent corporation thereof (as defined in Section 424(e) of the Code).

2.26 "Holder" shall mean a person who has been granted an Award.

2.27 "Incentive Stock Option" shall mean an Option that is intended to qualify as an incentive stock option and conforms to the applicable provisions of Section 422 of the Code.

2.28 "Incumbent Directors" shall mean for any period of 12 consecutive months, individuals who, at the beginning of such period, constitute the Board together with any new Director(s) (other than a Director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in Section 2.8(a) or 2.8(c)) whose election or nomination for election to the Board was approved by a vote of at least a majority (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for Director without objection to such nomination) of the Directors then still in office who either were Directors at the beginning of the 12-month period or whose election or nomination for election was previously so approved. No individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to Directors or as a result of any other actual or threatened solicitation of proxies by or on behalf of any person other than the Board shall be an Incumbent Director.

2.29 "Non-Employee Director" shall mean a Director of the Company who is not an Employee.

2.30 "Non-Employee Director Equity Compensation Policy" shall have the meaning set forth in Section 4.6.

2.31 "Non-Qualified Stock Option" shall mean an Option that is not an Incentive Stock Option or which is designated as an Incentive Stock Option but does not meet the applicable requirements of Section 422 of the Code.

2.32 "Option" shall mean a right to purchase Shares at a specified exercise price, granted under Article 5. An Option shall be either a Non-Qualified Stock Option or an Incentive Stock Option; provided, however, that Options granted to Non-Employee Directors and Consultants shall only be Non-Qualified Stock Options.

2.33 "Option Term" shall have the meaning set forth in Section 5.4.

2.34 "Organizational Documents" shall mean, collectively, (a) the Company's articles of incorporation, certificate of incorporation, bylaws or other similar organizational documents relating to the creation and governance of the Company, and (b) the Committee's charter or other similar organizational documentation relating to the creation and governance of the Committee, each as may be amended from time to time.

2.35 "Other Stock or Cash Based Award" shall mean a cash payment, cash bonus award, stock payment, stock bonus award, or incentive award that is paid in cash, Shares or a combination of both, awarded under Section 9.1, which may include, without limitation, deferred stock, deferred stock units, retainers, committee fees, and meeting-based fees.

2.36 "Permitted Transferee" shall mean, with respect to a Holder, any "family member" of the Holder, as defined in the General Instructions to Form S-8 Registration Statement under the Securities Act (or any successor form thereto) after taking into account Applicable Law.

2.37 "Plan" shall have the meaning set forth in Article 1.

2.38 "Prior Plans" shall mean the Company's Long Term Growth Plan and the Company's Restricted Award Plan.

2.39 "Program" shall mean any program adopted by the Administrator pursuant to the Plan containing the terms and conditions intended to govern a specified type of Award granted under the Plan and pursuant to which such type of Award may be granted under the Plan.

2.40 "Public Trading Date" shall mean the first date upon which Common Stock is listed (or approved for listing) upon notice of issuance on any securities exchange or designated (or approved for designation) upon notice of issuance as a national market security on an interdealer quotation system.

2.41 "Restricted Stock" shall mean Common Stock awarded under Article 7 that is subject to certain restrictions and may be subject to risk of forfeiture or repurchase.

2.42 "Restricted Stock Units" shall mean the right to receive Shares or cash awarded under Article 8.

2.43 "Section 409A" shall mean Section 409A of the Code and the Department of Treasury regulations and other interpretive guidance issued thereunder, including, without limitation, any such regulations or other guidance that may be issued after the Effective Date.

2.44 "Securities Act" shall mean the Securities Act of 1933, as amended from time to time.

2.45 "Shares" shall mean shares of Common Stock.

2.46 "Stock Appreciation Right" shall mean an Award entitling the Holder (or other person entitled to exercise pursuant to the Plan) to exercise all or a specified portion thereof (to the extent then exercisable pursuant to its terms) and to receive from the Company an amount determined by multiplying the difference obtained by subtracting the exercise price per share of such Award from the Fair Market Value on the date of exercise of such Award by the number of Shares with respect to which such Award shall have been exercised, subject to any limitations the Administrator may impose.

2.47 "SAR Term" shall have the meaning set forth in Section 5.4.

2.48 "Subsidiary" shall mean any entity (other than the Company), whether domestic or foreign, in an unbroken chain of entities beginning with the Company if each of the entities other than the last entity in the unbroken chain beneficially owns, at the time of the determination, securities or interests representing at least fifty percent (50%) of the total combined voting power of all classes of securities or interests in one of the other entities in such chain.

2.49 "Substitute Award" shall mean an Award granted under the Plan in connection with a corporate transaction, such as a merger, combination, consolidation or acquisition of property or stock, in any case, upon the assumption of, or in substitution for, outstanding equity awards previously granted by a company or other entity; provided, however, that in no event shall the term "Substitute Award" be construed to refer to an award made in connection with the cancellation and repricing of an Option or Stock Appreciation Right.

2.50 "Termination of Service" shall mean:

(a) As to a Consultant, the time when the engagement of a Holder as a Consultant to the Company or a Subsidiary is terminated for any reason, with or without cause, including, without limitation, by resignation, discharge, death or retirement, but excluding terminations where the Consultant simultaneously commences or remains in employment or service with the Company or any Subsidiary.

(b) As to a Non-Employee Director, the time when a Holder who is a Non-Employee Director ceases to be a Director for any reason, including, without limitation, a termination by resignation, failure to be elected, death or retirement, but excluding terminations where the Holder simultaneously commences or remains in employment or service with the Company or any Subsidiary.

(c) As to an Employee, the time when the employee-employer relationship between a Holder and the Company or any Subsidiary is terminated for any reason, including, without limitation, a termination by resignation, discharge, death, disability or retirement; but excluding terminations where the Holder simultaneously commences or remains in employment or service with the Company or any Subsidiary.

The Administrator, in its sole discretion, shall determine the effect of all matters and questions relating to any Termination of Service, including, without limitation, whether a Termination of Service has occurred, whether a Termination of Service resulted from a discharge for cause and all questions of whether particular leaves of absence constitute a Termination of Service; provided, however, that, with respect to Incentive Stock Options, unless the Administrator otherwise provides in the terms of any Program, Award Agreement or otherwise, or as otherwise required by Applicable Law, a leave of absence, change in status from an employee to an independent contractor or other change in the employee-employer relationship shall constitute a Termination of Service only if, and to the extent that, such leave of absence, change in status or other change interrupts employment for the purposes of Section 422(a)(2) of the Code and the then-applicable regulations and revenue rulings under said Section. For purposes of the Plan, a Holder's employee-employer relationship or consultancy relationship shall be deemed to be terminated in the event that the Subsidiary employing or contracting with such Holder ceases to remain an Subsidiary following any merger, sale of stock or other corporate transaction or event (including, without limitation, a spin-off).

ARTICLE 3.

SHARES SUBJECT TO THE PLAN

3.1 Number of Shares.

(a) Subject to Sections 3.1(b) and 12.2, the aggregate number of Shares which may be issued or transferred pursuant to Awards (including, without limitation, Incentive Stock Options) under the Plan is (i) 11,700,000 Shares, less (ii) any Shares issued with respect to awards granted under the Prior Plans that are settled in Shares. Notwithstanding anything to the contrary in this Plan or in the Prior Plans, in no event will more than 11,700,000 Shares be issued with respect to Awards under this Plan or awards granted under the Prior Plans. Any Shares distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued Common Stock, treasury Common Stock or Common Stock purchased on the open market.

(b) If any Shares subject to an Award are forfeited or expire, are converted to shares of another Person in connection with a recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination, exchange of shares or other similar event, or such Award is settled for cash (in whole or in part) (including Shares forfeited by the Holder or repurchased by the Company under Section 7.4 at the same price paid by the Holder), the Shares subject to such Award shall, to the extent of such forfeiture, expiration or cash settlement, again be available for future grants of Awards under the Plan. Notwithstanding anything to the contrary contained herein, the following Shares shall not be added to the Shares authorized for grant under Section 3.1(a) and shall not be available for future grants of Awards: (i) Shares tendered by a Holder or withheld by the Company in payment of the exercise price of an Option; (ii) Shares tendered by the Holder or withheld by the Company to satisfy any tax withholding obligation with respect to an Award; (iii) Shares subject to a Stock Appreciation Right that are not issued in connection with the stock settlement of the Stock Appreciation Right on exercise thereof; and (iv) Shares purchased on the open market by the Company with the cash proceeds received from the exercise of Options. Any Shares forfeited by the Holder or repurchased by the Company under Section 7.4 at the same price paid by the Holder so that such Shares are returned to the Company shall again be available for Awards. The payment of Dividend Equivalents in cash in conjunction with any outstanding Awards shall not be counted against the Shares available for issuance under the Plan. Notwithstanding the provisions of this Section 3.1(b), no Shares may again be optioned, granted or awarded if such action would cause an Incentive Stock Option to fail to qualify as an incentive stock option under Section 422 of the Code.

(c) Substitute Awards shall not reduce the Shares authorized for grant under the Plan, except as may be required by reason of Section 422 of the Code. Additionally, in the event that a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines has shares available under a pre-existing plan approved by its stockholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the Shares authorized for grant under the Plan; provided that Awards using such available Shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not employed by or providing services to the Company or its Subsidiaries immediately prior to such acquisition or combination.

3.2 Award Vesting Limitations. Notwithstanding any other provision of the Plan to the contrary, but subject to Section 12.2 and the second to last sentence of this Section 3.2, Awards granted under the Plan shall vest no earlier than the first anniversary of the date the Award is granted and no Award Agreement shall reduce or eliminate the minimum vesting requirement; provided, however, that, notwithstanding the foregoing, Awards that result in the issuance of an aggregate of up to 5% of the shares of Common Stock available pursuant to Section 3.1(a) as of the Effective Date may be granted to any one or more Eligible Individuals without respect to and/or administered without regard for this minimum vesting provision. Nothing in this Section 3.2 shall preclude the Administrator from taking action, in its sole discretion, to accelerate the vesting of any Award in connection with or following a Holder's death, disability, Termination of Service or the consummation of a Change in Control. For purposes of Awards to Non-Employee Directors, a vesting period will be deemed to be one year from the date the Award is granted for purposes of this Section 3.2 if it runs from the date of one annual meeting of the Company's stockholders to the next annual meeting of the Company's stockholders, so long as the period between meetings is not less than 50 weeks.

ARTICLE 4.

GRANTING OF AWARDS

4.1 Participation. The Administrator may, from time to time, select from among all Eligible Individuals, those to whom an Award shall be granted and shall determine the nature and amount of each Award, which shall not be inconsistent with the requirements of the Plan. Except for any Non-Employee Director's right to Awards that may be required pursuant to the Non-Employee Director Equity Compensation Policy as described in Section 4.6, no Eligible Individual or other Person shall have any right to be granted an Award pursuant to the Plan and neither the Company nor the Administrator is obligated to treat Eligible Individuals, Holders or any other persons uniformly. Participation by each Holder in the Plan shall be voluntary and nothing in the Plan or any Program shall be construed as mandating that any Eligible Individual or other Person shall participate in the Plan.

4.2 Award Agreement. Each Award shall be evidenced by an Award Agreement that sets forth the terms, conditions and limitations for such Award as determined by the Administrator in its sole discretion (consistent with the requirements of the Plan and any applicable Program). Award Agreements evidencing Incentive Stock Options shall contain such terms and conditions as may be necessary to meet the applicable provisions of Section 422 of the Code.

4.3 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan, the Plan and any Award granted or awarded to 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 Rule 16b-3 of the Exchange Act and any amendments thereto) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

4.4 At-Will Service. Nothing in the Plan or in any Program or Award Agreement hereunder shall confer upon any Holder any right to continue in the employ of, or as a Director or Consultant for, the Company or any Subsidiary, or shall interfere with or restrict in any way the rights of the Company and any Subsidiary, which rights are hereby expressly reserved, to discharge any Holder at any time for any reason whatsoever, with or without cause, and with or without notice, or to terminate or change all other terms and conditions of employment or engagement, except to the extent expressly provided otherwise in a written agreement between the Holder and the Company or any Subsidiary.

4.5 Foreign Holders. Notwithstanding any provision of the Plan or applicable Program to the contrary, in order to comply with the laws in countries other than the United States in which the Company and its Subsidiaries operate or have Employees, Non-Employee Directors or Consultants, or in order to comply with the requirements of any foreign securities exchange or other Applicable Law, the Administrator, in its sole discretion, shall have the power and authority to: (a) determine which Subsidiaries shall be covered by the Plan; (b) determine which Eligible Individuals outside the United States are eligible to participate in the Plan; (c) modify the terms and conditions of any Award granted to Eligible Individuals outside the United States to comply with Applicable Law (including, without limitation, applicable foreign laws or listing requirements of any foreign securities exchange); (d) establish subplans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or advisable; provided, however, that no such subplans and/or modifications shall increase the share limitation contained in Section 3.1 or the Director Limit; and (e) take any action, before or after an Award is made, that it deems advisable to obtain approval or comply with any necessary local governmental regulatory exemptions or approvals or listing requirements of any foreign securities exchange.

4.6 Non-Employee Director Awards.

(a) Non-Employee Director Equity Compensation Policy. The Administrator, in its sole discretion, may provide that Awards granted to Non-Employee Directors shall be granted pursuant to a written nondiscretionary formula established by the Administrator (the "Non-Employee Director Equity Compensation Policy"), subject to the limitations of the Plan. The Non-Employee Director Equity Compensation Policy shall set forth the type of Award(s) to be granted to Non-Employee Directors, the number of Shares to be subject to Non-Employee Director Awards (or the formula for calculation of the number), the conditions on which such Awards shall be granted, become exercisable and/or payable and expire, and such other terms and conditions as the Administrator shall determine in its sole discretion. The Non-Employee Director Equity Compensation Policy may be modified by the Administrator from time to time in its sole discretion.

(b) Director Limit. Notwithstanding any provision to the contrary in the Plan or in the Non-Employee Director Equity Compensation Policy, the sum of the grant date fair value of equity-based Awards and the amount of any cash-based Awards granted to a Non-Employee Director during any calendar year shall not exceed $900,000 (the "Director Limit").

ARTICLE 5.

GRANTING OF OPTIONS AND STOCK APPRECIATION RIGHTS

5.1 Granting of Options and Stock Appreciation Rights to Eligible Individuals. The Administrator is authorized to grant Options and Stock Appreciation Rights to Eligible Individuals from time to time, in its sole discretion, on such terms and conditions as it may determine, which shall not be inconsistent with the Plan.

5.2 Qualification of Incentive Stock Options. Subject to Section 12.3, the Administrator may grant Options intended to qualify as Incentive Stock Options only to employees of the Company, any of the Company's present or future "parent corporations" or "subsidiary corporations" as defined in Sections 424(e) or (f) of the Code, respectively, and any other entities the employees of which are eligible to receive Incentive Stock Options under the Code. No person who qualifies as a Greater Than 10% Stockholder may be granted an Incentive Stock Option unless such Incentive Stock Option conforms to the applicable provisions of Section 422 of the Code. To the extent that the aggregate fair market value of stock with respect to which "incentive stock options" (within the meaning of Section 422 of the Code, but without regard to Section 422(d) of the Code) are exercisable for the first time by a Holder during any calendar year under the Plan, and all other plans of the Company and any parent corporation or subsidiary corporation thereof (as defined in Section 424(e) and 424(f) of the Code, respectively), exceeds $100,000, the Options shall be treated as Non-Qualified Stock Options to the extent required by Section 422 of the Code. The rule set forth in the immediately preceding sentence shall be applied by taking Options and other "incentive stock options" into account in the order in which they were granted and the fair market value of stock shall be determined as of the time the respective options were granted. Any interpretations and rules under the Plan with respect to Incentive Stock Options shall be consistent with the provisions of Section 422 of the Code. Neither the Company nor the Administrator shall have any liability to a Holder, or any other Person, (a) if an Option (or any part thereof) which is intended to qualify as an Incentive Stock Option fails to qualify as an Incentive Stock Option or (b) for any action or omission by the Company or the Administrator that causes an Option not to qualify as an Incentive Stock Option, including without limitation, the conversion of an Incentive Stock Option to a Non-Qualified Stock Option or the grant of an Option intended as an Incentive Stock Option that fails to satisfy the requirements under the Code applicable to an Incentive Stock Option.

5.3 Option and Stock Appreciation Right Exercise Price. The exercise price per Share subject to each Option and Stock Appreciation Right shall be set by the Administrator, but shall not be less than 100% of the Fair Market Value of a Share on the date the Option or Stock Appreciation Right, as applicable, is granted (or, as to Incentive Stock Options, on the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code). In addition, in the case of Incentive Stock Options granted to a Greater Than 10% Stockholder, such price shall not be less than 110% of the Fair Market Value of a Share on the date the Option is granted (or the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code). Notwithstanding the foregoing, in the case of an Option or Stock Appreciation Right that is a Substitute Award, the exercise price per share of the Shares subject to such Option or Stock Appreciation Right, as applicable, may be less than the Fair Market Value per share on the date of grant; provided that the exercise price of any Substitute Award shall be determined in accordance with the applicable requirements of Section 424 and 409A of the Code.

5.4 Option and SAR Term. The term of each Option (the "Option Term") and the term of each Stock Appreciation Right (the "SAR Term") shall be set by the Administrator in its sole discretion; provided, however, that the Option Term or SAR Term, as applicable, shall not be more than (a) ten (10) years from the date the Option or Stock Appreciation Right, as applicable, is granted to an Eligible Individual (other than, in the case of Incentive Stock Options, a Greater Than 10% Stockholder), or (b) five (5) years from the date an Incentive Stock Option is granted to a Greater Than 10% Stockholder. Except as limited by the requirements of Section 409A or Section 422 of the Code and regulations and rulings thereunder or the first sentence of this Section 5.4 and without limiting the Company's rights under Section 10.7, the Administrator may extend the Option Term of any outstanding Option or the SAR Term of any outstanding Stock Appreciation Right, and may extend the time period during which vested Options or Stock Appreciation Rights may be exercised, in connection with any Termination of Service of the Holder or otherwise, and may amend, subject to Sections 10.7 and 12.1, any other term or condition of such Option or Stock Appreciation Right relating to such Termination of Service of the Holder or otherwise.

5.5 Option and SAR Vesting. The period during which the right to exercise, in whole or in part, an Option or Stock Appreciation Right vests in the Holder shall be set by the Administrator and set forth in the applicable Award Agreement, subject to Sections 3.2 and 6.2. Unless otherwise determined by the Administrator in the Award Agreement, the applicable Program or by action of the Administrator following the grant of the Option or Stock Appreciation Right, (a) no portion of an Option or Stock Appreciation Right which is unexercisable at a Holder's Termination of Service shall thereafter become exercisable and (b) the portion of an Option or Stock Appreciation Right that is unexercisable at a Holder's Termination of Service shall automatically expire thirty (30) days following such Termination of Service.

5.6 Substitution of Stock Appreciation Rights; Early Exercise of Options. The Administrator may provide in the applicable Program or Award Agreement evidencing the grant of an Option that the Administrator, in its sole discretion, shall have the right to substitute a Stock Appreciation Right for such Option at any time prior to or upon exercise of such Option; provided that such Stock Appreciation Right shall be exercisable with respect to the same number of Shares for which such substituted Option would have been exercisable, and shall also have the same exercise price, vesting schedule and remaining term as the substituted Option. The Administrator may provide in the terms of an Award Agreement that the Holder may exercise an Option in whole or in part prior to the full vesting of the Option in exchange for unvested shares of Restricted Stock with respect to any unvested portion of the Option so exercised. Shares of Restricted Stock acquired upon the exercise of any unvested portion of an Option shall be subject to such terms and conditions as the Administrator shall determine.

ARTICLE 6.

EXERCISE OF OPTIONS AND STOCK APPRECIATION RIGHTS

6.1 Exercise and Payment. An exercisable Option or Stock Appreciation Right may be exercised in whole or in part. However, an Option or Stock Appreciation Right shall not be exercisable with respect to fractional Shares and the Administrator may require that, by the terms of the Option or Stock Appreciation Right, a partial exercise must be with respect to a minimum number of Shares. Payment of the amounts payable with respect to Stock Appreciation Rights pursuant to this Article 6 shall be in cash, Shares (based on its Fair Market Value as of the date the Stock Appreciation Right is exercised), or a combination of both, as determined by the Administrator.

6.2 Manner of Exercise. Except as set forth in Section 6.3, all or a portion of an exercisable Option or Stock Appreciation Right shall be deemed exercised upon delivery of all of the following to the Secretary of the Company, the stock plan administrator of the Company or such other person or entity designated by the Administrator, or his, her or its office, as applicable:

(a) A written, telephonic or electronic notice complying with the applicable rules established by the Administrator stating that the Option or Stock Appreciation Right, or a portion thereof, is exercised. The notice shall be signed or otherwise acknowledge telephonically or electronically by the Holder or other person then entitled to exercise the Option or Stock Appreciation Right or such portion thereof;

(b) Such representations and documents as the Administrator, in its sole discretion, deems necessary or advisable to effect compliance with Applicable Law.

(c) In the event that the Option or Stock Appreciation Right shall be exercised pursuant to Section 10.3 by any person or persons other than the Holder, appropriate proof of the right of such person or persons to exercise the Option or Stock Appreciation Right, as determined in the sole discretion of the Administrator; and

(d) Full payment of the exercise price and applicable withholding taxes for the Shares with respect to which the Option or Stock Appreciation Right, or portion thereof, is exercised, in a manner permitted by the Administrator in accordance with Sections 10.1 and 10.2.

6.3 Expiration of Option Term or SAR Term: Automatic Exercise of In-The-Money Options and Stock Appreciation Rights. The Administrator may in its discretion as evidenced in an Award Agreement provide that each vested and exercisable Option and Stock Appreciation Right outstanding on the Automatic Exercise Date with an exercise price per Share that is less than the Fair Market Value per Share as of such date shall automatically and without further action by the Option or Stock Appreciation Rights Holder or the Company be exercised on the Automatic Exercise Date. In the sole discretion of the Administrator, payment of the exercise price of any such Option shall be made pursuant to Section 10.1(b) or 10.1(c) and the Company or any Subsidiary shall be entitled to deduct or withhold an amount sufficient to satisfy all taxes associated with such exercise in accordance with Section 10.2. Unless otherwise determined by the Administrator, this Section 6.3 shall not apply to (i) an Option or Stock Appreciation Right if the Holder of such Option or Stock Appreciation Right incurs a Termination of Service on or before the Automatic Exercise Date or (ii) or to a Holder who has affirmatively elected in writing with the Company to not have the provisions of this Section 6.3 apply. For the avoidance of doubt, no Option or Stock Appreciation Right with an exercise price per Share that is equal to or greater than the Fair Market Value per Share on the Automatic Exercise Date shall be exercised pursuant to this Section 6.3.

6.4 Notification Regarding Disposition. The Holder shall give the Company prompt written or electronic notice of any disposition of Shares acquired by exercise of an Incentive Stock Option which occurs within (a) two years from the date of granting (including the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code) such Option to such Holder, or (b) one year after the date of transfer of such Shares to such Holder. 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 Holder in such disposition or other transfer.

ARTICLE 7.

