

ENGILITY HOLDINGS, INC.
CORPORATE GOVERNANCE GUIDELINES

I. Introduction

These corporate governance principles have been adopted by the Board of Directors (the “Board”) of Engility Holdings, Inc. (“Engility” or the “Company”), and, along with the charters of the Board’s committees, form the framework for the governance of Engility. These principles will be reviewed by the Board from time to time, to ensure that they effectively promote the best interests of both Engility and Engility’s stockholders, and that they comply with all applicable laws, regulations, and stock exchange requirements.

II. Board Size

The Nominating/Corporate Governance Committee shall from time to time consider and make recommendations to the Board concerning the appropriate size and needs of the Board. The Nominating/Corporate Governance Committee shall also consider candidates to fill new positions created by expansion and vacancies that occur by resignation, retirement or for any other reason.

III. Board Responsibilities

The business and affairs of the Company are managed by or under the direction of the Board. The Board’s responsibility is to provide direction and oversight. The Board oversees the strategic direction of the Company and the performance of the Company’s business and management. In performing their duties, the primary responsibility of the directors is to exercise their business judgment in the best interests of the Company.

The Board has established the following committees, each comprised solely of independent directors, to assist the Board in discharging its responsibilities: Audit Committee; Compensation Committee; and Nominating/Corporate Governance Committee. The Board, with the assistance of the applicable committee, shall adopt a charter for each of the Nominating/Corporate Governance Committee, the Compensation Committee and the Audit Committee, and such charters shall comply with and include, at a minimum, those responsibilities required to be set forth therein by the rules of the New York Stock Exchange (the “NYSE”), by law or by the rules or regulations of any other regulatory body or self-regulatory body applicable to the Company. In addition, the Board may set up such other committees, including an Executive Committee, as it may deem appropriate from time to time.

IV. Selection of Chairperson and Chief Executive Officer

The chairperson of the Board (the “Chairperson”) and CEO shall be chosen by the Board in the manner that it considers in the best interests of the Company at any given point in time, subject to the requirements of any applicable stockholders agreement. These positions may be filled by one individual or by two different individuals. In the event the Board designates co-chairpersons, each shall be considered a Chairperson for purposes of these guidelines.

V. Selection of Directors

The Board is responsible for nominating directors for election by shareholders. In nominating a slate of directors, the Board, with the assistance of the Nominating/Corporate Governance Committee, shall take into account (a) minimum individual qualifications, including strength of character, mature judgment, industry knowledge or experience and an ability to work collegially with the other members of the Board, and (b) all other factors it considers appropriate, which may include financial and accounting background, to enable the Nominating/Corporate Governance Committee to determine whether the director candidate would be suitable for membership on the