AWARD OF RESTRICTED STOCK

7.1 Award of Restricted Stock. The Administrator is authorized to grant Restricted Stock to Eligible Individuals, and shall determine the terms and conditions, including the restrictions applicable to each award of Restricted Stock, which terms and conditions shall not be inconsistent with the Plan or any applicable Program, and may impose such conditions on the issuance of such Restricted Stock as it deems appropriate. The Administrator shall establish the purchase price, if any, and form of payment for Restricted Stock; provided, however, that if a purchase price is charged, such purchase price shall be no less than the par value, if any, of the Shares to be purchased, unless otherwise permitted by Applicable Law. In all cases, legal consideration shall be required for each issuance of Restricted Stock to the extent required by Applicable Law.

7.2 Rights as Stockholders. Subject to Section 7.4, upon issuance of Restricted Stock, the Holder shall have, unless otherwise provided by the Administrator, all the rights of a stockholder with respect to said Shares, subject to the restrictions in the Plan, any applicable Program and/or the applicable Award Agreement, including the right to receive all dividends and other distributions paid or made with respect to the Shares to the extent such dividends and other distributions have a record date that is on or after the date on which the Holder to whom such Restricted Stock are granted becomes the record holder of such Restricted Stock; provided, however, that, in the sole discretion of the Administrator, any extraordinary distributions with respect to the Shares may be subject to the restrictions set forth in Section 7.3. In addition, with respect to a share of Restricted Stock with performance-based vesting, dividends which are paid prior to vesting shall only be paid out to the Holder to the extent that the performance-based vesting conditions are subsequently satisfied and the share of Restricted Stock vests.

7.3 Restrictions. All shares of Restricted Stock (including any shares received by Holders thereof with respect to shares of Restricted Stock as a result of stock dividends, stock splits or any other form of recapitalization) shall be subject to such restrictions and vesting requirements as the Administrator shall provide in the applicable Program or Award Agreement, subject to Section 3.2. By action taken after the Restricted Stock is issued, the Administrator may, on such terms and conditions as it may determine to be appropriate, accelerate the vesting of such Restricted Stock by removing any or all of the restrictions imposed by the terms of the applicable Program or Award Agreement.

7.4 Repurchase or Forfeiture of Restricted Stock. Except as otherwise determined by the Administrator, if no price was paid by the Holder for the Restricted Stock, upon a Termination of Service during the applicable restriction period, the Holder’s rights in unvested Restricted Stock then subject to restrictions shall lapse, and such Restricted Stock shall be surrendered to the Company and cancelled without consideration on the date of such Termination of Service. If a price was paid by the Holder for the Restricted Stock, upon a Termination of Service during the applicable restriction period, the Company shall have the right to repurchase from the Holder the unvested Restricted Stock then subject to restrictions at a cash price per share equal to the price paid by the Holder for such Restricted Stock or such other amount as may be specified in the applicable Program or Award Agreement. Notwithstanding the foregoing, except as otherwise provided by Section 3.2, the Administrator, in its sole discretion, may provide that upon certain events, including, without limitation, a Change in Control, the Holder’s death, retirement or disability or any other specified Termination of Service or any other event, the Holder’s rights in unvested Restricted Stock then subject to restrictions shall not lapse, such Restricted Stock shall vest and cease to be forfeitable and, if applicable, the Company shall cease to have a right of repurchase.

7.5 Section 83(b) Election. If a Holder makes an election under Section 83(b) of the Code to be taxed with respect to the Restricted Stock as of the date of transfer of the Restricted Stock rather than as of the date or dates upon which the Holder would otherwise be taxable under Section 83(a) of the Code, the Holder shall be required to deliver a copy of such election to the Company promptly after filing such election with the Internal Revenue Service along with proof of the timely filing thereof with the Internal Revenue Service.

ARTICLE 8.

AWARD OF RESTRICTED STOCK UNITS

8.1 Grant of Restricted Stock Units. The Administrator is authorized to grant Awards of Restricted Stock Units to any Eligible Individual selected by the Administrator in such amounts and subject to such terms and conditions as determined by the Administrator.

8.2 Term. Except as otherwise provided herein, the term of a Restricted Stock Unit award shall be set by the Administrator in its sole discretion.

8.3 Purchase Price. The Administrator shall specify the purchase price, if any, to be paid by the Holder to the Company with respect to any Restricted Stock Unit award; provided, however, that value of the consideration shall not be less than the par value of a Share, unless otherwise permitted by Applicable Law.

8.4 Vesting of Restricted Stock Units. At the time of grant, the Administrator shall specify the date or dates on which the Restricted Stock Units shall become fully vested and nonforfeitable, and may specify such conditions to vesting as it deems appropriate, including, without limitation, vesting based upon the Holder's duration of service to the Company or any Subsidiary, Company performance, individual performance or other specific criteria, in each case on a specified date or dates or over any period or periods, as determined by the Administrator, subject to Section 3.2.

8.5 Maturity and Payment. At the time of grant, the Administrator shall specify the maturity date applicable to each grant of Restricted Stock Units, which shall be no earlier than the vesting date or dates of the Award and may be determined at the election of the Holder (if permitted by the applicable Award Agreement and in compliance with Section 409A); provided that, except as otherwise determined by the Administrator and set forth in the Award Agreement, and subject to compliance with Section 409A, in no event shall the maturity date relating to each Restricted Stock Unit occur following the later of (a) the 15th day of the third month following the end of calendar year in which the applicable portion of the Restricted Stock Unit vests; or (b) the 15th day of the third month following the end of the Company's fiscal year in which the applicable portion of the Restricted Stock Unit vests. On the maturity date, the Company shall, in accordance with the applicable Award Agreement and subject to Section 10.4(f), transfer to the Holder one unrestricted, fully transferable Share for each Restricted Stock Unit scheduled to be paid out on such date and not previously forfeited, or in the sole discretion of the Administrator, an amount in cash equal to the Fair Market Value of such Shares on the maturity date or a combination of cash and Common Stock as determined by the Administrator.

8.6 Payment upon Termination of Service. An Award of Restricted Stock Units shall only be payable while the Holder is an Employee, a Consultant or a member of the Board, as applicable; provided, however, that the Administrator, in its sole discretion, may provide (in an Award Agreement or otherwise) that a Restricted Stock Unit award may be paid subsequent to a Termination of Service in certain events, including a Change in Control, the Holder's death, retirement or disability or any other specified Termination of Service.

ARTICLE 9.

AWARD OF OTHER STOCK OR CASH BASED AWARDS AND DIVIDEND EQUIVALENTS

9.1 Other Stock or Cash Based Awards. The Administrator is authorized to grant Other Stock or Cash Based Awards, including awards entitling a Holder to receive Shares or cash to be delivered immediately or in the future, to any Eligible Individual. Subject to the provisions of the Plan and any applicable Program, the Administrator shall determine the terms and conditions of each Other Stock or Cash Based Award, including the term of the Award, any exercise or purchase price, performance goals, transfer restrictions, vesting conditions and other terms and conditions applicable thereto, which shall be set forth in the applicable Award Agreement, subject to Section 3.2. Other Stock or Cash Based Awards may be paid in cash, Shares, or a combination of cash and Shares, as determined by the Administrator, and may be available as a form of payment in the settlement of other Awards granted under the Plan, as stand-alone payments, as a part of a bonus, deferred bonus, deferred compensation or other arrangement, and/or as payment in lieu of compensation to which an Eligible Individual is otherwise entitled.

9.2 Dividend Equivalents. Dividend Equivalents may be granted by the Administrator, either alone or in tandem with another Award, based on dividends declared on the Common Stock, to be credited as of dividend payment dates during the period between the date the Dividend Equivalents are granted to a Holder and the date such Dividend Equivalents terminate or expire, as determined by the Administrator. Such Dividend Equivalents shall be converted to cash or additional Shares by such formula and at such time and subject to such restrictions and limitations as may be determined by the Administrator. Dividend Equivalents with respect to an Award with performance-based vesting that are based on dividends paid prior to the vesting of such Award shall only be paid out to the Holder to the extent that the performance-based vesting conditions are subsequently satisfied and the Award vests. Notwithstanding the foregoing, no Dividend Equivalents shall be payable with respect to Options or Stock Appreciation Rights.

ARTICLE 10.

ADDITIONAL TERMS OF AWARDS

10.1 Payment. The Administrator shall determine the method or methods by which payments by any Holder with respect to any Awards granted under the Plan shall be made, including, without limitation: (a) cash or check, (b) Shares (including, in the case of payment of the exercise price of an Award, Shares issuable pursuant to the exercise of the Award) or Shares held for such minimum period of time as may be established by the Administrator, in each case, having a Fair Market Value on the date of delivery equal to the aggregate payments required, (c) delivery of a written or electronic notice that the Holder has placed a market sell order with a broker acceptable to the Company with respect to Shares then issuable upon exercise or vesting of an Award, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the aggregate payments required; provided that payment of such proceeds is then made to the Company upon settlement of such sale, (d) other form of legal consideration acceptable to the Administrator in its sole discretion, or (e) any combination of the above permitted forms of payment. Notwithstanding any other provision of the Plan to the contrary, no Holder who is a Director or an "executive officer" of the Company within the meaning of Section 13(k) of the Exchange Act shall be permitted to make payment with respect to any Awards granted under the Plan, or continue any extension of credit with respect to such payment, with a loan from the Company or a loan arranged by the Company in violation of Section 13(k) of the Exchange Act.

10.2 Tax Withholding. The Company or any Subsidiary shall have the authority and the right to deduct or withhold, or require a Holder to remit to the Company, an amount sufficient to satisfy federal, state, local and foreign taxes (including the Holder's social security, Medicare and any other employment tax obligation) required by law to be withheld with respect to any taxable event concerning a Holder arising as a result of the Plan or any Award. The Administrator may, in its sole discretion and in satisfaction of the foregoing requirement, or in satisfaction of such additional withholding obligations as a Holder may have elected, allow a Holder to satisfy such obligations by any payment means described in Section 10.1 hereof, including without limitation, by allowing such Holder to have the Company or any Subsidiary withhold Shares otherwise issuable under an Award (or allow the surrender of Shares). The number of Shares which may be so withheld or surrendered shall be limited to the number of Shares which have a fair market value on the date of withholding or repurchase no greater than the aggregate amount of such liabilities based on the maximum statutory rates for federal, state, local and foreign income tax and payroll tax purposes in such Holder's applicable jurisdiction that are applicable to such taxable income (or such other number as would not result in adverse financial accounting consequences for the Company or any of its Subsidiaries). The Administrator shall determine the fair market value of the Shares, consistent with applicable provisions of the Code, for tax withholding obligations due in connection with a broker-assisted cashless Option or Stock Appreciation Right exercise involving the sale of Shares to pay the Option or Stock Appreciation Right exercise price or any tax withholding obligation.

10.3 Transferability of Awards.

(a) Except as otherwise provided in Sections 10.3(b) and 10.3(c):

(i) No Award under the Plan may be sold, pledged, assigned or transferred in any manner other than (A) by will or the laws of descent and distribution or (B) subject to the consent of the Administrator, pursuant to a DRO, unless and until such Award has been exercised or the Shares underlying such Award have been issued, and all restrictions applicable to such Shares have lapsed;

(ii) No Award or interest or right therein shall be liable for or otherwise subject to the debts, contracts or engagements of the Holder or the Holder's successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, hypothecation, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy) unless and until such Award has been exercised, or the Shares underlying such Award have been issued, and all restrictions applicable to such Shares have lapsed, and any attempted disposition of an Award prior to satisfaction of these conditions shall be null and void and of no effect, except to the extent that such disposition is permitted by Section 10.3(a)(i); and

(iii) During the lifetime of the Holder, only the Holder may exercise any exercisable portion of an Award granted to such Holder under the Plan, unless it has been disposed of pursuant to a DRO. After the death of the Holder, any exercisable portion of an Award may, prior to the time when such portion becomes unexercisable under the Plan or the applicable Program or Award Agreement, be exercised by the Holder's personal representative or by any person empowered to do so under the deceased Holder's will or under the then-applicable laws of descent and distribution.

(b) Notwithstanding Section 10.3(a), the Administrator, in its sole discretion, may determine to permit a Holder or a Permitted Transferee of such Holder to transfer an Award other than an Incentive Stock Option (unless such Incentive Stock Option is intended to become a Nonqualified Stock Option) to any one or more Permitted Transferees of such Holder, subject to the following terms and conditions: (i) an Award transferred to a Permitted Transferee shall not be assignable or transferable by the Permitted Transferee other than (A) to another Permitted Transferee of the applicable Holder or (B) by will or the laws of descent and distribution or, subject to the consent of the Administrator, pursuant to a DRO; (ii) an Award transferred to a Permitted Transferee shall continue to be subject to all the terms and conditions of the Award as applicable to the original Holder (other than the ability to further transfer the Award to any Person other than another Permitted Transferee of the applicable Holder); (iii) the Holder (or transferring Permitted Transferee) and the receiving Permitted Transferee shall execute any and all documents requested by the Administrator, including, without limitation documents to (A) confirm the status of the transferee as a Permitted Transferee, (B) satisfy any requirements for an exemption for the transfer under Applicable Law and (C) evidence the transfer; and (iv) any transfer of an Award to a Permitted Transferee shall be without consideration, except as required by Applicable Law. In addition, and further notwithstanding Section 10.3(a), hereof, the Administrator, in its sole discretion, may determine to permit a Holder to transfer Incentive Stock Options to a trust that constitutes a Permitted Transferee if, under Section 671 of the Code and other Applicable Law, the Holder is considered the sole beneficial owner of the Incentive Stock Option while it is held in the trust.

(c) Notwithstanding Section 10.3(a), a Holder may, in the manner determined by the Administrator, designate a beneficiary to exercise the rights of the Holder and to receive any distribution with respect to any Award upon the Holder's death. A beneficiary, legal guardian, legal representative, or other person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan and any Program or Award Agreement applicable to the Holder and any additional restrictions deemed necessary or appropriate by the Administrator. If the Holder is married or a domestic partner in a domestic partnership qualified under Applicable Law and resides in a community property state, a designation of a person other than the Holder's spouse or domestic partner, as applicable, as the Holder's beneficiary with respect to more than 50% of the Holder's interest in the Award shall not be effective without the prior written or electronic consent of the Holder's spouse or domestic partner. If no beneficiary has been designated or survives the Holder, payment shall be made to the person entitled thereto pursuant to the Holder's will or the laws of descent and distribution. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Holder at any time; provided that the change or revocation is delivered in writing to the Administrator prior to the Holder's death.

10.4 Conditions to Issuance of Shares.

(a) The Administrator shall determine the methods by which Shares shall be delivered or deemed to be delivered to Holders. Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates or make any book entries evidencing Shares pursuant to the exercise of any Award, unless and until the Administrator has determined, with advice of counsel, that the issuance of such Shares is in compliance with Applicable Law and the Shares are covered by an effective registration statement or applicable exemption from registration. In addition to the terms and conditions provided herein, the Administrator may require that a Holder make such reasonable covenants, agreements and representations as the Administrator, in its sole discretion, deems advisable in order to comply with Applicable Law.

(b) All share certificates delivered pursuant to the Plan and all Shares issued pursuant to book entry procedures are subject to any stop-transfer orders and other restrictions as the Administrator deems necessary or advisable to comply with Applicable Law. The Administrator may place legends on any share certificate or book entry to reference restrictions applicable to the Shares (including, without limitation, restrictions applicable to Restricted Stock).

(c) The Administrator shall have the right to require any Holder to comply with any timing or other restrictions with respect to the settlement, distribution or exercise of any Award, including a window-period limitation, as may be imposed in the sole discretion of the Administrator.

(d) No fractional Shares shall be issued and the Administrator, in its sole discretion, shall determine whether cash shall be given in lieu of fractional Shares or whether such fractional Shares shall be eliminated (i) by rounding down or (ii) such other manner as permitted by Applicable Law.

(e) The Company, in its sole discretion, may (i) retain physical possession of any stock certificate evidencing Shares until any restrictions thereon shall have lapsed and/or (ii) require that the stock certificates evidencing such Shares be held in custody by a designated escrow agent (which may but need not be the Company) until the restrictions thereon shall have lapsed, and that the Holder deliver a stock power, endorsed in blank, relating to such Shares.

(f) Notwithstanding any other provision of the Plan, unless otherwise determined by the Administrator or required by Applicable Law, the Company shall not deliver to any Holder certificates evidencing Shares issued in connection with any Award and instead such Shares shall be recorded in the books of the Company (or, as applicable, its transfer agent or stock plan administrator).

10.5 Forfeiture and Claw-Back Provisions. All Awards (including any proceeds, gains or other economic benefit actually or constructively received by a Holder upon any receipt or exercise of any Award or upon the receipt or resale of any Shares underlying the Award and any payments of a portion of an incentive-based bonus pool allocated to a Holder) shall be subject to the provisions of any claw-back policy implemented by the Company, including, without limitation, any claw-back policy adopted to comply with the requirements of Applicable Law, including, without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder, whether or not such claw-back policy was in place at the time of grant of an Award, to the extent set forth in such claw-back policy and/or in the applicable Award Agreement.

10.6 Prohibition on Repricing. Subject to Section 12.2, the Administrator shall not, without the approval of the stockholders of the Company, (a) authorize the amendment of any outstanding Option or Stock Appreciation Right to reduce its price per Share, or (b) cancel any Option or Stock Appreciation Right in exchange for cash or another Award when the Option or Stock Appreciation Right price per Share exceeds the Fair Market Value of the underlying Shares. Furthermore, for purposes of this Section 10.6, except in connection with a corporate transaction involving the Company (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination or exchange of shares), the terms of outstanding Awards may not be amended to reduce the exercise price per Share of outstanding Options or Stock Appreciation Rights or cancel outstanding Options or Stock Appreciation Rights in exchange for cash, other Awards or Options or Stock Appreciation Rights with an exercise price per Share that is less than the exercise price per Share of the original Options or Stock Appreciation Rights without the approval of the stockholders of the Company.

10.7 Amendment of Awards. Subject to Applicable Law, the Administrator may amend, modify or terminate any outstanding Award, including but not limited to, substituting therefor another Award of the same or a different type, changing the date of exercise or settlement, and converting an Incentive Stock Option to a Non-Qualified Stock Option. The Holder’s consent to such action shall be required unless (a) the Administrator determines that the action, taking into account any related action, would not materially and adversely affect the Holder, or (b) the change is otherwise permitted under the Plan (including, without limitation, under Section 12.2 or 12.10).

10.8 Data Privacy. As a condition of receipt of any Award, each Holder explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of personal data as described in this Section 10.8 by and among, as applicable, the Company and its Subsidiaries for the exclusive purpose of implementing, administering and managing the Holder’s participation in the Plan. The Company and its Subsidiaries may hold certain personal information about a Holder, including but not limited to, the Holder’s name, home address and telephone number, date of birth, social security or insurance number or other identification number, salary, nationality, job title(s), any shares of stock held in the Company or any of its Subsidiaries, details of all Awards, in each case, for the purpose of implementing, managing and administering the Plan and Awards (the “Data”). The Company and its Subsidiaries may transfer the Data amongst themselves as necessary for the purpose of implementation, administration and management of a Holder’s participation in the Plan, and the Company and its Subsidiaries may each further transfer the Data to any third parties assisting the Company and its Subsidiaries in the implementation, administration and management of the Plan. These recipients may be located in the Holder’s country, or elsewhere, and the Holder’s country may have different data privacy laws and protections than the recipients’ country. Through acceptance of an Award, each Holder authorizes such recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Holder's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Company or any of its Subsidiaries or the Holder may elect to deposit any Shares. The Data related to a Holder will be held only as long as is necessary to implement, administer, and manage the Holder's participation in the Plan. A Holder may, at any time, view the Data held by the Company with respect to such Holder, request additional information about the storage and processing of the Data with respect to such Holder, recommend any necessary corrections to the Data with respect to the Holder or refuse or withdraw the consents herein in writing, in any case without cost, by contacting his or her local human resources representative. The Company may cancel Holder's ability to participate in the Plan and, in the Administrator's discretion, the Holder may forfeit any outstanding Awards if the Holder refuses or withdraws his or her consents as described herein. For more information on the consequences of refusal to consent or withdrawal of consent, Holders may contact their local human resources representative.

ARTICLE 11.

ADMINISTRATION

11.1 Administrator. The Committee shall administer the Plan (except as otherwise permitted herein). To the extent necessary to comply with Rule 16b-3 of the Exchange Act all actions taken by the Committee shall be taken by two or more individuals who qualify as "non-employee directors" under Rule 16b-3 of the Exchange Act or any successor rule. Additionally to the extent required by Applicable Law, each of the individuals constituting the Committee shall be an "independent director" under the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded. Notwithstanding the foregoing, any action taken by the Committee shall be valid and effective, whether or not members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership set forth in this Section 11.1 or the Organizational Documents. Notwithstanding the foregoing, (i) the full Board, acting by a majority of its members in office, shall conduct the general administration of the Plan with respect to Awards granted to Non-Employee Directors and, with respect to such Awards, the term "Administrator" as used in the Plan shall be deemed to refer to the Board and (ii) the Board or Committee may delegate its authority hereunder to the extent permitted by Section 11.6.

11.2 Duties and Powers of Administrator. It shall be the duty of the Administrator to conduct the general administration of the Plan in accordance with its provisions. The Administrator shall have the power to interpret the Plan, all Programs and Award Agreements, and to adopt such rules for the administration, interpretation and application of the Plan and any Program as are not inconsistent with the Plan, to interpret, amend or revoke any such rules and to amend the Plan or any Program or Award Agreement; provided that the rights or obligations of the Holder of the Award that is the subject of any such Program or Award Agreement are not materially and adversely affected by such amendment, unless the consent of the Holder is obtained or such amendment is otherwise permitted under the Plan (including, without limitation, under Sections 10.5, 12.1 and Section 12.10). In its sole discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee in its capacity as the Administrator under the Plan.

11.3 Action by the Administrator. Unless otherwise established by the Board, set forth in any Organizational Documents or as required by Applicable Law, a majority of the members of the Administrator shall constitute a quorum and the acts of a majority of the members present at any meeting at which a quorum is present, and acts approved in writing by all members of the Administrator in lieu of a meeting, shall be deemed the acts of the Administrator. Each member of the Administrator is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or any Subsidiary, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

11.4 Authority of Administrator. Subject to the Organizational Documents, any specific designation in the Plan and Applicable Law, the Administrator has the exclusive power, authority and sole discretion to:

(a) Designate Eligible Individuals to receive Awards;

(b) Determine the type or types of Awards to be granted to each Eligible Individual (including, without limitation, any Awards granted in tandem with another Award granted pursuant to the Plan);

(c) Determine the number of Awards to be granted and the number of Shares to which an Award will relate;

(d) Determine the terms and conditions of any Award granted pursuant to the Plan, including, but not limited to, the exercise price, grant price, purchase price, any performance criteria, any restrictions or limitations on the Award, any schedule for vesting, lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, and any provisions related to non-competition and claw-back and recapture of gain on an Award, based in each case on such considerations as the Administrator in its sole discretion determines;

(e) Determine whether, to what extent, and under what circumstances an Award may be settled in, or the exercise price of an Award may be paid in cash, Shares, other Awards, or other property, or an Award may be canceled, forfeited, or surrendered;

(f) Prescribe the form of each Award Agreement, which need not be identical for each Holder;

(g) Decide all other matters that must be determined in connection with an Award;

(h) Establish, adopt, or revise any Programs, rules and regulations as it may deem necessary or advisable to administer the Plan;

(i) Interpret the terms of, and any matter arising pursuant to, the Plan, any Program or any Award Agreement;

(j) Make all other decisions and determinations that may be required pursuant to the Plan or as the Administrator deems necessary or advisable to administer the Plan; and

(k) Accelerate wholly or partially the vesting or lapse of restrictions of any Award or portion thereof at any time after the grant of an Award, subject to whatever terms and conditions it selects and Section 3.2 and Section 12.2.

11.5 Decisions Binding. The Administrator's interpretation of the Plan, any Awards granted pursuant to the Plan, any Program or any Award Agreement and all decisions and determinations by the Administrator with respect to the Plan are final, binding and conclusive on all Persons.

11.6 Delegation of Authority. The Board or Committee may from time to time delegate to a committee of one or more members of the Board or one or more officers of the Company the authority to grant or amend Awards or to take other administrative actions pursuant to this Article 11; provided, however, that in no event shall an officer of the Company be delegated the authority to grant Awards to, or amend Awards held by, the following individuals: (a) individuals who are subject to Section 16 of the Exchange Act or (b) officers of the Company (or Directors) to whom authority to grant or amend Awards has been delegated hereunder; provided, further, that any delegation of administrative authority shall only be permitted to the extent it is permissible under any Organizational Documents and Applicable Law. Any delegation hereunder shall be subject to the restrictions and limits that the Board or Committee specifies at the time of such delegation or that are otherwise included in the applicable Organizational Documents, and the Board or Committee, as applicable, may at any time rescind the authority so delegated or appoint a new delegatee. At all times, the delegatee appointed under this Section 11.6 shall serve in such capacity at the pleasure of the Board or the Committee, as applicable, and the Board or the Committee may abolish any committee at any time and re-vest in itself any previously delegated authority.

ARTICLE 12.

MISCELLANEOUS PROVISIONS

12.1 Amendment, Suspension or Termination of the Plan.

(a) Except as otherwise provided in Section 12.1(b), the Plan may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Board; provided that, except as provided in Section 10.5 and Section 12.10, no amendment, suspension or termination of the Plan shall, without the consent of the Holder, materially and adversely affect any rights or obligations under any Award theretofore granted or awarded, unless the Award itself otherwise expressly so provides.

(b) Notwithstanding Section 12.1(a), the Board may not, except as provided in Section 12.2, take any of the following actions without approval of the Company's stockholders given within twelve (12) months before or after such action: (i) increase the limit imposed in Section 3.1 on the maximum number of Shares which may be issued under the Plan, (ii) reduce the price per share of any outstanding Option or Stock Appreciation Right granted under the Plan or take any action prohibited under Section 10.6, or (iii) cancel any Option or Stock Appreciation Right in exchange for cash or another Award in violation of Section 10.6.

(c) No Awards may be granted or awarded during any period of suspension or after termination of the Plan, and notwithstanding anything herein to the contrary, in no event may any Award be granted under the Plan after the tenth (10th) anniversary of the date on which the Plan was adopted by the Board (such anniversary, the "Expiration Date"). Any Awards that are outstanding on the Expiration Date shall remain in force according to the terms of the Plan, the applicable Program and the applicable Award Agreement.

12.2 Changes in Common Stock or Assets of the Company, Acquisition or Liquidation of the Company and Other Corporate Events.

(a) In the event of any stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the shares of the Company's stock or the share price of the Company's stock other than an Equity Restructuring, the Administrator may make equitable adjustments, if any, to reflect such change with respect to: (i) the aggregate number and kind of Shares that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Section 3.1 on the maximum number and kind of Shares which may be issued under the Plan); (ii) the number and kind of Shares (or other securities or property) subject to outstanding Awards; (iii) the terms and conditions of any outstanding Awards; and (iv) the grant or exercise price per share for any outstanding Awards under the Plan.

(b) In the event of any transaction or event described in Section 12.2(a) or any unusual or nonrecurring transactions or events affecting the Company, any Subsidiary of the Company, or the financial statements of the Company or any Subsidiary, or of changes in Applicable Law or Applicable Accounting Standards, the Administrator, in its sole discretion, and on such terms and conditions as it deems appropriate, either by the terms of the Award or by action taken prior to the occurrence of such transaction or event, is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any Award under the Plan, to facilitate such transactions or events or to give effect to such changes in Applicable Law or Applicable Accounting Standards:

(i) To provide for the termination of any such Award in exchange for an amount of cash and/or other property with a value equal to the amount that would have been attained upon the exercise of such Award or realization of the Holder's rights (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction or event described in this Section 12.2 the Administrator determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the Holder's rights, then such Award may be terminated by the Company without payment);

(ii) To provide that such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards 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 applicable exercise or purchase price, in all cases, as determined by the Administrator;

(iii) To make adjustments in the number and type of Shares of the Company's stock (or other securities or property) subject to outstanding Awards, and/or in the terms and conditions of (including the grant or exercise price), and the criteria included in, outstanding Awards and Awards which may be granted in the future;

(iv) To provide that such Award shall be exercisable or payable or fully vested with respect to all Shares covered thereby, notwithstanding anything to the contrary in the Plan or the applicable Program or Award Agreement;

(v) To replace such Award with other rights or property selected by the Administrator; and/or

(vi) To provide that the Award cannot vest, be exercised or become payable after such event.

(c) In connection with the occurrence of any Equity Restructuring, and notwithstanding anything to the contrary in Sections 12.2(a) and 12.2(b):

(i) The number and type of securities subject to each outstanding Award and the exercise price or grant price thereof, if applicable, shall be equitably adjusted (and the adjustments provided under this Section 12.2(c)(i) shall be nondiscretionary and shall be final and binding on the affected Holder and the Company); and/or

(ii) The Administrator shall make such equitable adjustments, if any, as the Administrator, in its sole discretion, may deem appropriate to reflect such Equity Restructuring with respect to the aggregate number and kind of Shares that may be issued under the Plan (including, but not limited to, adjustments of the limitation in Section 3.1 on the maximum number and kind of Shares which may be issued under the Plan).

(d) In the event an Award continues in effect or is assumed or an equivalent Award substituted in connection with a Change in Control, and the surviving or successor terminates Holder's employment or service without "cause" (as such term is defined in the sole discretion of the Administrator, or as set forth in the Award Agreement relating to such Award) upon or within twelve (12) months following the Change in Control, then such Holder shall be fully vested in such continued, assumed or substituted Award.

(e) In the event that the successor corporation in a Change in Control does not agree to assume or substitute for an Award (or any portion thereof) in the relevant transaction agreement or otherwise, the Administrator may, prior to the consummation of such Change in Control, cause (i) any or all of such Award (or portion thereof) to terminate in exchange for cash, rights or other property pursuant to Section 12.2(b)(i) or (ii) any or all of such Award (or portion thereof) to become fully exercisable prior to the consummation of such Change in Control and all forfeiture restrictions on any or all of such Award to lapse. If any such Award is exercisable in lieu of assumption or substitution in the event of a Change in Control, the Administrator shall notify the Holder that such Award shall be fully exercisable for a period of fifteen (15) days from the date of such notice, contingent upon the occurrence of the Change in Control, and such Award shall terminate upon the expiration of such period.

(f) For the purposes of this Section 12.2, an Award shall be considered assumed if, following the Change in Control, the Award confers the right to purchase or receive, for each Share subject to the Award immediately prior to the Change in Control, the consideration (whether stock, cash, or other securities or property) received in the Change in Control by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the Change in Control was not solely common stock of the successor corporation or its parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the Award, for each Share subject to an Award, to be solely common stock of the successor or its parent equal in fair market value to the per-share consideration received by holders of Common Stock in the Change in Control.

(g) The Administrator, in its sole discretion, may include such further provisions and limitations in any Award, agreement or certificate, as it may deem equitable and in the best interests of the Company that are not inconsistent with the provisions of the Plan.

(h) Unless otherwise determined by the Administrator, no adjustment or action described in this Section 12.2 or in any other provision of the Plan shall be authorized to the extent it would (i) cause the Plan to violate Section 422(b)(1) of the Code, (ii) result in short-swing profits liability under Section 16 of the Exchange Act or violate the exemptive conditions of Rule 16b-3 of the Exchange Act, or (iii) cause an Award to fail to be exempt from or comply with Section 409A.

(i) The existence of the Plan, any Program, any Award Agreement and/or the Awards granted hereunder shall not affect or restrict in any way the right or power of the Company or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Common Stock or the rights thereof or which are convertible into or exchangeable for Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

(j) In the event of any pending stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the Shares or the share price of the Common Stock including any Equity Restructuring, for reasons of administrative convenience, the Administrator, in its sole discretion, may refuse to permit the exercise of any Award during a period of up to thirty (30) days prior to the consummation of any such transaction.

12.3 Approval of Plan by Stockholders. Solely for purposes of permitting the Company to grant Incentive Stock Options hereunder, the Plan shall be submitted for the approval of the Company's stockholders within twelve (12) months after the date of the Board's initial adoption of the Plan. Incentive Stock Options may be granted or awarded prior to such stockholder approval of this Plan; provided that no Shares shall be issued upon the exercise, vesting, distribution or payment of any such Incentive Stock Options prior to the time when the Plan is approved by the Company's stockholders; and, provided, further, that if such approval has not been obtained at the end of said 12-month period, (a) the Plan shall continue in effect, (b) all Incentive Stock Options previously granted or awarded under the Plan after the date of the Board's initial adoption of the Plan shall cease to be treated as Incentive Stock Options and shall automatically be treated for all purposes of the Plan as Non-Qualified Stock Options, and (c) no Incentive Stock Options may thereafter be granted under the Plan.

12.4 No Stockholders Rights. Except as otherwise provided herein or in an applicable Program or Award Agreement, a Holder shall have none of the rights of a stockholder with respect to Shares covered by any Award until the Holder becomes the record owner of such Shares.

12.5 Paperless Administration. In the event that the Company establishes, for itself or using the services of a third party, an automated system for the documentation, granting or exercise of Awards, such as a system using an internet website or interactive voice response, then the paperless documentation, granting or exercise of Awards by a Holder may be permitted through the use of such an automated system.

12.6 Effect of Plan upon Other Compensation Plans. The adoption of the Plan shall not affect any other compensation or incentive plans in effect for the Company or any Subsidiary. Nothing in the Plan shall be construed to limit the right of the Company or any Subsidiary: (a) to establish any other forms of incentives or compensation for Employees, Directors or Consultants of the Company or any Subsidiary, or (b) to grant or assume options or other rights or awards otherwise than under the Plan in connection with any proper corporate purpose including without 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, partnership, limited liability company, firm or association.

12.7 Compliance with Laws. The Plan, the granting and vesting of Awards under the Plan and the issuance and delivery of Shares and the payment of money under the Plan or under Awards granted or awarded hereunder are subject to compliance with all Applicable Law (including but not limited to state, federal and foreign securities law and margin requirements), and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith. Any securities delivered under the Plan shall be subject to such restrictions, and the person acquiring such securities shall, if requested by the Company, provide such assurances and representations to the Company as the Company may deem necessary or desirable to assure compliance with all Applicable Law. The Administrator, in its sole discretion, may take whatever actions it deems necessary or appropriate to effect compliance with Applicable Law, including, without limitation, placing legends on share certificates and issuing stop-transfer notices to agents and registrars. Notwithstanding anything to the contrary herein, the Administrator may not take any actions hereunder, and no Awards shall be granted, that would violate Applicable Law. To the extent permitted by Applicable Law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to Applicable Law.

12.8 Titles and Headings, References to Sections of the Code or Exchange Act. The titles and headings of the Sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control. References to sections of the Code or the Exchange Act shall include any amendment or successor thereto.

12.9 Governing Law. The Plan and any Programs and Award Agreements hereunder shall be administered, interpreted and enforced under the internal laws of the State of Delaware without regard to conflicts of laws thereof or of any other jurisdiction.

12.10 Section 409A.

(a) To the extent that the Administrator determines that any Award granted under the Plan is subject to Section 409A, the Plan, the Program pursuant to which such Award is granted and the Award Agreement evidencing such Award shall incorporate the terms and conditions required by Section 409A. In that regard, to the extent any Award under the Plan or any other compensatory plan or arrangement of the Company or any of its Subsidiaries is subject to Section 409A, and such Award or other amount is payable on account of a Holder's Termination of Service (or any similarly defined term), then (a) such Award or amount shall only be paid to the extent such Termination of Service qualifies as a "separation from service" as defined in Section 409A, and (b) if such Award or amount is payable to a "specified employee" as defined in Section 409A then to the extent required in order to avoid a prohibited distribution under Section 409A, such Award or other compensatory payment shall not be payable prior to the earlier of (i) the expiration of the six-month period measured from the date of the Holder's Termination of Service, or (ii) the date of the Holder's death. To the extent applicable, the Plan, the Program and any Award Agreements shall be interpreted in accordance with Section 409A. Notwithstanding any provision of the Plan to the contrary, in the event that following the Effective Date the Administrator determines that any Award may be subject to Section 409A, the Administrator may (but is not obligated to), without any Holder's consent, adopt such amendments to the Plan and the applicable Program and Award Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Administrator determines are necessary or appropriate to (A) exempt the Award from Section 409A and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (B) comply with the requirements of Section 409A and thereby avoid the application of any penalty taxes under Section 409A. The Company makes no representations or warranties as to the tax treatment of any Award under Section 409A or otherwise. The Company shall have no obligation under this Section 13.10 or otherwise to take any action (whether or not described herein) to avoid the imposition of taxes, penalties or interest under Section 409A with respect to any Award and shall have no liability to any Holder or any other person if any Award, compensation or other benefits under the Plan are determined to constitute non-compliant, "nonqualified deferred compensation" subject to the imposition of taxes, penalties and/or interest under Section 409A.

(b) Notwithstanding any provision of the Plan to the contrary, in the event that the Administrator determines that (i) any amounts payable under any Awards granted hereunder will have adverse tax consequences to any Holder and/or or the Company under Section 409A or any provision of the Code that is enacted or revised after the Effective Date which changes the taxation of the Awards, or (ii) any provisions of Applicable Law no longer are applicable to the Plan or any Awards as a result of or otherwise in connection with any changes in Applicable Law (including, without limitation, the Code) enacted after the Effective Date, the Administrator reserves the right (without any obligation to do so or to indemnify any Holder for failure to do so) to, without any Holder's consent, (A) adopt such amendments to the Plan and/or any Award Agreement, Program or Non-Employee Director Equity Compensation Policy (including modification of vesting terms and conditions), (B) adopt such other policies and procedures (including amendments, policies and procedures with retroactive effect), or (C) take such other actions that it determines to be necessary or appropriate, to preserve the intended tax treatment of the benefits provided by the Plan, to preserve the economic benefits of the Plan and/or to avoid less favorable tax consequences for any Holder and/or the Company (including income taxation prior to payment or settlement of Awards), in each case, to the extent reasonably permitted under Applicable Law. The nature and implementation of any such amendments, policies or procedures or other actions shall be determined unilaterally by the Administrator in its sole discretion. The Company and its Subsidiaries make no representation or warranty with respect to the taxation of any Awards, and neither the Company nor any of its Subsidiaries shall have any liability to any Holder or any other person or entity if any Awards or payments under any provisions of the Plan are subject to (x) any early, retroactive or additional tax under Section 409A or any other provision of the Code enacted or revised after the Effective Date (including income taxation prior to payment or settlement of Awards) which changes the taxation of Awards, or (y) any modified tax treatment due to actions contemplated by this Section 12.10(b).

12.11 Unfunded Status of Awards. The Plan is intended to be an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Holder pursuant to an Award, nothing contained in the Plan or any Program or Award Agreement shall give the Holder any rights that are greater than those of a general creditor of the Company or any Subsidiary.

12.12 Indemnification. To the extent permitted under Applicable Law and the Organizational Documents, each member of the Administrator shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; provided he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Organizational Documents, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

12.13 Relationship to other Benefits. No payment pursuant to the Plan shall be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Subsidiary except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

12.14 Expenses. The expenses of administering the Plan shall be borne by the Company and its Subsidiaries.

Exhibit 10.11

RESTRICTED AWARD UNIT AGREEMENT

Parsons Corporation

THIS AGREEMENT, made as of January 1, 2019 (the "Date of Grant"), between Parsons Corporation, a Delaware Corporation (the "Company"), and ________ (the "Participant").

WHEREAS, the Company has adopted the Parsons Corporation Restricted Award Plan (as amended to date, the "Plan") in order to provide an additional incentive to certain employees of the Company and its subsidiaries; and

WHEREAS, the Chief Executive Officer has determined to grant to the Participant, Restricted Award Units as provided herein to encourage the Participant's efforts toward the continuing success of the Company.

NOW, THEREFORE, the parties hereto agree as follows:

1. Grant of Restricted Award Units.

1.1 The Company hereby grants to the Participant an award of ________ Restricted Award Units (the "Award"). The Award is the contingent right to receive an amount that is to be distributed to a Participant in the event vesting provisions and other criteria as specified in this Agreement have been achieved. Except as provided in the Plan for vested Awards whose payment has been deferred and credited to a Deferral Account, a Restricted Award Unit ("RAU") shall have a value equal to the most recent Published Share Price (which value may be paid in cash or in shares, as described below). The RAUs granted pursuant to the Award shall be subject to the execution and return of this Agreement by the Participant (or the Participant's estate, if applicable) to the Company as provided in Section 8 hereof.

1.2 This Agreement shall be construed in accordance and consistent with, and subject to, the provisions of the Plan (the provisions of which are hereby incorporated by reference) and, except as otherwise expressly set forth herein, the capitalized terms used in this Agreement shall have the same definitions as set forth in the Plan.

2. Restrictions on Transfer.

The RAUs issued under this Agreement may not be sold or transferred.

3. Lapse of Restrictions Generally.

Except as provided in Sections 4, 5 and 6 hereof, the Restricted Award Units shall vest three years from the Date of Grant.

4. Effect of Certain Terminations of Employment.

Unvested RAUs will generally be forfeited upon any termination of the Participant's employment. However, unvested RAUs will vest in connection with certain qualifying terminations of employment as set forth in Article VI of the Plan.

5. Effect of Change in Control.

Upon a Change in Control, RAUs will be treated as set forth in Article VII of the Plan.

6. Forfeiture of Restricted Award Units.

All RAUs which have not become vested in accordance with Section 3, 4 or 5 hereof (or, as provided in clause (ii) below, that may have vested but have not yet been paid) shall be forfeited upon:

(i) the termination by the Participant, the Company or its subsidiaries of the Participant's employment for any reason prior to such vesting (but after giving effect to any RAUs that vest in connection with the termination of employment pursuant to Section 4); or

(ii) the commission by the Participant of an Act of Misconduct prior to payment of vested RAUs; or

(iii) the occurrence of a Change in Control (but after giving effect to any RAUs that vest in connection with the Change in Control pursuant to Section 5).

For purposes of this Agreement, an "Act of Misconduct" shall mean the occurrence of one or more of the following events: (x) the Participant uses for profit or discloses to unauthorized persons, confidential information or trade secrets of the Company or any of its subsidiaries, (y) the Participant breaches any contract with or violates any fiduciary obligation to the Company or any of its subsidiaries.

7. Payment.

Unless the Participant has made a valid deferral election pursuant to the Plan, all RAUs which have become vested in accordance with Section 3 or 4 hereof shall be paid promptly after being vested but not later than the first March 15 following the year in which such RAUs became vested. If the Participant has made a valid deferral election pursuant to the Plan, all vested RAUs shall be paid in accordance with the terms of the Plan. Payment may be made in cash, or at the election of the Administrative Committee in shares of common stock of the Company. If payment is made in shares, then the Participant will receive one share for each vested RAU.

8. Execution of Award Agreement.

The RAUs granted to the Participant pursuant to the Award shall be subject to the Participant's execution and return of this Agreement to the Company or its designee (including by electronic means, if so provided) no later than the earlier of (i) May ___, 2019 and (ii) the date that is immediately prior to the date that the RAUs vest pursuant to Section 4 or 5 hereof (the "Participant Return Date"); provided that if the Participant dies before the Participant Return Date, this requirement shall be deemed to be satisfied if the executor or administrator of the Participant's estate executes and returns this Agreement to the Company or its designee no later than ninety (90) days following the Participant's death (the "Executor Return Date"). If this Agreement is not so executed and returned on or prior to the Participant Return Date or the Executor Return Date, as applicable, the RAUs evidenced by this Agreement shall be forfeited, and neither the Participant nor the Participant's heirs, executors, administrators and successors shall have any rights with respect thereto.

9. No Right to Continued Employment.

Nothing in this Agreement or the Plan shall interfere with or limit in any way the right of the Company or its subsidiaries to terminate the Participant's employment, nor confer upon the Participant any right to continuance of employment by the Company or any of its subsidiaries.

10. Withholding of Taxes.

Prior to the delivery to the Participant (or the Participant's estate, if applicable) of any payment in respect of the Award, the Participant shall agree that no later than the date of payment of an Award granted hereunder, the Participant will pay the Corporation or make arrangements satisfactory to the Committee regarding payment of any federal, state, or local taxes of any kind required by law to be withheld upon the vesting or payment of a RAU. Alternatively, the Committee may provide that a Participant may elect, to the extent permitted by law, to have the Company deduct federal, state and local taxes of any kind required by law to be withheld upon the vesting or payment of any RAU from any payment of any kind to the Participant, including any shares to be issued in settlement of the Award.

11. Participant Bound by the Plan; Clawback Policy.

The Participant hereby acknowledges receipt of a copy of the Plan as in effect on the date hereof and agrees to be bound by all the terms and provisions thereof. If Participant has been designated as a covered employee under the Company's Executive Compensation Clawback Policy, the Participant hereby acknowledges receipt of a copy of the Executive Compensation Clawback Policy as in effect on the date hereof and agrees to be bound by all the terms and provisions thereof.

12. Modification of Agreement.

This Agreement may be modified, amended, suspended or terminated, and any terms or conditions may be waived, but only by a written instrument executed by the parties hereto.

13. Severability.

Should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable or invalid for any reason, the remaining provisions of this Agreement shall not be affected by such holding and shall continue in full force in accordance with their terms.

14. Governing Law.

The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of California without giving effect to the conflicts of laws principles thereof.

15. Successors in Interest.

This Agreement shall inure to the benefit of and be binding upon any successor to the Company. This Agreement shall inure to the benefit of the Participant's legal representatives. All obligations imposed upon the Participant and all rights granted to the Company under this Agreement shall be binding upon the Participant's heirs, executors, administrators and successors.

16. Resolution of Disputes.

Any dispute or disagreement which may arise under, or as a result of, or in any way relate to, the interpretation, construction or application of this Agreement shall be determined by the Committee. Any determination made hereunder shall be final, binding and conclusive on the Participant, the Participant's heirs, executors, administrators and successors, and the Company and its subsidiaries for all purposes.

17. Entire Agreement.

This Agreement and the terms and conditions of the Plan constitute the entire understanding between the Participant and the Company and its subsidiaries, and supersede all other agreements, whether written or oral, with respect to the Award.

18. Headings.

The headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

19. Counterparts.

This Agreement may be executed simultaneously in two or more counterparts, each of which shall constitute an original, but all of which taken together shall constitute one and the same agreement. Photographic or PDF copies of such signed counterparts may be used in lieu of the originals for any purpose.

PARSONS CORPORATION

By: ______________________________

PARTICIPANT

____

Exhibit 10.12

Parsons Corporation

Non-Employee Director Compensation Policy

(As of April 15, 2019)

Non-Employee Director Compensation	**Fee**	**Frequency of Payment**
Cash Compensation		
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 • Executive* • Compensation • Nominating and Governance	$2,875 $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 meeting
Long-Term Incentive Compensation		
For the period from Jan 1, 2019 until the Effective Date (as defined in the Parsons Corporation Incentive Award Plan (the “2019 Plan”)): **Share Value Retirement Plan (the “SVRP”)** $160,000 annual target value Retirement units credited quarterly, in arrears, to participant’s retirement account during active service, through Parsont’s anticipated initial public offering (“IPO”). Credit calculated by dividing the monthly target dollar amount by the share valuation in effect as of the first of each month, with rounding up of a fractional share unit. Account Balance upon IPO: Assumes unit values (account balances) based on Parsons’ stock price. Determination of the Share Value (as defined in the SVRP) at the scheduled payout date, for calculation of the cash payout, will be based on the 60 trading day weighted average price of Parsons’ common stock, up to and including the last day of the deferral period.	$40,000 in the form of phantom share units	Quarterly credit of units to retirement account

*Executive Committee Annual Retainer of $11,500 effective until project Lightyear is completed.

For the period from and after the Effective Date: **2019 Plan** On the first day of each calendar quarter occurring prior to the first annual shareholders' meeting following the Effective Date, each non-employee director will be granted such number of restricted stock units as is equal to (1) $40,000 (or, if applicable, such prorated amount for the portion of the calendar quarter in which the Effective Date occurs following the Effective Date if an allocation was made under the SVRP for the portion of such quarter prior to the Effective Date) divided by (2) the 60 trading day weighted average of Parsons' common stock, up to and including grant date, rounded up to the nearest whole share. In the case where there is not yet 60 days of trading activity, value will be determined using available trading day weighted average of Parsons' common stock at the time of grant. 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 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 60 trading day weighted average of Parsons' common stock, up to and including grant date, rounded up to the nearest whole share. The restricted stock units will vest on the first anniversary of the date of grant. 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 will permit deferrals of the restricted stock unit awards on terms to be determined by the Board. 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 previously approved by the Board.	$160,000 in the form of restricted stock units	Annual
Director Fee Deferral Plan Each non-employee director is entitled annually to defer part or all of the retainer fee(s) Post-retirement distribution options include lump sum, or annual payments over 5 or 10 years, beginning January following departure.		

*Executive Committee Annual Retainer of $11,500 effective until project Lightyear is completed.

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 scheduled at 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 functions 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 non-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 of 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 or 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 terminated 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, if applicable, including with respect to any stock dividend effected on or prior to the Effective Date.

*Executive Committee Annual Retainer of $11,500 effective until project Lightyear is completed.

Exhibit 10.14

PARSONS CORPORATION
CHANGE IN CONTROL SEVERANCE AGREEMENT

THIS CHANGE IN CONTROL SEVERANCE AGREEMENT (this "Agreement") is made and entered into on this April 5, 2019 (the "Effective Date"), by and between Parsons Corporation, a Delaware corporation (hereinafter referred to as the "Company") and Charles L. Harrington (the "Executive").

RECITALS

The Compensation Committee of the Board of Directors of Parsons Corporation (the "Committee") and the Board of Directors have approved the Company's entering into this Agreement with the Executive. The Executive is a key executive of the Company.

Should the possibility of a Change in Control (as defined below) arise, the Committee believes it imperative that the Company should be able to rely upon the Executive to continue in his position, and that the Company should be able to receive and rely upon the Executive's advice, if requested, as to the best interests of the Company and its shareholders without concern that the Executive might be distracted by the personal uncertainties and risks created by the possibility of a Change in Control.

Should the possibility of a Change in Control arise, in addition to his regular duties, the Executive may be called upon to assist in the assessment of such a possible Change in Control, advise management and the Board of Directors as to whether such a Change in Control would be in the best interests of the Company and its shareholders, and to take such other actions as the Board of Directors might determine to be appropriate.

NOW THEREFORE, to assure the Company that it will have the continued dedication of the Executive and the availability of his advice and counsel notwithstanding the possibility, threat, or occurrence of a Change in Control, and to induce the Executive to remain in the employ of the Company in the face of these circumstances and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Company and the Executive agree as follows:

ARTICLE I
CERTAIN DEFINITIONS

Whenever used in this Agreement, the following terms shall have the meanings set forth below unless the context clearly indicates to the contrary:

(a) "Base Salary" means the salary of record paid to the Executive by the Company as annual salary (whether or not deferred), but excludes amounts received under incentive or other bonus plans.

(b) "Beneficial Owner" shall have the meaning ascribed to such term in Rule 13d-3 of the General Rules and Regulations under the Exchange Act.

(c) “Beneficiary” means the persons or entities designated or deemed designated by the Executive pursuant to Section 9.3.

(d) “Board” means the Board of Directors of the Company.

(e) “Cause” means the occurrence of any one or more of the following:

(i) The Executive’s committing an act of fraud or embezzlement upon the Company.

(ii) The Executive’s conviction of, or pleading guilty or nolo contendere to a felony involving fraud, dishonesty or moral turpitude.

(iii) The Executive’s willful and continued failure to substantially perform material duties which is not remedied in a reasonable period of time after written demand for substantial performances is delivered by the Board.

(f) “Change in Control” shall mean and include each of the following, and shall be deemed to have occurred as of the first day that any one or more of the following conditions shall have been satisfied:

(i) A transaction or series of transactions (other than an offering of Common Stock to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any “person” or related “group” of “persons” (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) directly or indirectly acquires beneficial ownership (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act) of securities of the Company possessing more than 50% of the total combined voting power of the Company’s securities outstanding immediately after such acquisition; provided, however, that the following acquisitions shall not constitute a Change in Control: (i) any acquisition by the Company or any of its Subsidiaries; (ii) any acquisition by an employee benefit plan maintained by the Company or any of its Subsidiaries, (iii) any acquisition which complies with Sections 2.9(c)(i), 2.9(c)(ii) and 2.9(c)(iii); or (iv) in respect of an Award held by a particular Holder, any acquisition by the Holder or any group of persons including the Holder (or any entity controlled by the Holder or any group of persons including the Holder); or

(ii) The Incumbent Directors cease for any reason to constitute a majority of the Board;

(iii) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination, (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

1) which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "Successor Entity")) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

2) after which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this Section 2.9(c)(ii) as beneficially owning 50% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction; and

3) after which at least a majority of the members of the board of directors (or the analogous governing body) of the Successor Entity were Board members at the time of the Board's approval of the execution of the initial agreement providing for such transaction; or

(iv) The date which is 10 business days prior to the completion of a liquidation or dissolution of the Company.

Notwithstanding the foregoing, if a Change in Control constitutes a payment event with respect to any Award (or any portion of an Award) that provides for the deferral of compensation that is subject to Section 409A, to the extent required to avoid the imposition of additional taxes under Section 409A, the transaction or event described in subsection (i), (ii), (iii) or (iv) with respect to such Award (or portion thereof) shall only constitute a Change in Control for purposes of the payment timing of such Award if such transaction also constitutes a "change in control event," as defined in Treasury Regulation Section 1.409A-3(i)(5).

For sake of clarity, a Change in Control will not occur by reason of the Parsons Employee Stock Ownership Plan (the "ESOP") owning less than fifty percent of (50%) of the voting power of the Company's (or any successor thereto) equity securities due to (A) the ESOP making distributions to participants and their beneficiaries, or (B) the ESOP selling equity securities to the public through underwritten registered public offerings.

The Board shall have full and final authority, which shall be exercised in its sole discretion, to determine conclusively whether a Change in Control has occurred pursuant to the above definition, the date of the occurrence of such Change in Control and any incidental matters relating thereto; provided that any exercise of authority in conjunction with a determination of whether a Change in Control is a “change in control event” as defined in Treasury Regulation Section 1.409A-3(i)(5) shall be consistent with such regulation.

(g) “Code” means the United States Internal Revenue Code of 1986, as amended.

(h) “Company” means Parsons Corporation, a Delaware corporation, any successor thereto or acquirer thereof.

(i) “Disability” means, for all purposes of this Agreement, the incapacity of the Executive, due to injury, illness, disease, or bodily or mental infirmity, to engage in the performance of substantially all of the usual duties of his employment by the Company, such Disability to be determined by the Board upon receipt and in reliance on competent medical advice from one (1) or more individuals, selected or approved by the Board, who are qualified to give such professional medical advice.

(j) “Exchange Act” means the United States Securities Exchange Act of 1934, as amended.

(k) “Good Reason” means, without the Executive’s express written consent, the occurrence of any one or more of the following, unless the action or failure giving rise to such occurrence is withdrawn, reversed or cured by the Company within thirty (30) days of the date of the occurrence, and is not thereafter reinstated by the Company during the term of this Agreement:

(i) A material reduction in the nature or status of the Executive’s authorities, duties, and/or responsibilities (when such authorities, duties, and/or responsibilities are viewed in the aggregate) from their level in effect on the day immediately prior to the start of the Protected Period.

(ii) A reduction by the Company of the Executive’s Base Salary as in effect on the day immediately prior to the start of the Protected Period.

(iii) A material reduction by the Company of the Executive’s aggregate welfare benefits and/or the value of the incentive programs provided under the Company’s management incentive and/or other short and/or long-term incentive programs, as such benefits and opportunities exist on the day immediately prior to the start of the Protected Period.

(iv) The relocation of the Executive’s principal office by the Company more than fifty (50) miles from the location of the Executive’s principal office immediately prior to the start of the Protected Period.

(v) Any purported termination by the Company of the Executive's employment that is not effected pursuant to a Notice of Termination satisfying the requirements of Section 3.4.

(vi) The failure of the Company to obtain a satisfactory agreement from any successor to the Company to assume and agree to perform the Company's obligations under this Agreement, as contemplated by Article 8.

(l) "Person" shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a group as contemplated by Sections 13(d)(3) and 14(d)(2) thereof.

(m) "Potential Change in Control" shall be deemed to have occurred as of the first day that any one or more of the following conditions shall have been satisfied:

(i) Any Person announces an intention to take an action that, if consummated, would result in a Change of Control and the Board expresses its good faith belief that such announced intention is serious.

(ii) The Company or the trustees of the Company's Employee Stock Ownership Plan enters into an agreement that, if consummated, would result in a Change in Control.

(iii) Any Person (other than the Company or a trustee or other fiduciary holding securities under an employee benefit plan of the Company) becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing ten percent (10%) or more of the combined voting power of the Company's then outstanding securities.

(iv) The Board declares that a Potential Change in Control has occurred for purposes of this Agreement.

(n) "Protected Period" means the period related to a Change in Control commencing on the date of the Change in Control and ending on the date that is eighteen (18) months after the Change in Control.

(o) "Qualifying Termination Event" means the occurrence of any one or more of the following events:

(i) A termination of the Executive's employment, within the Protected Period, at the initiation of the Company, without the Executive's consent, for reasons other than Cause;

(ii) A voluntary termination of employment by the Executive for Good Reason within the Protected Period;

(iii) A successor company fails or refuses to assume by written instrument the Company's obligations under this Agreement, as contemplated by Article 8 within the Protected Period;

(iv) The Company or any successor company repudiates or breaches any of the provisions of this Agreement within the Protected Period.

ARTICLE II
SERVICES DURING CERTAIN EVENTS

If a Potential Change in Control occurs, the Executive agrees that he or she will not voluntarily leave the employ of the Company and will render services until (a) the Board declares, or otherwise indicates, that the circumstances giving rise to the Potential Change in Control will not result in an actual Change in Control, or (b) if a Change in Control occurs, until six (6) months after the Change in Control; provided, however, that, subject to any right that the Executive may have to benefits hereunder, the Company may terminate the Executive's employment at any time for any reason, and the Executive may terminate his employment at any time for Good Reason.

ARTICLE III
SEVERANCE BENEFITS

3.1 Right to Severance Benefits. The Executive shall be entitled to receive the benefits described in Section 3.2 if the Executive incurs a Qualifying Termination Event, provided that the Executive must (a) furnish the Company with written notice of Executive's exercise of the right to receive such benefits within thirty (30) days of the occurrence of a Qualifying Termination Event and (b) execute and deliver to the Company the Severance Agreement attached hereto as Exhibit A within fifty (50) days of the Qualifying Termination Event and not revoke it pursuant to any revocation rights afforded by law. If the Executive does not timely execute and deliver to the Company the Severance Agreement, or if the Executive has executed the Severance Agreement but revokes it, no severance benefits shall be paid. If more than one Qualifying Termination Event occurs, such events shall constitute a single Qualifying Termination Event and Executive shall be entitled to receive the benefits provided under Section 3.2(a) through (d) only once.

3.2 Severance Benefits. If a Qualifying Termination Event occurs and the Executive satisfies the conditions set forth in Section 3.1 above, the Company will pay the Executive as soon as practicable following his or her satisfaction of such conditions, but in no event more than $2^1/_2$ months following the Qualifying Termination Event, a non-discounted cash lump sum amount equal to the sum of the following:

(a) the Executive's accrued and unpaid Base Salary and accrued vacation pay through the date of Executive's termination, pursuant to a Qualifying Termination Event;

(b) a pro-rata portion (based on the number of days that elapsed in the calendar year before the Qualifying Termination Event occurred) of the greater of (i) the Executive's target annual bonus for the year of the Qualifying Termination Event or (ii) the Executive's annual bonus that would have been paid (as determined by the Board in its discretion) assuming the year ended on the date of the Qualifying Termination Event and based on actual performance through that date;

(c) an amount equal to the highest rate of the Executive's annualized Base Salary in effect at any time up to and including the Qualifying Termination Event multiplied by three (3); and

(d) an amount equal to the greater of (i) the Executive's target annual bonus for the year of the Qualifying Termination Event or (ii) the average of the annual bonuses actually paid to the Executive for the two years preceding the year of the Qualifying Termination Event, multiplied by three (3).

In addition to the foregoing, if Executive satisfies the conditions set forth in Section 3.1 above, the Company will pay the Executive as soon as practicable following his or her satisfaction of such conditions, but in no event more than 2$^{1}/_{2}$ months following the Qualifying Termination Event, a non-discounted cash lump sum amount equal to the sum of the following: (i) the Company's estimate of the costs for the Executive's medical insurance coverage at the level and a cost to the Executive comparable to that provided to the Executive immediately prior to the Qualifying Termination Event for a period of three (3) years following such Qualifying Termination Event (which, in the Company's discretion, may be based on the applicable COBRA rates); (ii) the Company's estimate of the costs for the continuation of that level of the Executive's executive life insurance coverage that is in effect immediately prior to the Qualifying Termination Event for a period of three (3) years following such Qualifying Termination Event, or, if shorter, the period ending on the last day of the level premium rate guarantee period established by the applicable insurer for such coverage; and (iii) the Company's estimate of the costs for the continuation of the Executive's executive supplemental disability coverage under the Company's supplemental disability insurance plan in effect immediately prior to the Qualifying Termination Event for a period of three (3) years following such Qualifying Termination Event (or the date the Executive attains age 65, if earlier), but the cash payment in this clause (iii) will only be paid if the terms of the applicable insurance policy under such disability insurance plan provide that the coverage may be continued following the Qualifying Termination Event and such costs to be estimated using the extent of the coverage allowed under the terms of such policy at a cost to the Company that is no greater than the cost borne by the Company immediately prior to the Qualifying Termination Event.

If the 2$^{1}/_{2}$ month period following the Qualifying Termination Event for making the foregoing cash payments spans two calendar years, payment will in all cases be made in the second (later) calendar year.

Notwithstanding any provision of this Agreement to the contrary, to the extent that the Company determines that a delay in payment or benefits is required to avoid subjecting the Executive to taxes under Code Section 409A ("Section 409A"), the Executive shall not be entitled to receive any payments of, or benefits that constitute, deferred compensation (as defined in Section 409A) until the earlier of (i) the date which is six (6) months after his termination of employment or (ii) the date of his or her death (the "Section 409A Period"), at which time the Company shall pay all delayed payments to the Executive in a lump sum.

3.3 Termination for Other Reasons. Except as expressly provided below, the Company shall have no obligations (or no further obligations, as the case may be) to the Executive under this Agreement if:

(a) Executive's employment is terminated by the Company for Cause;

(b) Executive terminates his employment with the Company other than for Good Reason during a Protected Period;

(c) Executive's employment by the Company terminates due to the Executive's Disability, retirement or death; or

(d) Executive's employment by the Company is terminated by the Company or the Executive for any reason, if such termination does not occur during a Protected Period.

(e) Prior to a Potential Change in Control, Executive ceases to perform services on a full-time basis in either the same position Executive was serving on the Effective Date or a more senior position and as a result the term of this Agreement terminates pursuant to Article VI.

If, during a Protected Period and immediately prior to the Executive's Disability or retirement, the Executive would have been entitled to terminate employment with the Company for Good Reason, then upon termination of his employment for Disability or retirement he shall be deemed to have terminated for Good Reason for purposes of this Agreement.

Notwithstanding anything else contained herein to the contrary, the Executive's termination of employment on account of reaching the normal retirement age, as such age may be defined from time to time in policies adopted by the Company prior to the commencement of the Protected Period, to the extent such policies are applicable to the Executive immediately prior to the commencement of the Protected Period and to the extent such policies are consistent with applicable law, shall not be a Qualifying Termination Event unless the Executive was otherwise able to terminate employment for Good Reason immediately prior to his retirement and his retirement occurred during a Protected Period.

3.4 Notice of Termination. Any termination of the Executive's employment by the Company for Cause or by the Executive for Good Reason shall be communicated by Notice of Termination to the other party. For purposes of this Agreement, a "Notice of Termination" shall mean a written notice which shall indicate the specific termination provision in this Agreement relied upon, and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. The Notice of Termination shall be effective on the date specified in Section 9.8 of this Agreement.

ARTICLE IV
TAXES

The Company has the right to withhold from any amount otherwise payable to the Executive under or pursuant to this Agreement the amount of any taxes that the Company may legally be required to withhold with respect to such payment (including, without limitation, any United States Federal taxes, and any other state, city, or local taxes). In the event that tax withholding is required with respect to amounts or benefits payable or deliverable by the Company to the Executive and the Company cannot satisfy its tax withholding obligations in the manner described in the preceding sentence, the Company may require the Executive to pay or provide for the payment of such required tax withholding as a condition to the payment or delivery of such amounts or benefits.

The Executive (or his Beneficiaries, if applicable) shall be solely responsible for all income and employment taxes arising in connection with this Agreement or benefits hereunder.

ARTICLE V
THE COMPANY'S PAYMENT OBLIGATION

5.1 Payment Obligations Absolute. Subject to the Executive's compliance with Section 9.1 and the agreement contemplated thereby, the Company's obligation to make the payments and the arrangements provided for herein shall be absolute and unconditional, and shall not be affected by any circumstances, including, without limitation, any offset (except an offset for the amount of any debt that is due from Executive to Company for loans, advances or similar items provided by the Company to Executive prior to the date of Executive's notice to the Company of a Qualifying Termination Event), counterclaim, recoupment, defense, or other right which the Company may have against the Executive or anyone else. All amounts payable by the Company hereunder shall be paid without notice or demand. Each and every payment made hereunder by the Company shall be final, and the Company shall not seek to recover all or any part of such payment from the Executive or from whomsoever may be entitled thereto, for any reasons whatsoever, except as a result of an error in calculating the value of benefits payable under Section 3.2 or as otherwise provided in Article 7 and subject to the Executive's compliance with Section 9.1 and the agreement contemplated thereby.

The Executive shall not be obligated to seek other employment in mitigation of the amounts payable or arrangements made under any provision of this Agreement, and the obtaining of any such other employment shall in no event effect any reduction of the Company's obligations to make the payments and arrangements required to be made under this Agreement.

5.2 Unsecured General Creditor. The Executive and his Beneficiaries, heirs, successors, and assigns shall have no legal or equitable rights, claims, or interest in any specific property or assets of the Company. No assets of the Company shall be held under any trust, or held in any way as collateral security for the fulfilling of the obligations of the Company under this Agreement. Any and all of the Company's assets shall be, and remain, the general unpledged, unrestricted assets of the Company. The Company's obligation under this Agreement shall be merely that of an unfunded and unsecured promise of the entity to pay money in the future, and the rights of the Executive and his or her Beneficiaries shall be no greater than those of unsecured general creditors. It is the intention of the Company that this Agreement be unfunded for purposes of the Code and for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended.

5.3 Pension Plans. All payments, benefits and amounts provided under this Agreement shall be in addition to and not in substitution for any pension rights under the Company's tax-qualified pension plan in which the Executive participates, and any disability, workers' compensation or other Company benefit plan distribution that the Executive is entitled to, under the terms of any such plan, at the time his employment by the Company terminates. Notwithstanding the foregoing, this Agreement shall not create an inference that any duplicate payments shall be required.

ARTICLE VI
TERM OF AGREEMENT

This Agreement will commence on the Effective Date and shall continue in effect through February 28, 2020. However, at the end of such initial period and, if extended, at the end of each additional year thereafter, the term of this Agreement shall be extended automatically for one (1) additional year, unless the Committee (or the Board) delivers written notice at least six (6) months prior to the end of such term, or extended term, to the Executive, that this Agreement will not be extended. In such case, this Agreement will terminate at the end of the term, or extended term, then in progress. If a Potential Change in Control occurs, the Committee (or the Board) may not give notice that the term of this Agreement will not be extended, or further extended, as the case may be, unless and until the Board declares in good faith that the circumstances giving rise to the Potential Change in Control will not result in an actual Change in Control.

Unless the Board expressly determines that the term of this Agreement shall continue in effect, the term of this Agreement will terminate if, prior to a Potential Change in Control, the Executive ceases to perform services on a full-time basis in either the same position Executive was serving on the Effective Date or a more senior position.

Notwithstanding anything to the contrary in this Agreement, in the event a Change in Control occurs during the initial or any extended term, this Agreement will remain in effect for the longer of: (a) eighteen (18) months beyond the month in which such Change in Control occurred; or (b) if the Executive incurs a Qualifying Termination Event, until all obligations of the Company hereunder have been fulfilled, and until all benefits required hereunder have been paid to the Executive.

Any subsequent Change in Control ("Subsequent Change in Control") that occurs during the term shall also continue the term until the later of: (a) the date the term then in effect, at the time of such Subsequent Change in Control, would end; or (b) until all obligations of the Company hereunder have been fulfilled and all benefits required hereunder have been paid to the Executive; provided, however, that if one or more Subsequent Changes in Control occur, such event (or events) shall be considered a Change in Control hereunder, and this Agreement will be applicable thereto only if it, or they, occur during a Protected Period in effect at the time of any Subsequent Change in Control.

Notwithstanding anything herein to the contrary, the Executive shall be entitled to receive the benefits provided in this Agreement one time only under this Agreement, regardless of the number of Changes in Control or Subsequent Changes in Control that may occur.

ARTICLE VII
RESOLUTION OF DISPUTES

7.1 Arbitration of Claims. The Company and the Executive hereby consent to the resolution by mandatory and binding arbitration of all claims or controversies arising out of or in connection with this Agreement and/or the Exhibits hereto that the Company may have against the Executive, or that the Executive may have against the Company or against its officers, directors, employees or agents acting in their capacity as such. Each party's promise to resolve all such claims or controversies by arbitration in accordance with this Agreement, rather than through the courts, is consideration for the other party's like promise. It is further agreed that the decision of an arbitrator on any issue, dispute, claim or controversy submitted for arbitration shall be final and binding upon the Company and the Executive and that judgment may be entered on the award of the arbitrator in any court having proper jurisdiction.

Except as otherwise provided in this procedure or by mutual agreement of the parties, any arbitration shall be before a sole arbitrator (the "Arbitrator') selected from Judicial Arbitration & Mediation Services, Inc., Los Angeles County, California, or its successor ("JAMS"), or if JAMS is no longer able to supply the arbitrator, such arbitrator shall be selected from the American Arbitration Association, and shall be conducted in accordance with the provisions of California Civil Procedure Code Section 1280 *et. seq.* as the exclusive remedy of such dispute.

The Arbitrator shall interpret this Agreement, any applicable Company policy or rules and regulations, any applicable substantive law (and the law of remedies, if applicable) of the state in which the claim arose, or applicable federal law. In reaching his or her decision, the Arbitrator shall have no authority to change or modify any lawful Company policy, rule or regulation, or this Agreement. Except as provided in the next paragraph, the Arbitrator, and not any federal, state or local court or agency, shall have exclusive and broad authority to resolve any dispute relating to the interpretation, applicability, enforceability or formation of this Agreement, including but not limited to, any claim that all or any part of this Agreement is voidable. The Arbitrator shall have the authority to decide dispositive motions. Following the completion of the arbitration, the Arbitrator shall issue a written decision disclosing the essential findings and conclusions upon which the award is based.

Notwithstanding the foregoing, provisional injunctive relief may, but need not, be sought by the Executive or the Company in a court of law while arbitration proceedings are pending, and any provisional injunctive relief granted by such court shall remain effective until the matter is finally resolved by the Arbitrator in accordance with the foregoing. Final resolution of any dispute through arbitration may include any remedy or relief which would otherwise be available at law and which the Arbitrator deems just and equitable. The Arbitrator shall have the authority to award full damages as provided by law. Any award or relief granted by the Arbitrator hereunder shall be final and binding on the parties hereto and may be enforced by any court of competent jurisdiction.

The Company shall pay the reasonable fees and expenses of the Arbitrator and a stenographic reporter, if employed, and any other costs associated with the arbitration that are unique to arbitration. Each party shall pay its own legal fees and other expenses and costs incurred with respect to the arbitration as and to the same extent as if the matter were being heard in court.

ARTICLE VIII
SUCCESSORS

The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation, or otherwise) of all or substantially all of the business and/or assets of the Company or of any division or subsidiary thereof (the business and/or assets of which constitute at least fifty-one percent (51%) of the total business and/or assets of the Company) to expressly assume and agree to perform the Company's obligations under this Agreement in the same manner and to the same extent that the Company would be required to perform them if no such succession had taken place. Failure of the Company to obtain such assumption and agreement in a written instrument prior to the effective date of any such succession shall be a breach of this Agreement and shall entitle the Executive to the benefits provided under this Agreement.

This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, trustees, executors, administrators, successors, heirs, distributees, devisees, and legatees. If the Executive should die while any amount would still be payable to him hereunder had he continued to live, all such amounts, unless otherwise provided herein, shall be paid to the Executive's Beneficiary in accordance with the terms of this Agreement.

ARTICLE IX
MISCELLANEOUS

9.1 Release and Agreement. Notwithstanding anything else contained herein to the contrary, the Company's obligation to pay benefits hereunder to the Executive is subject to the condition precedent that the Executive execute a valid and effective Severance Agreement in the form attached hereto as Exhibit A (or such other form, which is substantially the same as the form attached hereto as Exhibit A. as the Committee may require) and such executed agreement is received by the Company and is not revoked by the Executive or otherwise rendered unenforceable by the Executive.

9.2 Employment Status. The Executive and the Company acknowledge that, except as may be provided under any other written agreement between the Executive and the Company, the employment of the Executive by the Company is "at will," and may be terminated by either the Executive or the Company at any time, subject to applicable law and subject to the express provisions of Article 2.

9.3 Beneficiaries. Subject to the other provisions of this Section 9.3, the person or persons (including a trustee, personal representative or other fiduciary) last designated in writing by the Executive in accordance with procedures established by the Committee to receive the benefits specified hereunder in the event of the Executive's death shall be the Executive's Beneficiary or Beneficiaries.

No beneficiary designation shall become effective until it is filed with the Committee, and no beneficiary designation of someone other than the Executive's spouse shall be effective unless such designation is consented to by the Executive's spouse on a form provided by and in accordance with procedures established by the Committee.

If there is no Beneficiary designation in effect, or if there is no surviving designated Beneficiary, then the Executive's surviving spouse shall be the Beneficiary. If there is no surviving spouse to receive any benefits payable in accordance with the preceding sentence, the duly appointed and currently acting personal representative of the Executive's estate (which shall include either the Executive's probate estate or living trust) shall be the Beneficiary. In any case where there is no such personal representative of the Executive's estate duly appointed and acting in that capacity within 90 days after the Executive's death (or such extended period as the Committee determines is reasonably necessary to allow such personal representative to be appointed, but not to exceed 180 days after the Executive's death), then Beneficiary shall mean the person or persons who can verify by affidavit or court order to the satisfaction of the Committee that they are legally entitled to receive the benefits specified hereunder.

Notwithstanding anything else herein to the contrary, in the event any amount is payable under this Agreement to a minor, payment shall not be made to the minor, but instead be paid: (a) to that person's living parent(s) to act as custodian; (b) if that person's parents are then divorced, and one parent is the sole custodial parent, to such custodial parent; or (c) if no parent of that person is then living, to a custodian selected by the Committee to hold the funds for the minor under the Uniform Transfers or Gifts to Minors Act in effect in the jurisdiction in which the minor resides. If no parent is living and the Committee decides not to select another custodian to hold the funds for the minor, then payment shall be made to the duly appointed and currently acting guardian of the estate for the minor or, if no guardian of the estate for the minor is duly appointed and currently acting within 60 days after the date the amount becomes payable, payment shall be deposited with the court having jurisdiction over the estate of the minor.

9.4 Entire Agreement. This Agreement, including the Exhibits hereto, contains the entire understanding of the Company and the Executive, and supersedes and replaces all prior negotiations and all agreements proposed or otherwise, whether written or oral, with respect to the subject matter hereof.

9.5 Gender and Number. Except where otherwise indicated by the context any masculine term used herein also shall include the feminine, the plural shall include the singular, and the singular shall include the plural.

9.6 Severability. In the event any provision of this Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of this Agreement, and this Agreement shall be construed and enforced as if the illegal or invalid provision had not been included. Further, the captions of this Agreement are not part of the provisions hereof and shall have no force and effect.

9.7 Modification. No provision of this Agreement may be modified, waived, or discharged unless such modification, waiver, or discharge is agreed to in writing and signed by the Executive (or the Executive's legal representative) and by an authorized member of the Committee (or the Board) or its designee or legal representative.

9.8 Notice. For purposes of this Agreement, notices, including Notice of Termination, and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or on the date stamped as received by the U.S. Postal Service for delivery by certified or registered mail, postage prepaid and addressed: (a) if to the Executive, to his latest address as reflected on the records of the Company, and (b) if to the Company, to Parsons Corporation, 100 West Walnut Street, Pasadena, California 91124, Attn: Chair, Compensation Committee, or to such other address as either party may furnish to the other in writing for the delivery of notices to that party, with specific reference to this Agreement and the importance of the notice, except that a notice of change of address shall be effective only upon receipt by the other party.

9.9 Applicable Law. To the extent not preempted by the laws of the United States, the laws of the State of California shall be the controlling law in all matters relating to this Agreement, without regard to principles of conflicts of laws. Any statutory reference in this Agreement shall also be deemed to refer to all final rules and final regulations promulgated under or with respect to the referenced statutory provision.

9.10 Code Sections 280G and 4999. Notwithstanding anything contained in this Agreement to the contrary, if following a change in ownership or effective control or in the ownership of a substantial portion of assets (in each case, within the meaning of Section 280G of the Code), the tax imposed by Section 4999 of the Code or any similar or successor tax (the "Excise Tax") applies to any payments, benefits and/or amounts received by the Executive pursuant to this Agreement or otherwise (collectively, the "Total Payments"), then the Total Payments shall be reduced (but not below zero) so that the maximum amount of the Total Payments (after reduction) shall be one dollar ($1.00) less than the amount which would cause the Total Payments to be subject to the Excise Tax; provided that such reduction to the Total Payments shall be made only if the total after-tax benefit to the Executive is greater after giving effect to such reduction than if no such reduction had been made. If such a reduction is required, the Company shall reduce or eliminate the Total Payments by first reducing or eliminating any cash payments under this Agreement, then by reducing or eliminating any accelerated vesting of any long term cash incentive awards, then by reducing or eliminating any other remaining Total Payments, in each case in reverse order beginning with the payments which are to be paid the farthest in time from the date of the transaction triggering the Excise Tax. The provisions of this Section 9.10 shall take precedence over the provisions of any other plan, arrangement or agreement governing the Executive's rights and entitlements to any benefits or compensation.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first set forth above.

Executive

By: /s/ Charles L. Harrington
Print Name: Charles L. Harrington

Parsons Corporation

By: /s/ Michael R. Kolloway
Print Name: Michael R. Kolloway
Its: Chief Legal Officer

Exhibit 10.17

INDEMNIFICATION AND ADVANCEMENT AGREEMENT

This Indemnification and Advancement Agreement (“Agreement”) is made as of [●], 2019 by and between Parsons Corporation, a Delaware corporation (the “Company”), and , [a member of the Board of Directors/ an officer] of the Company (“Indemnitee”). This Agreement supersedes and replaces any and all previous Agreements between the Company and Indemnitee covering indemnification and advancement .

RECITALS

WHEREAS, the Board of Directors of the Company (the “Board”) believes that highly competent persons have become more reluctant to serve publicly-held corporations as directors, officers, or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification and advancement of expenses against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation;

WHEREAS, the Board has determined that, in order to attract and retain qualified individuals, the Company will attempt to maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities. Although the furnishing of such insurance has been a customary and widespread practice among United States-based corporations and other business enterprises, the Company believes that, given current market conditions and trends, such insurance may be available to it in the future only at higher premiums and with more exclusions. At the same time, directors, officers, and other persons in service to corporations or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Company or business enterprise itself. The Amended and Restated Bylaws and Amended and Restated Certificate of Incorporation of the Company require indemnification of the officers and directors of the Company. Indemnitee may also be entitled to indemnification pursuant to the General Corporation Law of the State of Delaware (the “DGCL”). The Amended and Restated Bylaws, Amended and Restated Certificate of Incorporation, and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the board of directors, officers and other persons with respect to indemnification and advancement of expenses;

WHEREAS, the uncertainties relating to such insurance, to indemnification, and to advancement of expenses may increase the difficulty of attracting and retaining such persons;

WHEREAS, the Board has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company and its stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

WHEREAS, this Agreement is a supplement to and in furtherance of the Bylaws, Certificate of Incorporation and any resolutions adopted pursuant thereto, and is not a substitute therefor, nor diminishes or abrogates any rights of Indemnitee thereunder; and

WHEREAS, Indemnitee does not regard the protection available under the Bylaws, Certificate of Incorporation, DGCL and insurance as adequate in the present circumstances, and may not be willing to serve or continue to serve as an officer or director without adequate additional protection, and the Company desires Indemnitee to serve or continue to serve in such capacity. Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that Indemnitee be so indemnified and be advanced expenses.

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Services to the Company. Indemnitee agrees to serve as a [director/officer] of the Company. Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by operation of law). This Agreement does not create any obligation on the Company to continue Indemnitee in such position and is not an employment contract between the Company (or any of its subsidiaries or any Enterprise) and Indemnitee.

Section 2. Definitions. As used in this Agreement:

(a) “Agent” means any person who is authorized by the Company or an Enterprise to act for or represent the interests of the Company or an Enterprise, respectively.

(b) A “Change in Control” occurs upon the earliest to occur after the date of this Agreement of any of the following events:

i. Acquisition of Stock by Third Party. Any Person (as defined below) is or becomes the Beneficial Owner (as defined below), directly or indirectly, of securities of the Company representing fifteen percent (15%) or more of the combined voting power of the Company’s then outstanding securities unless the change in relative beneficial ownership of the Company’s securities by any Person results solely from a reduction in the aggregate number of outstanding shares of securities entitled to vote generally in the election of directors;

ii. Change in Board of Directors. During any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in Sections 2(b)(i), 2(b)(iii) or 2(b)(iv)) whose election by the Board or nomination for election by the Company’s stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the members of the Board;

iii. Corporate Transactions. The effective date of a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 51% of the combined voting power of the voting securities of the surviving entity outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such surviving entity;

iv. Liquidation. The approval by the stockholders of the Company of a complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets; and

v. Other Events. There occurs any other event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or a response to any similar item on any similar schedule or form) promulgated under the Exchange Act (as defined below), whether or not the Company is then subject to such reporting requirement.

vi. For purposes of this Section 2(b), the following terms have the following meanings:

1 "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time.

2 "Person" has the meaning as set forth in Sections 13(d) and 14(d) of the Exchange Act; provided, however, that Person excludes (i) the Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, and (iii) any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

3 "Beneficial Owner" has the meaning given to such term in Rule 13d-3 under the Exchange Act; provided, however, that Beneficial Owner excludes any Person otherwise becoming a Beneficial Owner by reason of the stockholders of the Company approving a merger of the Company with another entity.

(c) "Corporate Status" describes the status of a person who is or was acting as a director, officer, employee, fiduciary, or Agent of the Company or an Enterprise.

(d) "Disinterested Director" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(e) “Enterprise” means any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other entity for which Indemnitee is or was serving at the request of the Company as a director, officer, employee, or Agent.

(f) “Expenses” includes all reasonable attorneys’ fees, retainers, court costs, transcript costs, fees of experts and other professionals, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, ERISA excise taxes and penalties, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses also include (i) Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent, and (ii) for purposes of Section 14(d) only, Expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee’s rights under this Agreement, by litigation or otherwise. The parties agree that for the purposes of any advancement of Expenses for which Indemnitee has made written demand to the Company in accordance with this Agreement, all Expenses included in such demand that are certified by affidavit of Indemnitee’s counsel as being reasonable in the good faith judgment of such counsel will be presumed conclusively to be reasonable. Expenses, however, do not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(g) “Independent Counsel” means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning the Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Counsel” does not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement.

(h) “Potential Change in Control” means the occurrence of any of the following events: (i) the Company enters into any written or oral agreement, undertaking or arrangement, the consummation of which would result in the occurrence of a Change in Control; (ii) any Person or the Company publicly announces an intention to take or consider taking actions which if consummated would constitute a Change in Control; (iii) any Person who becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 5% or more of the combined voting power of the Company’s then outstanding securities entitled to vote generally in the election of directors increases his beneficial ownership of such securities by 5% or more over the percentage so owned by such Person on the date hereof; or (iv) the Board adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred

(i) The term “Proceeding” includes any threatened, pending or completed action, suit, claim, counterclaim, cross claim, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative, legislative, or investigative (formal or informal) nature, including any appeal therefrom, in which Indemnitee was, is or will be involved as a party, potential party, non-party witness or otherwise by reason of Indemnitee's Corporate Status or by reason of any action taken by Indemnitee (or a failure to take action by Indemnitee) or of any action (or failure to act) on Indemnitee's part while acting pursuant to Indemnitee's Corporate Status, in each case whether or not serving in such capacity at the time any liability or Expense is incurred for which indemnification, reimbursement, or advancement of Expenses can be provided under this Agreement. A Proceeding also includes a situation the Indemnitee believes in good faith may lead to or culminate in the institution of a Proceeding.

Section 3. Indemnity in Third-Party Proceedings. The Company will indemnify Indemnitee in accordance with the provisions of this Section 3 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 3, the Company will indemnify Indemnitee to the fullest extent permitted by applicable law against all Expenses, judgments, fines and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines and amounts paid in settlement) actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal Proceeding had no reasonable cause to believe that Indemnitee's conduct was unlawful.

Section 4. Indemnity in Proceedings by or in the Right of the Company. The Company will indemnify Indemnitee in accordance with the provisions of this Section 4 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 4, the Company will indemnify Indemnitee to the fullest extent permitted by applicable law against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. The Company will not indemnify Indemnitee for Expenses under this Section 4 related to any claim, issue or matter in a Proceeding for which Indemnitee has been finally adjudged by a court to be liable to the Company, unless, and only to the extent that, the Delaware Court of Chancery or any court in which the Proceeding was brought determines upon application by Indemnitee that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification.

Section 5. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provisions of this Agreement, to the fullest extent permitted by applicable law, the Company will indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee in connection with any Proceeding the extent that Indemnitee is successful, on the merits or otherwise. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company will indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with or related to each successfully resolved claim, issue or matter to the fullest extent permitted by law. For purposes of this Section 5 and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, will be deemed to be a successful result as to such claim, issue or matter.

Section 6. Indemnification For Expenses of a Witness. Notwithstanding any other provision of this Agreement and to the fullest extent permitted by applicable law, the Company will indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with any Proceeding to which Indemnitee is not a party but to which Indemnitee is a witness, deponent, interviewee, or otherwise asked to participate.

Section 7. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of Expenses, but not, however, for the total amount thereof, the Company will indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

Section 8. Additional Indemnification. Notwithstanding any limitation in Sections 3, 4, or 5, the Company will indemnify Indemnitee to the fullest extent permitted by applicable law (including but not limited to, the DGCL and any amendments to or replacements of the DGCL adopted after the date of this Agreement that expand the Company's ability to indemnify its officers and directors) if Indemnitee is a party to or threatened to be made a party to any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor).

Section 9. Exclusions. Notwithstanding any provision in this Agreement, the Company is not obligated under this Agreement to make any indemnification payment to Indemnitee in connection with any Proceeding:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except to the extent provided in Section 16(b) and except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision; or

(b) for (i) an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act (as defined in Section 2(b) hereof) or similar provisions of state statutory law or common law, (ii) any reimbursement of the Company by the Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by the Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act) or (iii) any reimbursement of the Company by Indemnitee of any compensation pursuant to any compensation recoupment or clawback policy adopted by the Board or the compensation committee of the Board, including but not limited to any such policy adopted to comply with stock exchange listing requirements implementing Section 10D of the Exchange Act; or

(c) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Proceeding or part of any Proceeding is to enforce Indemnitee's rights to indemnification or advancement, of Expenses, including a Proceeding (or any part of any Proceeding) initiated pursuant to Section 14 of this Agreement, (ii) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation or (iii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law.

Section 10. Advances of Expenses.

(a) The Company will advance, to the extent not prohibited by law, the Expenses incurred by Indemnitee in connection with any Proceeding (or any part of any Proceeding) not initiated by Indemnitee or any Proceeding (or any part of any Proceeding) initiated by Indemnitee if (i) the Proceeding or part of any Proceeding is to enforce Indemnitee's rights to obtain indemnification or advancement of Expenses from the Company or Enterprise, including a proceeding initiated pursuant to Section 14 or (ii) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation,. The Company will advance the Expenses within thirty (30) days after the receipt by the Company of a statement or statements requesting such advances from time to time, whether prior to or after final disposition of any Proceeding.

(b) Advances will be unsecured and interest free. Indemnitee undertakes to repay the amounts advanced (without interest) to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Company, thus Indemnitee qualifies for advances upon the execution of this Agreement and delivery to the Company. No other form of undertaking is required other than the execution of this Agreement. The Company will make advances without regard to Indemnitee's ability to repay the Expenses and without regard to Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement.

Section 11. Procedure for Notification of Claim for Indemnification or Advancement.

(a) Indemnitee will notify the Company in writing of any Proceeding with respect to which Indemnitee intends to seek indemnification or advancement of Expenses hereunder as soon as reasonably practicable following the receipt by Indemnitee of written notice thereof. Indemnitee will include in the written notification to the Company a description of the nature of the Proceeding and the facts underlying the Proceeding and provide such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification following the final disposition of such Proceeding. Indemnitee's failure to notify the Company will not relieve the Company from any obligation it may have to Indemnitee under this Agreement, and any delay in so notifying the Company will not constitute a waiver by Indemnitee of any rights under this Agreement. The Secretary of the Company will, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnitee has requested indemnification or advancement.

(b) The Company will be entitled to participate in the Proceeding at its own expense.

Section 12. Procedure Upon Application for Indemnification.

(a) Unless a Change of Control has occurred, the determination of Indemnitee’s entitlement to indemnification will be made:

i. by a majority vote of the Disinterested Directors, even though less than a quorum of the Board;

ii. by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum of the Board;

iii. if there are no such Disinterested Directors or, if such Disinterested Directors so direct, by written opinion provided by Independent Counsel selected by the Board; or

iv. if so directed by the Board, by the stockholders of the Company.

(b) If a Change in Control has occurred, the determination of Indemnitee’s entitlement to indemnification will be made by written opinion provided by Independent Counsel selected by Indemnitee (unless Indemnitee requests such selection be made by the Board)

(c) The party selecting Independent Counsel pursuant to subsection (a)(iii) or (b) of this Section 12 will provide written notice of the selection to the other party. The notified party may, within ten (10) days after receiving written notice of the selection of Independent Counsel, deliver to the selecting party a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of “Independent Counsel” as defined in Section 2 of this Agreement, and the objection will set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected will act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or the Delaware Court has determined that such objection is without merit. If, within thirty (30) days after the later of submission by Indemnitee of a written request for indemnification pursuant to Section 11(a) hereof and the final disposition of the Proceeding, Independent Counsel has not been selected or, if selected, any objection to has not been resolved, either the Company or Indemnitee may petition the Delaware Court for the appointment as Independent Counsel of a person selected by such court or by such other person as such court designates. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 14(a) of this Agreement, Independent Counsel will be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

(d) Indemnitee will cooperate with the person, persons or entity making the determination with respect to Indemnitee’s entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. The Company will advance and pay any Expenses incurred by Indemnitee in so cooperating with the person, persons or entity making the indemnification determination irrespective of the determination as to Indemnitee’s entitlement to indemnification and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom. The Company promptly will advise Indemnitee in writing of the determination that Indemnitee is or is not entitled to indemnification, including a description of any reason or basis for which indemnification has been denied and providing a copy of any written opinion provided to the Board by Independent Counsel.

(e) If it is determined that Indemnitee is entitled to indemnification, the Company will make payment to Indemnitee within ten (10) days after such determination.

Section 13. Presumptions and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination will, to the fullest extent not prohibited by law, presume Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 11(a) of this Agreement, and the Company will, to the fullest extent not prohibited by law, have the burden of proof to overcome that presumption. Neither the failure of the Company (including by its directors or Independent Counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or Independent Counsel) that Indemnitee has not met such applicable standard of conduct, will be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) If the determination of the Indemnitee's entitlement to indemnification has not made pursuant to Section 12 within sixty (60) days after the latter of (i) receipt by the Company of Indemnitee's request for indemnification pursuant to Section 11(a) and (ii) the final disposition of the Proceeding for which Indemnitee requested Indemnification (the "Determination Period"), the requisite determination of entitlement to indemnification will, to the fullest extent not prohibited by law, be deemed to have been made and Indemnitee will be entitled to such indemnification, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law. The Determination Period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto; and provided, further, the Determination Period may be extended an additional fifteen (15) days if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 12(a)(iv) of this Agreement.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, will not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful.

(d) For purposes of any determination of good faith, Indemnitee will be deemed to have acted in good faith if Indemnitee acted based on the records or books of account of the Company, its subsidiaries, or an Enterprise, including financial statements, or on information supplied to Indemnitee by the directors or officers of the Company, its subsidiaries, or an Enterprise in the course of their duties, or on the advice of legal counsel for the Company, its subsidiaries, or an Enterprise or on information or records given or reports made to the Company or an Enterprise by an independent certified public accountant or by an appraiser, financial advisor or other expert selected with reasonable care by or on behalf of the Company, its subsidiaries, or an Enterprise. Further, Indemnitee will be deemed to have acted in a manner "not opposed to the best interests of the Company," as referred to in this Agreement if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan. The provisions of this Section 13(d) is not exclusive and does not limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(e) The knowledge and/or actions, or failure to act, of any director, officer, trustee, partner, managing member, fiduciary, agent or employee of the Enterprise may not be imputed to Indemnitee for purposes of determining Indemnitee's right to indemnification under this Agreement.

Section 14. Remedies of Indemnitee.

(a) Indemnitee may commence litigation against the Company in the Delaware Court of Chancery to obtain indemnification or advancement of Expenses provided by this Agreement in the event that (i) a determination is made pursuant to Section 12 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) the Company does not advance Expenses pursuant to Section 10 of this Agreement, (iii) the determination of entitlement to indemnification is not made pursuant to Section 12 of this Agreement within the Determination Period, (iv) the Company does not indemnify Indemnitee pursuant to Section 5 or 6 or the second to last sentence of Section 12(d) of this Agreement within ten (10) days after receipt by the Company of a written request therefor, (v) the Company does not indemnify Indemnitee pursuant to Section 3, 4, 7, or 8 of this Agreement within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification, or (vi) in the event that the Company or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or Proceeding designed to deny, or to recover from, the Indemnitee the benefits provided or intended to be provided to the Indemnitee hereunder. Alternatively, Indemnitee, at Indemnitee's option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee must commence such Proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which Indemnitee first has the right to commence such Proceeding pursuant to this Section 14(a); provided, however, that the foregoing clause does not apply in respect of a Proceeding brought by Indemnitee to enforce Indemnitee's rights under Section 5 of this Agreement. The Company will not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) If a determination is made pursuant to Section 12 of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 14 will be conducted in all respects as a *de novo* trial, or arbitration, on the merits and Indemnitee may not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 14 the Company will have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be and will not introduce evidence of the determination made pursuant to Section 12 of this Agreement.

(c) If a determination is made pursuant to Section 12 of this Agreement that Indemnitee is entitled to indemnification, the Company will be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 14, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company is, to the fullest extent not prohibited by law, precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 14 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and will stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement.

(e) It is the intent of the Company that, to the fullest extent permitted by law, the Indemnitee not be required to incur legal fees or other Expenses associated with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement by litigation or otherwise because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Indemnitee hereunder. The Company, to the fullest extent permitted by law, will (within ten (10) days after receipt by the Company of a written request therefor) advance to Indemnitee such Expenses which are incurred by Indemnitee in connection with any action concerning this Agreement, Indemnitee's right to indemnification or advancement of Expenses from the Company, or concerning any directors' and officers' liability insurance policies maintained by the Company. and will indemnify Indemnitee against any and all such Expenses unless the court determines that each of the Indemnitee's claims in such Proceeding were made in bad faith or were frivolous or are prohibited by law.

Section 15. Establishment of Trust.

(a) In the event of a Potential Change in Control or a Change in Control, the Company will, upon written request by Indemnitee, create a trust for the benefit of Indemnitee (the "Trust") and from time to time upon written request of Indemnitee will fund such Trust in an amount sufficient to satisfy the reasonably anticipated indemnification and advancement obligations of the Company to the Indemnitee in connection with any Proceeding for which Indemnitee has demanded indemnification and/or advancement prior to the Potential Change in Control or Change in Control (the "Funding Obligation"). The trustee of the Trust (the "Trustee") will be a bank or trust company or other individual or entity chosen by the Indemnitee and reasonably acceptable to the Company. Nothing in this Section 15 relieves the Company of any of its obligations under this Agreement.

(b) The amount or amounts to be deposited in the Trust pursuant to the Funding Obligation will be determined by mutual agreement of the Indemnitee and the Company or, if the Company and the Indemnitee are unable to reach such an agreement, by Independent Counsel selected in accordance with Section 12(b) of this Agreement. The terms of the Trust will provide that, except upon the consent of both the Indemnitee and the Company, upon a Change in Control: (i) the Trust may not be revoked, or the principal thereof invaded, without the written consent of the Indemnitee; (ii) the Trustee will advance, to the fullest extent permitted by applicable law, within two (2) business days of a request by the Indemnitee; (iii) the Company will continue to fund the Trust in accordance with the Funding Obligation; (iv) the Trustee will promptly pay to the Indemnitee all amounts for which the Indemnitee is entitled to indemnification pursuant to this Agreement or otherwise; and (v) all unexpended funds in such Trust revert to the Company upon mutual agreement by the Indemnitee and the Company or, if the Indemnitee and the Company are unable to reach such an agreement, by Independent Counsel selected in accordance with Section 12(b) of this Agreement, that the Indemnitee has been fully indemnified under the terms of this Agreement. New York law (without regard to its conflicts of laws rules) governs the Trust and the Trustee will consent to the exclusive jurisdiction of Delaware Court of Chancery, in accordance with Section 25 of this Agreement.

Section 16. Non-exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The indemnification and advancement of Expenses provided by this Agreement are not exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate of Incorporation, the Bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. The indemnification and advancement of Expenses provided by this Agreement may not be limited or restricted by any amendment, alteration or repeal of this Agreement in any way with respect to any action taken or omitted by Indemnitee in Indemnitee's Corporate Status occurring prior to any amendment, alteration or repeal of this Agreement. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Bylaws, Certificate of Incorporation, or this Agreement, it is the intent of the parties hereto that Indemnitee enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy is cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or employment of any other right or remedy.

(b) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents of the Enterprise, the Company will obtain a policy or policies covering Indemnitee to the maximum extent of the coverage available for any such director, officer, employee or agent under such policy or policies, including coverage in the event the Company does not or cannot, for any reason, indemnify or advance Expenses to Indemnitee as required by this Agreement. If, at the time of the receipt of a notice of a claim pursuant to this Agreement, the Company has director and officer liability insurance in effect, the Company will give prompt notice of such claim or of the commencement of a Proceeding, as the case may be, to the insurers in accordance with the procedures set forth in the respective policies. The Company will thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies. Indemnitee agrees to assist the Company efforts to cause the insurers to pay such amounts and will comply with the terms of such policies, including selection of approved panel counsel, if required.

(c) The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee for any Proceeding concerning Indemnitee's Corporate Status with an Enterprise will be reduced by any amount Indemnitee has actually received as indemnification or advancement of Expenses from such Enterprise. The Company and Indemnitee intend that any such Enterprise (and its insurers) be the indemnitor of first resort with respect to indemnification and advancement of Expenses for any Proceeding related to or arising from Indemnitee's Corporate Status with such Enterprise. The Company's obligation to indemnify and advance Expenses to Indemnitee is secondary to the obligations the Enterprise or its insurers owe to Indemnitee. Indemnitee agrees to take all reasonably necessary and desirable action to obtain from an Enterprise indemnification and advancement of Expenses for any Proceeding related to or arising from Indemnitee's Corporate Status with such Enterprise.

(d) In the event of any payment made by the Company under this Agreement, the Company will be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee from any Enterprise or insurance carrier. Indemnitee will execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

Section 17. Duration of Agreement. This Agreement continues until and terminates upon the later of: (a) ten (10) years after the date that Indemnitee ceases to serve as a [director/officer] of the Company or (b) one (1) year after the final termination of any Proceeding then pending in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any Proceeding commenced by Indemnitee pursuant to Section 14 of this Agreement relating thereto. The indemnification and advancement of Expenses rights provided by or granted pursuant to this Agreement are binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), continue as to an Indemnitee who has ceased to be a director, officer, employee or agent of the Company or of any other Enterprise, and inure to the benefit of Indemnitee and Indemnitee's spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

Section 18. Severability. If any provision or provisions of this Agreement is held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) will not in any way be affected or impaired thereby and remain enforceable to the fullest extent permitted by law; (b) such provision or provisions will be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) will be construed so as to give effect to the intent manifested thereby.

Section 19. Interpretation. Any ambiguity in the terms of this Agreement will be resolved in favor of Indemnitee and in a manner to provide the maximum indemnification and advancement of Expenses permitted by law. The Company and Indemnitee intend that this Agreement provide to the fullest extent permitted by law for indemnification in excess of that expressly provided, without limitation, by the Certificate of Incorporation, the Bylaws, vote of the Company stockholders or disinterested directors, or applicable law.

Section 20. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director or officer of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving or continuing to serve as a director or officer of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; provided, however, that this Agreement is a supplement to and in furtherance of the Certificate of Incorporation, the Bylaws and applicable law, and is not a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

Section 21. Modification and Waiver. No supplement, modification or amendment of this Agreement is binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement will be deemed or constitutes a waiver of any other provisions of this Agreement nor will any waiver constitute a continuing waiver.

Section 22. Notice by Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification or advancement of Expenses covered hereunder. The failure of Indemnitee to so notify the Company does not relieve the Company of any obligation which it may have to the Indemnitee under this Agreement or otherwise.

Section 23. Notices. All notices, requests, demands and other communications under this Agreement will be in writing and will be deemed to have been duly given if (a) delivered by hand to the other party, (b) sent by reputable overnight courier to the other party or (c) sent by facsimile transmission or electronic mail, with receipt of oral confirmation that such communication has been received:

(a) If to Indemnitee, at the address indicated on the signature page of this Agreement, or such other address as Indemnitee provides to the Company.

(b) If to the Company to:

Parsons Corporation
5875 Trinity Parkway #300
Centreville, Virginia 20120
Attention: Secretary

or to any other address as may have been furnished to Indemnitee by the Company.

Section 24. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, will contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

Section 25. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties are governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 14(a) of this Agreement, the Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or Proceeding arising out of or in connection with this Agreement may be brought only in the Delaware Court of Chancery and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or Proceeding arising out of or in connection with this Agreement, (iii) waive any objection to the laying of venue of any such action or Proceeding in the Delaware Court, and (iv) waive, and agree not to plead or to make, any claim that any such action or Proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

Section 26. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which will for all purposes be deemed to be an original but all of which together constitutes one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section 27. Headings. The headings of this Agreement are inserted for convenience only and do not constitute part of this Agreement or affect the construction thereof.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

COMPANY.	INDEMNITEE
By: ________________________	________________________
Name:	Name:
Office:	Address: ________________________
	________________________
	________________________

[Signature Page – Indemnification Agreement]

Exhibit 10.25

April , 2019

Via Overnight Delivery

Mr. George L. Ball
Chief Financial Officer
Parsons Corporation
100 West Walnut Street
Pasadena, CA 91124

Dear George:

This letter agreement (the "Agreement") will confirm the understanding and agreement among Parsons Corporation (the "Company") and Newport Trust Company ("Newport Trust") with respect to certain professional services to be provided by Newport Trust as set forth below.

1. Newport Trust currently serves as trustee of the Parsons Employee Stock Ownership Plan (the "Plan") and the trust formed thereunder (the "Trust", and, collectively with the Plan, the "ESOP"), which owns 100% of the outstanding common stock of the Company. The Company by this agreement appoints Newport Trust to serve as independent fiduciary of the ESOP in connection with a potential Initial Public Offering ("IPO") of shares of common stock of the Company (the "Proposed Transaction"). Newport Trust's sole responsibilities pursuant to this Agreement will be: (i) evaluating the terms of the Potential Transaction, including pricing of common stock to be issued in the IPO; (ii) evaluating the terms of the ESOP and any proposed changes thereto; (iii) negotiating on behalf of the ESOP and its participants and beneficiaries what, if any, enhancements would be necessary to effectuate the Potential Transaction; (iv) reviewing and approving changes to the Trust documents, the Company's Certificate of Incorporation and Bylaws and other documents relating to the Potential Transaction; (v) obtaining in conjunction with the evaluation of any Potential Transaction, advice and evaluation with respect to the IPO from an independent financial advisor and legal advisor; and (vi) determining whether the ESOP approves the Proposed Transaction. It is understood that in exercising its responsibilities pursuant to this Agreement, Newport Trust will rely on the opinion of its financial advisor, Evercore Group L.L.C. (the "Financial Advisor"), that the consideration to be received by the ESOP is not less than fair market value and the Proposed Transaction is fair and reasonable to the ESOP from a financial point of view (the "Financial Opinion"). If for any reason the Financial Advisor does not provide the Financial Opinion in a form reasonably satisfactory to Newport Trust at or prior to the closing of the Proposed Transaction, Newport Trust may in its reasonable discretion decide not to approve the Proposed Transaction.

2. Newport Trust acknowledges and represents that, in acting as an ESOP fiduciary under this Agreement:

a. it is a fiduciary within the meaning of Section 3(21) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA");

b. it will exercise independent discretionary judgment in the performance of its obligations hereunder in accordance with the fiduciary requirements set forth in ERISA;

c. at all times, Newport Trust, shall perform and provide its services under this Agreement in compliance with the provisions of this Agreement, ERISA and any other applicable laws and regulations; and

d. it will performs its services under the Agreement with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims.

3. The Company and its authorized delegates will furnish or cause to be furnished to Newport Trust all relevant information reasonably requested by Newport Trust in order for Newport Trust to perform its obligations hereunder. The Company and the Committee represent that the information which they or their delegates provide will be accurate and complete in all material respects to the best of the Company's or Committee's knowledge, and it is understood that Newport Trust will rely on the accuracy of this representation to carry out its responsibilities pursuant to this Agreement.

4. Newport Trust agrees to keep and maintain confidential any non-public information which it may receive or develop concerning this engagement; and disclose the information only to the extent contemplated by this Agreement, as required by law or with the prior written consent of the Company. All information provided by the Company or its authorized delegates shall be used by Newport Trust solely for the purpose of rendering services pursuant to this Agreement. Additionally, Newport Trust shall comply with the provisions of, and obligations imposed on it under, applicable federal and state privacy laws and regulations.

5. As compensation for the services to be performed by Newport Trust in connection with this Agreement, the Company will pay Newport Trust the sum of $1,750,000 in two equal installments. The first installment of $875,000 shall be due within ten (10) days of the date this Agreement is executed. The final installment of $875,000 shall be due on the earlier of: (i) the closing of the Proposed Transaction, or (ii) the date of the cancellation of the Proposed Transaction, but in any event not later than December 31, 2019; provided, however, that if the Company, on the advice of its underwriters and advisors, decides not to proceed with the Proposed Transaction due to market conditions either before or after Newport Trust has issued a decision with respect to the Proposed Transaction, then the total fee due to Newport Trust shall be reduced by twenty-five (25%) percent and such amount shall be deducted from the second installment by the Company. The Company agrees to reimburse Newport Trust promptly on a monthly basis, within thirty (30) days of billing, for all reasonable out-of-pocket expenses that Newport Trust incurs in connection with the services performed pursuant to this Agreement, including reasonable expenses for travel, lodging and other incidentals, in addition to any expenses incurred under Sections 6 or 7 of the Service Agreement. No portion of the fee to Newport Trust under this Section or reimbursement of its expenses is contingent in any way upon the consummation of the Proposed Transaction or the decision by Newport Trust whether to approve the Proposed Transaction. Although the fees and expenses incurred by Newport Trust pursuant to this Agreement will be paid by the Company, it is understood that Newport Trust's sole professional responsibilities are to the ESOP and its participants and beneficiaries. Newport Trust will not receive any "indirect compensation" (as defined in 29 C.F.R. § 2550.408B-2(C)(1)(VI)) and agrees to provide any information requested by the Company to comply with its reporting and disclosure requirements in accordance with Section 408 of ERISA.

6. In addition, Newport Trust will engage Jones Day as its legal counsel to advise it in connection with the services to be performed pursuant to this Agreement. The Company agrees to reimburse Newport Trust promptly on a monthly basis, within thirty (30) days of billing, for reasonable fees and expenses it incurs in connection with the engagement of such counsel with respect to matters relating to the Proposed Transaction. It is understood by the Company that legal counsel engaged by Newport Trust will report to, represent and consult solely with Newport Trust and that the attorney-client privilege will be solely between such legal counsel and Newport Trust on behalf of the ESOP.

7. Newport Trust will engage Evercore Group L.L.C. as outside Financial Advisor to advise it with respect to the services to be performed pursuant to this Agreement. The Company will pay the reasonable fees and expenses of such financial advisor within thirty (30) days of Newport Trust's presenting the Company with bills for such services. It is understood by the parties that any Financial Advisor engaged by Newport Trust will report to, represent and consult solely with Newport Trust.

8. The Company and its successors, to the extent permitted by applicable law, will indemnify Newport Trust and hold it and each of its officers, directors, principals, shareholders, employees, agents, and attorneys (each, individually an "Indemnified Party" and collectively, the "Indemnified Parties"), harmless against any and all losses, claims, damages or liabilities, including reasonable legal fees and expenses (collectively, "Losses"), including but not limited to Losses arising in connection with a lawsuit, arbitration, mediation, regulatory investigation or audit, to which any Indemnified Party may become subject arising in any manner out of or in connection with the performance of the duties of Newport Trust under this Agreement or in any other fiduciary capacity with respect to the Trust taken in good faith and in accordance with this Agreement, except that such Indemnified Party will not be so indemnified if such Losses are finally adjudged by a court of competent jurisdiction, or are determined by any other proceeding mutually agreed to by Company and the Indemnified Parties, to have resulted from the negligence or willful misconduct of such Indemnified Party. For purposes of this Agreement, any act or omission of an Indemnified Party will be negligent only if such act or omission represents a departure from standards of ordinary care. Except as provided below, ,the Company will, upon notice, advance or pay promptly to or on behalf of any Indemnified Party, all reasonable attorneys' fees and other expenses and disbursements as they are incurred; provided, however, that Newport Trust will promptly reimburse to the Company all amounts paid to an Indemnified Party pursuant to this paragraph 7 in the event that the Indemnified Party is finally adjudged to have acted with negligence or willful misconduct with respect to the services performed pursuant to this Agreement.

If any Indemnified Party receives notice of the assertion of any claim or of the commencement of any action or proceeding involving the Indemnified Party, in any capacity, that arises in any manner out of or in connection with the performance of the duties of Newport Trust under this Agreement (a "Claim"), the Indemnified Party will give the Company reasonably prompt written notice thereof, although failure to do so will not relieve the Company from any liability hereunder or otherwise unless such failure materially prejudices the Company's rights. The Company will be entitled to participate at its own expense in the defense of any Claim, including the employment of counsel reasonably satisfactory to an Indemnified Party in the exercise of the Indemnified Party's reasonable judgment (in which case the Company will not thereafter be responsible for the fees, costs and expenses of any separate counsel retained by an Indemnified Party). Notwithstanding the foregoing, in the event that separate representation by counsel is reasonably required to protect the interests of an Indemnified Party, such Indemnified Party will have the right to employ separate counsel, at the Company's expense, to represent the Indemnified Party in connection with any Claim, and the Indemnified Party and such counsel will have the exclusive right to control such representation, provided that the Company, Newport Trust and any other Indemnified Party will cooperate in good faith in the Indemnified Party's defense of any Claim. Without the prior written consent of the Company, the Indemnified Party will not enter into any settlement relating to any Claim which would create any financial or other obligation on the part of the Company under this Agreement. Without the prior written consent of the Indemnified Party, the Company will not enter into any settlement relating to any Claim which would lead to liability or create any financial or other obligation on the part of the Indemnified Party.

If during the period of, or subsequent to the termination of, this Agreement, any Indemnified Party is required to participate in any legal or other proceeding (other than as a named party to such proceeding) in connection with the matters contemplated by this Agreement, the Company will compensate the Indemnified Party for such services or time required at a mutually agreed upon rate, plus any reasonable legal fees and out-of-pocket expenses incurred in the same manner as specified hereinabove. It is understood by the parties that the foregoing indemnification agreement is in addition to any indemnification provided by the Company under the Trust and will survive the termination of this Agreement and the termination, for any reason, of the services of Newport Trust as a fiduciary with respect to the Trust.

9. The Company will take all action necessary to cause the Trust, to the extent permitted by ERISA or other applicable law, to pay the fees and expenses of Newport Trust (including without limitation the fees and expenses of Newport Trust's advisors) incurred pursuant this Agreement and to satisfy the Company's indemnification obligation under Section 8 on the same terms and conditions applicable to the Company in the event the Company is financially unable, or is not permitted by applicable bankruptcy or insolvency laws, to satisfy its obligations under this Agreement with respect to such fees and expenses and with respect to its indemnification obligation. Newport Trust agrees to provide the Company, upon request, as a condition precedent to the Company's taking the actions contemplated by this Section 9, with evidence reasonably satisfactory to the Company of Newport Trust's ability to reimburse the Trust for any attorney's fees and other expenses and disbursements paid by the Trust to an Indemnified Party pursuant to this Section 9.

10. Newport Trust represents that it has in place and will maintain a commercially reasonable disaster recovery plan during the term of this Agreement.

11. The engagement of Newport Trust pursuant to this Agreement may be terminated at any time by Newport Trust by thirty (30) days' written notice, or such shorter period of time as may be agreed upon by the parties. In the event that the Agreement is terminated by the Company (other than for Newport Trust's breach of fiduciary duty, breach of this agreement, negligence, or intentional misconduct), Newport Trust's compensation will be the pro rata share of the total fees under the terms of Section 5 calculated through the termination date. In the event of termination of this Agreement for any reason, Newport Trust will be entitled to receive, within thirty (30) days of billing, reimbursement for all reasonable out-of-pocket expenses, including but not limited to the reasonable fees and expenses of a financial advisor and legal counsel (subject to the limitations set forth in Section 5), incurred by Newport Trust through the effective date of termination not previously reimbursed and any expenses incurred by Newport Trust thereafter in successfully enforcing the terms of this Agreement, and the Company shall pay any expenses incurred pursuant to Sections 5, 6 and 7 up to the effective date of termination.

12. Any right to trial by jury with respect to any legal or other proceeding arising out of or relating to this Agreement or the services to be provided by Newport Trust hereunder is expressly and irrevocably waived.

13. The individuals executing this Agreement for the parties hereto represent and warrant that they are authorized to enter into this Agreement on behalf of such parties.

14. The provisions of this Agreement will inure to, and be binding upon, the successors and assigns of the Company and Newport Trust, except that Newport Trust will not assign its obligations to perform services hereunder to any other party without the prior written consent of the Company. The provisions of this Agreement represent the entire understanding of the parties with respect to the duties and responsibilities of Newport Trust concerning its engagement by the Company, and except as otherwise expressly provided herein or otherwise provided by applicable law, this Agreement supersedes all prior oral or written agreements or understandings between the parties concerning the subject matter of this Agreement.

15. This Agreement may be amended only by a written instrument executed by all parties hereto.

16. The obligations of Newport Trust are solely corporate obligations, and no officer, director, employee, agent, shareholder, or controlling person will be subject to any personal liability whatsoever in connection with this Agreement.

17. This Agreement may be executed in one or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same agreement.

18. This Agreement will be effective upon execution and governed by and construed in accordance with ERISA and, to the extent not preempted by ERISA, the laws of the State of New York without regard to conflict of laws principles.

19. The parties hereto agree that, in the event a court of competent jurisdiction holds that any part of this Agreement is invalid or unenforceable, the remaining provisions of this Agreement shall remain in full force and effect as if the provisions held invalid or unenforceable were never a part hereof.

****

If the foregoing terms correctly reflect the understanding and agreement between the parties, please execute the three enclosed copies of this letter, and return two copies to the undersigned.

Very truly yours,

Newport Trust Company

By: ____________________________
Name: William E. Ryan III
Title: President and Chief Fiduciary Officer

AGREED TO AND ACCEPTED:

PARSONS CORPORATION

By: ____________________________
Name: George L. Ball
Title: Chief Financial Officer

Date: ____________________________

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT, dated as of [•], 2019, is entered into by and between Parsons Corporation, a Delaware corporation (the "Company"), and Newport Trust Company, solely in its capacity as trustee of the Parsons Corporation Employee Stock Ownership Trust (the "ESOP Trust"), the trust formed under the Parsons Employee Stock Ownership Plan (the "ESOP").

RECITALS

WHEREAS, in connection with the Initial Public Offering (defined below) of the Company's shares of common stock, par value $1.00 per share (the "Common Stock"), the Company has concurrently engaged in discussions with the Trustee (defined below) regarding certain registration rights related to the Common Stock held by the ESOP Trust; and

WHEREAS, the Company has agreed to grant to the ESOP Trustee the registration rights set forth in Article II hereof.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

SECTION 1.1 Definitions. In addition to the definitions set forth above, the following terms, as used herein, have the following meanings:

"Affiliate" of any Person means any other Person directly or indirectly controlling or controlled by or under common control with such Person. For the purposes of this definition, "control" when used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agreement" means this Registration Rights Agreement, as it may be amended, supplemented or restated from time to time.

"Business Day" means any day except a Saturday, Sunday or other day on which commercial banks in The City of New York are authorized by law to close.

"Commission" means the Securities and Exchange Commission.

"Demand Registration" means a Demand Registration as defined in Section 2.1.

"End of Suspension Notice" means an End of Suspension Notice as defined in Section 2.3.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Fiduciary Determination" means the good faith determination by the Trustee in its fiduciary capacity and following its fiduciary process for making such determinations (including after consultation with the Trustee's outside counsel), that the ESOP Trustee's fiduciary duties under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), require the sale of all or a portion of the Registrable Securities, and has communicated such determination to the Company in writing, along with the basis therefor and the number of Registrable Securities required to be sold.

"Indemnified Party" means an Indemnified Party as defined in Section 2.7.

"Indemnifying Party" means an Indemnifying Party as defined in Section 2.7.

"Initial Public Offering" means the offering of the Company's Common Stock pursuant to the Form S-1 Registration Statement (No. 333-230833) filed by the Company with the Commission under the Securities Act.

"Inspector" means an Inspector as defined in Section 2.3(g).

"Person" means an individual or a corporation, partnership, limited liability company, association, trust, or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"Records" means Records as defined in Section 2.3(g).

"Registrable Securities" means Common Stock at any time owned, either of record or beneficially, by the ESOP Trust until (i) a registration statement covering such shares has been declared effective by the Commission and such shares have been disposed of pursuant to such effective registration statement, (ii) such shares may be resold without volume, manner of sale or other restrictions pursuant to Rule 144 or (iii) such shares have been otherwise transferred in a transaction that constitutes a sale thereof under the Securities Act.

"Registration Expenses" means Registration Expenses as defined in Section 2.4.

"Rule 144" means Rule 144 promulgated under the Securities Act, as amended from time to time, or any similar successor rule thereto that may be promulgated by the Commission.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Suspension Event" means a Suspension Event as defined in Section 2.2.

"Suspension Notice" means a Suspension Notice as defined in Section 2.2.

“Trustee” or “ESOP Trustee” means the Person serving as trustee under the ESOP Trust (including any successor trustee from time to time). As of the date hereof, Newport Trust Company is the Trustee.

ARTICLE II
REGISTRATION RIGHTS

SECTION 2.1 Demand Registration.

(a) Request for Registration. Any time after 180 days following the effectiveness of the Form S-1 Registration Statement related to the Initial Public Offering (No. 333-230833), upon a Fiduciary Determination, the Trustee may make a written request for the Company to prepare and file a registration statement with respect to the resale of that portion of the Registrable Securities that is subject to the Fiduciary Determination on an appropriate form for the offering and subsequent resale thereof (a “Demand Registration”), which may include a “shelf” registration statement with respect to the offering and subsequent resale of all of the Registrable Securities on a delayed or continuous basis pursuant to Rule 415 under the Securities Act (a “Shelf Registration Statement”) naming the ESOP Trustee as a selling securityholder therein. The number of Demand Registrations which may be made pursuant to this Section 2.2(a) shall be unlimited; provided that the Company shall not be obligated to effect more than two Demand Registrations in any twelve (12)-month period. Any request for a Demand Registration will specify the number of shares of Registrable Securities proposed to be sold and will also specify the intended method of disposition thereof.

(b) Effective Registration. A registration will not count as a Demand Registration until it has become effective.

(c) Termination. The rights of the ESOP Trustee to cause the Company to register the Registrable Securities under this Section 2.1 shall terminate upon the date on which the ESOP Trust is no longer a record or beneficial owner of any Registrable Securities.

SECTION 2.2 Black-Out Periods.

(a) Notwithstanding the provisions of Sections 2.1(a), the Company shall be permitted to postpone the filing of any registration statement filed in connection with a Demand Registration (including a Shelf Registration Statement), and from time to time to require the ESOP not to sell Registrable Securities under any such registration statement (including a Shelf Registration Statement) or to suspend the effectiveness thereof, for such times as the Company reasonably may determine is necessary and advisable (but in no event shall the Company be entitled to exercise such right more than three times or for more than an aggregate of ninety (90) days in any rolling twelve (12)-month period commencing on the consummation date of the Initial Public Offering), if any of the following events shall occur (each such circumstance a “Suspension Event”): (i) a majority of the board of directors of the Company determines in good faith that (A) the offer or sale of any Registrable Securities would materially impede, delay or interfere with any proposed financing, offer or sale of securities, acquisition, corporate reorganization or other material transaction involving the Company, (B) the sale of Registrable Securities pursuant to such registration statement would require disclosure of non-public material information not otherwise required to be disclosed under applicable law or (C)(x) the Company has a bona fide business purpose for preserving the confidentiality of a material transaction, (y) disclosure would have a material adverse effect on the Company or the Company's ability to consummate such a material transaction or (z) such a material transaction renders the Company unable to comply with Commission requirements, in each case under circumstances that would make it impractical or inadvisable to cause such registration statement (or such filings) to become effective or to promptly amend or supplement such registration statement on a post-effective basis, as applicable; or (ii) a majority of the board of directors of the Company determines in good faith that it is in the Company's best interest or it is required by law, rule or regulation to supplement such registration statement or file a post-effective amendment to such registration statement in order to ensure that the prospectus included in such registration statement (1) contains the information required by the form on which such registration statement was filed or (2) discloses any facts or events arising after the effective date of such registration statement (or of the most recent post-effective amendment) that, individually or in the aggregate, represents a fundamental change in the information set forth therein.

The Company will provide written notice (a "Suspension Notice") to the ESOP Trustee of the occurrence of any Suspension Event. Upon receipt of a Suspension Notice, the ESOP Trustee will (i) immediately discontinue offers and sales of the Registrable Securities under such registration statement and (ii) maintain the confidentiality of any information included in the Suspension Notice unless otherwise required by law or subpoena. The ESOP Trustee may recommence effecting offers and sales of the Registrable Securities pursuant to such registration statement (or such filings) following further written notice to such effect (an "End of Suspension Notice") from the Company, which End of Suspension Notice shall be given by the Company to the ESOP Trustee promptly following the conclusion of any Suspension Event and its effect; provided that the ESOP Trustee will only effect such offers and sales pursuant to any supplemental or amended prospectus that has been provided to them by the Company pursuant to Section 2.2(b).

(b) Notwithstanding any provision herein to the contrary, if the Company shall give a Suspension Notice with respect to any registration statement pursuant to Section 2.2(a), the Company agrees that it shall extend the period of time during which such registration statement shall be maintained effective (including the period referred to in Section 2.3(a) hereof) by the number of days during the period from the date of receipt by the ESOP of the Suspension Notice to and including the date of receipt by the ESOP Trustee of the End of Suspension Notice and promptly provide copies of the supplemented or amended prospectus necessary to resume offers and sales, with respect to each Suspension Event; provided, that such period of time shall not be extended beyond the date that the Common Stock covered by such registration statement are no longer Registrable Securities.

SECTION 2.3 Registration Procedures; Filings; Information. Subject to Section 2.2 hereof, in connection with any Demand Registration under Section 2.1 hereof, the Company will use its commercially reasonable efforts to effect the registration and the sale of such Registrable Securities in accordance with the intended method of disposition thereof as promptly as practicable, and in connection with any such request:

(a) The Company will as promptly as practicable prepare and file with the Commission a registration statement on any form for which the Company then qualifies or which counsel for the Company shall deem appropriate and which form shall be available for the sale of the Registrable Securities to be registered thereunder in accordance with the intended method of distribution thereof, and use its commercially reasonable efforts to cause such filed registration statement to become and remain effective for a period of not less than 270 days from the effective date of such registration statement, or such shorter period if there are no longer any Registrable Securities, subject in each case to Section 2.2.

(b) The Company will, if requested, prior to filing a registration statement or prospectus or any amendment or supplement thereto, furnish to the ESOP Trustee copies of such registration statement as proposed to be filed, and thereafter furnish to the ESOP Trustee such number of conformed copies of such registration statement, each amendment and supplement thereto (and upon request, all exhibits thereto and documents incorporated by reference therein), the prospectus included in such registration statement (including each preliminary prospectus) and such other documents as the ESOP Trustee may reasonably request in order to facilitate the disposition of the Registrable Securities owned by the ESOP Trust.

(c) After the filing of the registration statement, the Company will promptly notify the ESOP Trustee of any stop order issued or threatened by the Commission and take all reasonable actions required to prevent the entry of such stop order or to remove it if entered.

(d) The Company will use its commercially reasonable efforts to (i) register or qualify the Registrable Securities under such other securities or blue sky laws of such jurisdictions in the United States (where an exemption does not apply) as the ESOP Trustee reasonably (in light of the ESOP Trust's intended plan of distribution) requests and (ii) cause such Registrable Securities to be registered with or approved by such other governmental agencies or authorities as may be necessary by virtue of the business and operations of the Company and do any and all other acts and things that may be reasonably necessary or advisable to enable the ESOP Trustee to consummate the disposition of the Registrable Securities owned by the ESOP Trust; provided that the Company will not be required to (A) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this paragraph (d), (B) subject itself to taxation in any such jurisdiction or (C) consent to general service of process in any such jurisdiction.

(e) The Company will immediately notify the ESOP Trustee at any time when a prospectus relating to the Registrable Securities held by the ESOP Trust is required to be delivered under the Securities Act, of (i) the Company's receipt of any notification of the suspension of the qualification of any Registrable Securities covered by a Shelf Registration Statement for sale in any jurisdiction or (ii) the occurrence of an event requiring the preparation of a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and promptly make available to the ESOP Trustee any such supplement or amendment.

(f) The Company will take such actions as are reasonably required in order to expedite or facilitate the disposition of the Registrable Securities.

(g) The Company will make available for inspection by the ESOP Trustee, if the ESOP Trustee has a due diligence defense under the Securities Act, and any attorney, accountant or other professional retained by the ESOP (collectively, the "Inspectors"), all financial and other records, pertinent corporate documents and properties of the Company (collectively, the "Records") as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause the Company's officers, directors and employees to supply all information reasonably requested by any Inspector in connection with such registration statement, subject to entry by each such Inspector into a customary confidentiality agreement in a form reasonably acceptable to the Company.

(h) The Company will furnish to the ESOP Trustee, if the ESOP Trustee has a due diligence defense under the Securities Act, a signed counterpart, addressed to the ESOP Trustee, of (i) an opinion or opinions of counsel to the Company and (ii) if eligible under Public Company Accounting Oversight Board Auditing Standards 6101, a comfort letter or comfort letters from the Company's independent public accountants, each in customary form and covering such matters of the type customarily covered by opinions or comfort letters, as the case may be, as the ESOP reasonably requests.

(i) The Company will otherwise use its commercially reasonable efforts to comply with all applicable rules and regulations of the Commission, and make available to its securityholders, as soon as reasonably practicable, an earnings statement covering a period of 12 months, beginning within three months after the effective date of the registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 of the Commission promulgated thereunder (or any successor rule or regulation hereafter adopted by the Commission).

(j) The Company will use its commercially reasonable efforts to cause all the Registrable Securities to be listed on each securities exchange on which similar securities issued by the Company are then listed.

The Company may require the ESOP Trustee to promptly furnish in writing to the Company such information regarding the ESOP Trust, the Registrable Securities held by it and the intended method of distribution of the Registrable Securities as the Company may from time to time reasonably request and such other information as may be legally required in connection with such registration.

Upon receipt of any notice from the Company of the happening of any event of the kind described in Section 2.3(e) hereof, the ESOP Trustee will forthwith discontinue disposition of Registrable Securities pursuant to the registration statement covering such Registrable Securities until the ESOP Trustee's receipt of written notice from the Company that such disposition may be made and, in the case of clause (ii) of Section 2.3(e) hereof, copies of the supplemented or amended prospectus contemplated by clause (ii) of Section 2.3(e) hereof, and, if so directed by the Company, the ESOP Trustee will deliver to the Company all copies, other than permanent file copies then in the ESOP Trustee's possession, of the most recent prospectus covering such

Registrable Securities at the time of receipt of such notice. The ESOP Trustee will immediately notify the Company at any time when a prospectus relating to the registration of such Registrable Securities is required to be delivered under the Securities Act of the happening of an event as a result of which information previously furnished by the ESOP Trustee to the Company in writing for inclusion in such prospectus contains an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances in which they were made. In the event the Company shall give such notice, the Company shall extend the period during which such registration statement shall be maintained effective (including the period referred to in Section 2.3(a) hereof) by the number of days during the period from and including the date of the giving of notice pursuant to Section 2.3(e) hereof to the date when the Company shall provide written notice that such dispositions may be made and, in the case of clause (ii) of Section 2.3(e) hereof, make available to the ESOP Trustee a prospectus supplemented or amended to conform with the requirements of Section 2.3(e) hereof.

SECTION 2.4 Registration Expenses. In connection with any registration statement filed in connection with a Demand Registration (including a Shelf Registration Statement), the Company shall pay the following registration expenses incurred in connection with such registration (the "Registration Expenses"), regardless of whether such registration statement is declared effective by the Commission: (a) all registration and filing fees, (b) fees and expenses of compliance with securities or blue sky laws (including reasonable fees and disbursements of counsel in connection with blue sky qualifications of the Registrable Securities), (c) printing expenses, (d) internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), (e) the fees and expenses incurred in connection with the listing of the Registrable Securities, (f) reasonable fees and disbursements of counsel for the Company and customary fees and expenses for independent certified public accountants retained by the Company (including the expenses of any comfort letters or costs associated with the delivery by independent certified public accountants of a comfort letter or comfort letters requested pursuant to Section 2.3(h) hereof) and (g) the reasonable fees and expenses of any special experts retained by the Company in connection with such registration. Notwithstanding the foregoing, the Company shall have no obligation to pay any sales or underwriting fees, discounts or commissions attributable to the sale of Registrable Securities or any transfer taxes relating to the sale of the Registrable Securities.

SECTION 2.5 Indemnification by the Company. The Company agrees to indemnify the ESOP Trust and ESOP Trustee, its officers, directors and agents, and each Person, if any, who controls the ESOP Trust and/or ESOP Trustee within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all losses, claims, damages and liabilities that arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in any registration statement or prospectus relating to such Registrable Securities, or any amendment or supplement thereto, or any preliminary prospectus, or that arise out of or are based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, except insofar as such losses, claims, damages or liabilities that arise out of or are based upon any such untrue statement or omission or alleged untrue statement or omission included in reliance upon and in conformity with information furnished in writing to the Company by the ESOP Trustee or on the ESOP Trust's behalf expressly for inclusion therein.

SECTION 2.6 Indemnification by the ESOP Trust. The ESOP Trust shall indemnify the Company, its officers, directors and agents and each Person, if any, who controls the Company within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the foregoing indemnity from the Company to the ESOP Trust and ESOP Trustee pursuant to Section 2.5, but only with respect to information relating to the ESOP included in reliance upon and in conformity with information furnished in writing by the ESOP Trustee or on the ESOP Trust's behalf expressly for use in any registration statement or prospectus relating to the Registrable Securities, or any amendment or supplement thereto, or any preliminary prospectus. In case any action or proceeding shall be brought against the Company or its officers, directors or agents or any such controlling person, in respect of which indemnity may be sought against the ESOP Trust or the ESOP Trustee, the ESOP Trust and the Trustee shall have the rights and duties given to the Company, and the Company or its officers, directors or agents or such controlling person shall have the rights and duties given to ESOP Trust and the ESOP Trustee, by Section 2.5. Notwithstanding the foregoing, in no event will the liability of the ESOP Trust under this Section 2.6 or Section 2.8 or otherwise hereunder exceed the net proceeds actually received by the ESOP Trust nor will the ESOP Trust provide indemnity or contribution under this Section 2.6 or Section 2.8 if prohibited by applicable law.

SECTION 2.7 Conduct of Indemnification Proceedings. In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to Section 2.5 or 2.6, such person (an "Indemnified Party") shall promptly notify the person against whom such indemnity may be sought (an "Indemnifying Party") in writing and the Indemnifying Party shall assume the defense thereof, including the employment of counsel reasonably satisfactory to such Indemnified Party, and shall assume the payment of all fees and expenses; provided that the failure of any Indemnified Party to give such notice will not relieve such Indemnifying Party of its obligations under Section 2.5 or 2.6, as applicable, except to the extent such Indemnifying Party is materially prejudiced by such failure. In any such proceeding, any Indemnified Party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (a) the Indemnifying Party and the Indemnified Party shall have mutually agreed to the retention of such counsel or (b) the named parties to any such proceeding (including any impleaded parties) include both the Indemnified Party and the Indemnifying Party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the Indemnifying Party shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees and expenses of more than one separate firm of attorneys (in addition to any local counsel) at any time for all such Indemnified Parties, and that all such fees and expenses shall be reimbursed as they are incurred. In the case of any such separate firm for the Indemnified Parties, such firm shall be designated in writing by (i) in the case of Persons indemnified pursuant to Section 2.5 hereof, the ESOP Trustee and (ii) in the case of Persons indemnified pursuant to Section 2.6, the Company. The Indemnifying Party shall not be liable for any settlement of any proceeding effected without its written consent, which consent shall not be unreasonably withheld, but if settled with such consent, or if there be a final judgment for the plaintiff, the Indemnifying Party shall indemnify and hold harmless such Indemnified Parties from and against any loss or liability (to the extent stated above) by reason of such settlement or judgment. No Indemnifying Party shall, without the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld, conditioned or delayed), effect any settlement of any pending or threatened proceeding in respect of with any Indemnified Party is or could have been a party and indemnity could have been sought hereunder by such Indemnified Party, unless such settlement includes an unconditional release of such Indemnified Party from all liability arising out of such proceeding without any admission of liability by such Indemnified Party.

SECTION 2.8 Contribution. If the indemnification provided for in Section 2.5 or 2.6 hereof is held by a court of competent jurisdiction to be unavailable to an Indemnified Party or insufficient in respect of any losses, claims, damages or liabilities referred to herein, then each such Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages or liabilities in such proportion as is appropriate to reflect the relative fault of the Company, on the one hand, and of the ESOP Trust, on the other hand, in connection with such statements or omissions which resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative fault of the Company, on the one hand, and of the ESOP Trust, on the other hand, shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by such party in writing, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and the ESOP Trustee agree that it would not be just and equitable if contribution pursuant to this Section 2.8 were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an Indemnified Party as a result of the losses, claims, damages or liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 2.8, the ESOP Trust shall not be required to contribute any amount in excess of the amount by which the total price at which the securities of the ESOP Trust were offered to the public exceeds the amount of any damages which the ESOP Trust or Trustee has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission, nor shall the ESOP Trust provide contribution in violation of applicable law . No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For the avoidance of doubt, this Section 2.8 applies in the case of a "shelf" registration.

ARTICLE III
MISCELLANEOUS

SECTION 3.1 Remedies. In addition to being entitled to exercise all rights provided herein and granted by law, including recovery of damages, the ESOP Trustee shall be entitled to specific performance of the rights under this Agreement. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Agreement and hereby agrees to waive the defense in any action for specific performance that a remedy at law would be adequate.

SECTION 3.2 Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, in each case without the written consent of the parties hereto. No failure or delay by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon any breach thereof shall constitute waiver of any such breach or any other covenant, duty, agreement or condition.

SECTION 3.3 Notices. All notices and other communications in connection with this Agreement shall be made in writing by hand delivery, registered first-class mail or air courier guaranteeing overnight delivery:

(a) if to the ESOP Trustee, 570 Lexington Avenue, Suite 1903, New York, New York 10022, Attention: President or to such other address as the ESOP Trustee may hereafter specify in writing; and

(b) if to the Company, 5875 Trinity Parkway #300, Centreville, Virginia 20120, Attention: Chief Legal Officer, or to such other address as the Company may hereafter specify in writing.

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; when received if deposited in the mail, postage prepaid, if mailed; when receipt is acknowledged, if timely delivered to an air courier guaranteeing overnight delivery.

SECTION 3.4 Successors and Assigns. Except as expressly provided in this Agreement, the rights and obligations of the ESOP Trustee under this Agreement shall not be assignable without the prior written consent of the Company. This Agreement shall be binding upon the parties hereto and their respective successors and permitted assigns.

SECTION 3.5 Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Each party shall become bound by this Agreement immediately upon affixing its signature hereto.

SECTION 3.6 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware without regard to the choice of law provisions thereof.

SECTION 3.7 Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

SECTION 3.8 Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein with respect to the registration rights granted by the Company with respect to the Registrable Securities. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

SECTION 3.9 Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

SECTION 3.10 No Third Party Beneficiaries. Nothing express or implied herein is intended or shall be construed to confer upon any person or entity, other than the parties hereto and their respective successors and assigns and all Indemnified Parties, any rights, remedies or other benefits under or by reason of this Agreement.

[remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

COMPANY

PARSONS CORPORATION, a Delaware corporation

By: ______________________________
Name:
Title:

PARSONS CORPORATION EMPLOYEE STOCK OWNERSHIP TRUST

By: Newport Trust Company, solely in capacity as Trustee of the Parsons Corporation Employee Stock Ownership Trust

By: ______________________________

Name:

Title:

NEWPORT TRUST COMPANY
570 Lexington Avenue, Suite 1903
New York, NY 10022

April [●], 2019

Parsons Corporation
5875 Trinity Parkway #300
Centerville, VA 20120

Ladies and Gentlemen:

Reference is hereby made to the Parsons Employee Stock Ownership Plan (2012 Amendment and Restatement) (as amended from time to time, the "***ESOP***") and the Parsons Corporation Employee Stock Ownership Trust Agreement, dated December 31, 2005, between Parsons Corporation ("***Parsons***" or the "***Company***") and Newport Trust Company ("***Newport***") (as successor to Evercore Trust Company, N.A. and U.S. Trust Company, National Association) (as amended from time to time, the "***Trust Agreement***").

In connection with the contemplated initial public offering of common stock of Parsons (the "***Public Offering***"), Newport and Parsons agree to the following principles and actions regarding the ESOP and the trust established under the ESOP pursuant to the Trust Agreement (the "***Trust***"):

Upon the consummation of the Public Offering, Parsons hereby agrees to the following:

1. <u>Trustee Meetings</u>. Parsons' management will meet on a quarterly basis with Newport, at a time, place and manner mutually and reasonably acceptable to both parties, to discuss the Company's business and the administration and operation of the ESOP; provided, no material non-public information of the Company shall be discussed or disclosed at such meetings. On an annual basis, the Board of Directors (the "***Board***") of Parsons will meet with Newport, at a time, place and manner mutually and reasonably acceptable to both parties, to discuss the Company's business, and administration and operation of the ESOP; provided, no material non-public information of the Company shall be discussed or disclosed at such meetings. The covenants set forth in this <u>Section 1</u> shall terminate and be of no further force or effect when the ESOP holds less than 50% of the total voting power of the Company's outstanding capital stock.

2. <u>ESOP Contributions</u>. For the 2019 and 2020 ESOP plan year**s**, Parsons shall make annual contributions (in the form of shares of the Company's common stock) to the Trust in an amount not to be less than 8% of ESOP Participants' Compensation (as such term is defined in the ESOP) for the applicable ESOP plan year.

This letter agreement sets forth the entire agreement and understanding between the parties hereto with respect to the subject matter hereof.

This letter agreement will be governed by and construed and enforced in accordance with the laws of New York without regard to principles of conflicts of law. This letter agreement may be executed in separate counterparts, each of which when so executed will be deemed to be an original, and all of which taken together will constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this letter agreement by facsimile or electronic transmission (including in Adobe PDF format) will be effective as delivery of a manually executed counterpart to this letter agreement. This letter agreement cannot be terminated, altered or amended except in accordance with its terms, or pursuant to an instrument in writing signed by each of the parties hereto expressly stating that the terms hereof are to be superseded, except that any of the terms or provisions of this letter agreement may be waived in writing at any time by the party which is entitled to the benefits of such waived terms or provisions. No waiver of any of the provisions of this letter agreement will be deemed to or will constitute a waiver or any other provision hereof (whether or not similar).

[Signatures are located on the next page.]

Sincerely,

NEWPORT TRUST COMPANY
(solely in its capacity as the trustee of the Trust)

By: ______________________________

Name: ______________________________

Title: ______________________________

Acknowledged and agreed as of
April , 2019

PARSONS CORPORATION

By: ______________________________
Name: ______________________________
Title: ______________________________

Exhibit 10.28

THE PARSONS CORPORATION
BOARD OF DIRECTORS
RESTATED
FEE DEFERRAL PLAN FOR OUTSIDE DIRECTORS

Restated February 27, 1996

Amended and Restated Effective January 1, 2009
as Approved by the Board of Directors on November 11, 2008

THE PARSONS CORPORATION
BOARD OF DIRECTORS
RESTATED
FEE DEFERRAL PLAN FOR OUTSIDE DIRECTORS

ARTICLE 1

PURPOSE

The purpose of this Fee Deferral Plan for Outside Directors of The Parsons Corporation (the "Plan") is to provide a means whereby The Parsons Corporation, a Delaware corporation (the "Corporation") may afford financial security to outside, non-employee directors of the Corporation who have rendered and continue to render valuable services which constitute an important contribution towards the continued growth and success of the Corporation and its subsidiaries by providing for deferral of current compensation for future payment so that they may be retained and their productive efforts encouraged. This Plan is amended and restated effective January 1, 2009, except as provided in Section 5.2(d).

ARTICLE 2

DEFINITIONS AND CERTAIN PROVISIONS

Beneficiary. "Beneficiary" means the person, persons or entity designated as such in accordance with Article 6.

Change in Control. "Change in Control" means a change in the ownership or effective control of the Corporation, or in the ownership of a substantial portion of the assets of the Corporation, within the meaning of Code Section 409A and the regulations promulgated thereunder.

Committee. "Committee" means the plan administration committee appointed to administer the Plan pursuant to Article 3.

Declared Rate. "Declared Rate" means with respect to any Plan Year an annual rate of interest equal to the average of the prime rates made available to preferred borrowers by the Bank of America, N.T. & S.A., Los Angeles Branch (or any successor thereto) determined as of the first working day of each calendar month prior to the complete distribution of a Deferral Account.

Deferral Account. "Deferral Account" means the account maintained on the books of account of the Corporation for a Participant's Fee Deferral pursuant to Section 4.3.

Director's Fees. "Director's Fees" means the retainer and regular Board of Directors meeting fees paid to a director for service as a director of the Corporation, but before reduction pursuant to this Plan.

Eligible Director. "Eligible Director" means each of the outside non-employee directors of Corporation.

Enrollment Agreement. "Enrollment Agreement" means the written agreement (substantially in the form attached to this Plan) that shall be entered into by the Corporation and a Participant to carry out the Plan with respect to such Participant for the Plan Year specified in the Enrollment Agreement. Beginning with the 2009 Plan Year, a separate Enrollment Agreement must be entered into by the Corporation and a Participant for each Plan Year for which the Participant elects to participate in the Plan.

Fee. “Fee” means the compensation payable to a Participant by the Corporation.

Fee Deferral. “Fee Deferral” means the amount of Fees which are deferred by a Participant.

Normal Retirement. “Normal Retirement” with respect to any Deferral Account means termination of a Participant’s service as a director of the Corporation for reasons other than death on or after the date a Participant attains age 62.

Participant. “Participant” means a director who has filed a completed and executed Enrollment Agreement with the Committee and is participating in the Plan in accordance with the provisions of Article 4.

Plan Year. “Plan Year” means the calendar year beginning January 1 and ending December 31. The first Plan Year shall begin January 1, 1991, and end on December 31, 1991.

Subaccount. “Subaccount” means, with respect to a Plan Year, the subaccount of the Participant’s Deferral Account maintained on the books of account of the Corporation for a Participant’s Fee Deferrals with respect to such Plan Year. Notwithstanding the foregoing, a Participant’s Fee Deferrals (including any interest thereon accrued in accordance with the terms of the Plan) with respect to all Plan Years up through and including the 2008 Plan Year shall be considered a single Subaccount for purposes of the Plan. The sum of the balances of all a Participant’s Subaccounts shall equal the balance of the Participant’s Deferral Account.

ARTICLE 3

ADMINISTRATION OF THE PLAN

The Chairman of the Board of Directors of the Corporation (the “Chairman”) shall appoint a plan administration committee composed of not less than two (2) persons who shall constitute the Committee. Subject to the provisions of the foregoing sentence, the Chairman may fix or change the number of members of the Committee at any time at his discretion. Each member of the Committee shall serve until he resigns or becomes unable to serve due to death or disability, or until he is removed by the Chairman. The Committee shall administer the Plan and establish, adopt, or revise such rules, regulations and procedures as it may deem necessary or advisable for the administration of the Plan. All decisions of the Committee shall be by unanimous vote of its members and shall be final and binding unless the Board of Directors should determine otherwise. Members of the Committee shall be eligible to participate in the Plan while serving as members of the Committee, but a member of the Committee shall not vote or act upon any matter which relates solely to such member’s interest in the Plan as a Participant and in such event the vote of the remaining member shall control.

ARTICLE 4

PARTICIPATION

4.1 Election to Participate. Any Eligible Director may enroll in the Plan effective as of the first day of the first or subsequent Plan Year by filing a completed and executed Enrollment Agreement with the Committee prior to the beginning of such Plan Year. Enrollment in the Plan in any Plan Year subsequent to the first Plan Year under this Plan may be authorized in advance by the Committee. Pursuant to said Enrollment Agreement, the Eligible Director shall designate the portion of his Fee (the “Fee Deferral”) by which the Eligible Director’s Fee will be deferred in the applicable Plan Year.

4.2 Fee Deferral Amount. Beginning with the 2009 Plan Year, the amount of Fee Deferral must be elected for each Plan Year through an Enrollment Agreement delivered to the Committee before the beginning of the Plan Year in which the Fee to which the elected Fee Deferral amount will be earned, provided that enrollment in the Plan is authorized in advance by the Committee.

4.3 Deferral Accounts. The Committee shall establish and maintain a separate Deferral Account for each Participant’s Fee Deferrals. Effective January 1, 2009, the Committee shall establish a separate Subaccount within each Participant’s Deferral Account for such Participant’s Fee Deferrals for all Plan Years before the 2009 Plan Year in which the Participant participated in this Plan. Thereafter, the Committee shall establish a separate Subaccount within each Participant’s Deferral Account for such Participant’s Fee Deferrals for each Plan Year in which the Participant participates in this Plan, and each such Fee Deferral shall be added to the appropriate Subaccount of the Participant’s Deferral Account no later than the date such Fee would otherwise be payable to such Participant. Each Subaccount of a Participant’s Deferral Account shall be reduced by the amount of any payments made by the Corporation to the Participant or the Participant’s Beneficiary pursuant to this Plan that relate to Fee Deferrals allocated to such Subaccount.

4.4 Interest on Deferral Accounts. Each Subaccount of a Participant’s Deferral Account shall be deemed to bear interest, compounded annually, on the balance in such Subaccount at the Declared Rate from the date such Subaccount was established through the date such account is fully distributed.

4.5 Withholding; Unemployment Taxes. To the extent required by law, the Corporation shall withhold from payments made hereunder the taxes required to be withheld by cognizant taxing authorities.

4.6 Statement of Accounts. The Committee shall submit to each Participant, within one hundred twenty (120) days after the close of each Plan Year, a statement in such form as the Committee deems desirable setting forth the balance standing to the credit of each Participant in each of his Subaccounts.

ARTICLE 5

BENEFITS

5.1 Normal Retirement. Upon Normal Retirement, the Corporation shall pay to the Participant each of his Subaccounts, plus the interest accrued in each of the Participant’s Subaccounts, in January of the year following the year the Participant leaves the Board of Directors.

5.2 Distribution at Normal Retirement. Each Participant shall elect the form in which distribution of each of his Subaccounts will be made at Normal Retirement. For each Subaccount established for each Plan Year after 2008, this one-time, irrevocable election will be made when the Participant executes the Enrollment Agreement for the Plan Year to which the Fee Deferral for such Subaccount relates. For the Subaccount established for all Plan Years beginning prior to 2009, this one-time, irrevocable election is the election made when the Participant first executed an Enrollment Agreement under this Plan. Subject to the foregoing, a Participant may make a different distribution election for different Subaccounts.

(a) Form of Payment. A Participant may elect distribution of each Subaccount in a single payment, or in five substantially equal annual installments, or in ten substantially equal annual installments, subject to the limitation that, if the aggregate balance of the Subaccounts to which a five-year or ten-year installment election applies is less than $100,000, the amounts allocated to such Subaccounts shall be paid in a lump-sum payment.

(b) Time of Payment. For each Subaccount, a lump sum distribution or the first annual installment in a series of installments shall be paid as soon as is practical after the end of the Plan Year in which the Participant's Normal Retirement occurred, but in no event beyond 60 days of the end of the Plan Year, and any subsequent installments shall be paid on or about the anniversary thereof.

(c) Election in 2007 to Change Form of Payment. Notwithstanding the foregoing provisions of this Section 5.2, a Participant who is serving as a director on December 17, 2007 may, on a form prescribed by the Committee, change his or her elections under Section 5.2(a), provided that the Participant executes the election form and delivers it to the Committee on or before December 31, 2007. Any such change in elections shall be effective on January 1, 2008.

(d) Election in 2008 to Change Form of Payment. Notwithstanding the foregoing provisions of this Section 5.2, a Participant who is serving as a director on December 15, 2008 may, on a form prescribed by the Committee, change his or her elections under Section 5.2(a) with respect to his entire Deferral Account, provided that the Participant executes the election form and delivers it to the Committee on or before December 31, 2008. Any such change in elections shall be effective on January 1, 2009.

5.3 Distribution Prior to Normal Retirement. Each Participant whose service terminates for any reason other than Normal Retirement or death shall receive his Deferral Account in a single, lump sum as soon as is practical after the termination of his service, but in no event beyond 60 days of the termination of service date.

5.4 Death Prior to Distribution. If a Participant dies while serving as a director of the Corporation but before becoming eligible for Normal Retirement, the Participant's Deferral Account shall be distributed to Participant's Beneficiary in a lump sum payment as soon as is practical after the Participant's death, but in no event beyond 60 days of the date of death. If a Participant dies while serving as a director of the Corporation after becoming eligible for Normal Retirement, then the Deferral Account shall be distributed to the Participant's Beneficiary in the same manner (i.e., lump sum or installments) as it would have been distributed to the Participant had the Participant lived and terminated service on the date of death. If a Participant dies following a Normal Retirement but prior to the full distribution of the Participant's Deferral Account, then each Subaccount of the Deferral Account, or remaining balance thereof, shall be distributed to the Participant's Beneficiary in (i) a lump sum if the Participant elected a lump sum under Section 5.2 or (ii) installments if the Participant elected installments under Section 5.2 (subject to the $100,000 limitation described in Section 5.2(a)).

5.5 Change in Control. In the event of a Change in Control that occurs on or after January 1, 2008, each current and former Participant shall receive his or her Deferral Account balance in a lump sum upon the Change in Control or as soon as practicable thereafter, but in no event more than thirty (30) days following the Change in Control.

ARTICLE 6

BENEFICIARY DESIGNATION

Each Participant shall have the right, at any time, to designate any person or persons as his Beneficiary or Beneficiaries to whom payment under this Plan shall be paid in the event of his death prior to complete distribution to Participant of the benefits due him under the Plan. Each Beneficiary designation shall become effective only when filed in writing with the Committee during the Participant's lifetime on a form prescribed by the Committee.

Unless otherwise designated on the new Beneficiary designation form, filing of a new Beneficiary designation form will cancel all Beneficiary designations previously field. Any finalized divorce of a Participant subsequent to the date of filing of a designation of the Participant's former spouse as a Beneficiary shall automatically revoke such designation. The spouse of a married Participant domiciled in a community property jurisdiction shall consent to any designation of Beneficiary of Beneficiaries other than the spouse.

If a Participant fails to designate a Beneficiary as provided above, or if his Beneficiary designation is revoked by marriage, divorce, or otherwise, without execution of a new designation, or if all designated Beneficiaries predeceases the Participant or die prior to complete distribution of the Participant's benefits, then the Committee shall direct the distribution of such benefits to the Participant's estate.

Notwithstanding any provision of this Plan to the contrary, any Beneficiary designation may be changed by a participant by the written filing of such change on a form prescribed by the Committee.

ARTICLE 7

AMENDMENT, TERM AND TERMINATION OF PLAN

7.1 Amendment. The Board of Directors of the Corporation may at any time amend the Plan in whole or in part, provided, however, that no amendment shall be effective to decrease the benefits under the Plan accrued by any Participant.

7.2 Term. The Plan is intended to permit the deferral of any Fees to be paid to Participant beginning in 1991 and for the subsequent years. The Plan shall continue in force from year to year until canceled, revoked or otherwise terminated by the Board of Directors.

7.3 Corporation's Right to Terminate. The Board of Directors of the Corporation may at any time terminate the Plan, if in its judgment, the continuance of the Plan, the tax, accounting, or other effects thereof, or potential payouts thereunder would not be in the best interests of the Corporation. If the Plan is terminated, distributions shall continue to be deferred and shall be made at the times and on the same terms and conditions as are provided herein; however, no further Fee Deferrals shall be made.

ARTICLE 8

MISCELLANEOUS

8.1 Source of Payments. All payments of Fees Deferrals and interest thereon shall be paid in cash from the general funds of the Corporation and no special or separate fund shall be established and no other segregation of assets shall be made to assure the payment of any deferred compensation. The Corporation may make such investments as it may deem desirable to aid it in meeting its obligations hereunder. Participants, however, shall have no right, title, or interest whatsoever in or to such investments, if any. Nothing contained in this Plan, and no action taken pursuant to the provisions of this Plan, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Corporation and any Participant or any other person. To the extent that any person acquires a right to receive payments from the Corporation under this Plan, such right shall be no greater than the right of an unsecured general creditor of the Corporation.

8.2 Nonassignability. Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

8.3 Membership on Board Not Guaranteed. Nothing contained in this Plan nor any action taken hereunder shall be construed as a contract for services of any Eligible Director as a director of the Corporation or as giving any Eligible Director any right to be retained as a director of the Company.

8.4 Protective Provisions. A Participant will cooperate with the Corporation by furnishing any and all information requested by the Corporation, in order to facilitate the payment of benefits hereunder and taking such other relevant action as may be requested by the Corporation. If a Participant refuses to cooperate, the Corporation shall have no further obligation to the Participant under the Plan.

8.5 Gender, Singular and Plural. Al pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, or neuter, as the identity of the person or persons may require. As the context may require, the singular may be read as the plural and the plural as the singular.

8.6 Captions. The captions of the articles, sections, and paragraphs of this Plan are for convenience and shall not control or affect the meaning or construction of any of its provisions.

8.7 Validity. In the event any provision of this Plan is held invalid, void, or unenforceable, the same shall not effect, in any respect whatsoever, the validity of any other provisions of this Plan.

8.8 Notice. Any notice of filing required or permitted to be given to the Committee under the Plan shall be sufficient if in writing and hand delivered, or sent by facsimile or by registered or certified mail, to the principal office of the Corporation, directed to the attention of the Treasurer of the Corporation. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

8.9 Applicable Law. This Plan shall be governed and construed in accordance with the laws of the State of California.

8.10 Code Section 409A. It is intended that any amounts payable under this Plan shall either be exempt from Code Section 409A or shall comply with Code Section 409A (including Treasury Regulations and other published guidance related thereto) so as not to subject Participants to payment of any additional tax, penalty, or interest imposed under Code Section 409A. The provisions of this Plan shall be construed and interpreted to avoid the imputation of any such additional tax, penalty, or interest under Code Section 409A yet preserve (to the nearest extent reasonably possible) the intended benefits payable to Participants. For purposes of this Plan, all references to a Participant's termination of service with the Corporation shall mean a "separation from service" as defined in Code Section 409A and Treasury Regulation Section 1.409A-1(h) without regard to the optional alternative definitions available thereunder.

THE PARSONS CORPORATION
BOARD OF DIRECTORS
FEE DEFERRAL PLAN
ANNUAL ENROLLMENT AGREEMENT

I elect to make the following deferrals of my director's fees for 20__:

A. Fees to be deferred:

____ Annual retainer fee (but meeting fees to be paid currently)

____ Defer all fees.

B. Fees to be paid:

____ In a lump sum in January of the first year after I retire from the Board.

____ In approximately equal annual payments over five years starting in January of the first year after I retire from the Board.*

____ In approximately equal annual payments over ten years starting in January of the first year after I retire from the Board.*

The foregoing election shall be irrevocable.

____
Name and Signature of Director

Date: ______________________________

* Subject to the conditions that (i) payments will be made in a lump sum if I retire prior to age 62 and (ii) if the aggregate balance of the Subaccounts to which a five-year or ten-year installment election applies is less than $100,000 as of the end of the Plan Year in which I retire, then the amounts allocated to those Subaccounts will be paid in a lump sum.

PARSONS CORPORATION
BOARD OF DIRECTORS
FEE DEFERRAL PLAN
BENEFICIARY DESIGNATION

☐ I hereby revoke any and all prior designations of a Beneficiary under the Parsons Corporation Board of Directors Fee Deferral Plan (the “Plan”).

☐ I hereby revoke the following designation of only the following Beneficiary or Beneficiaries under the Plan:

____
[NAME]

____
[ADDRESS]

☐ I hereby designate the following Beneficiary to receive the balance of payments to be made under the Plan, except for any amount to be paid to previously designated Beneficiary under an effective Beneficiary Designation in the event of my death, as follows, reserving the full right to revoke or modify this designation, or any modification thereof, at any time by a further written designation:

<u>Primary Beneficiary</u>

<u>Name</u>	<u>Address</u>	<u>Relationship to me</u>	<u>(Birth date if a minor)</u>

provided, however, that if such Primary Beneficiary shall not survive me by at least sixty (60) days, the following shall be the Beneficiary:

<u>Contingent Beneficiary</u>

<u>Name</u>	<u>Address</u>	<u>Relationship to me</u>	<u>(Birth date if a minor)</u>

I acknowledge that if I am married and have designated any primary Beneficiary other than my spouse, such Beneficiary designation will not be valid unless my spouse consents to such designation.

Date	Name and Signature of Employee

<u>Consent of Spouse</u>

I am the spouse of the employee who has executed this Beneficiary Designation and I acknowledge that I have read said document and approve of the provisions thereof, and agree that the same shall be binding upon me with the same effect as if I had executed said document personally.

Date	Spouse’s Signature

Exhibit 21.1

LIST OF SUBSIDIARIES OF THE REGISTRANT

Subsidiary	Registered Jurisdiction
3D/lnternational, 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
De Leuw, Cather & Company	Illinois
De Leuw, Cather International Inc.	Illinois
De Leuw, Cather International Limited	Delaware
Delcan Corporation	Illinois
Delcan Ltée	Quebec
Delcan Professional Corporation	Michigan
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
Fourth Dimension Engineering LLC	Delaware
Global Response Services LLC	Delaware
H . E. Hennigh, Inc.	Georgia
Holding S.r.L.	Italy
International Aviation Consultants, L.L.C.	Georgia
KP Leasing Company	Nebraska
Nateng Technology Group, Inc.	Illinois
OGS Holdings, Inc.	Delaware
OGSystems, LLC	Virginia
PARCAN, Inc.	Delaware
Parfinco, Inc.	California
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 China Inc.	Nevada
Parsons Commercial Services Inc.	California
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 lnfraestrutura Sociedade Simples Ltda.	Brazil
Parsons Delcan Inc.	Delaware

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 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 Inspection & Maintenance Corporation	Delaware
Parsons International Limited	Delaware
Parsons International Limited	Nevada
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.	Ontario
Parsons Technical Services Inc.	Delaware
Parsons Technical Services International Inc.	Texas
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 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
Research and Development Solutions, LLC	Delaware
RMP Infrastructure Holdings Inc.	Ontario
Saudi Arabian Parsons Limited	Saudi Arabia
S&P Geology Services P.C.	New York
S.I.P. Engineering, Inc.	Delaware
S.I.P., Inc .	Delaware
SGTP Highway Bypass GP Inc.	Saskatchewan
SGTP Highway Bypass Limited Partnership	Saskatchewan
Solidyn Solutions, LLC	Delaware
Steinman Boynton Gronquist & Birdsall	New York
Steinman Boynton Gronquist & Birdsall Inc.	New Jersey
Steinman Inc.	New York
T. J. Cross Engineers, Inc.	California
The C. T. Main Corporation	Massachusetts
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 use in this Registration Statement on Form S-1 of Parsons Corporation of our report dated March 8, 2019, except for the effects of the revision discussed in Note 2 to the consolidated financial statements, as to which the date is March 22, 2019, relating to the financial statements and financial statement schedule of Parsons Corporation, which appears in this Registration Statement. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP

Los Angeles, California
April 29, 2019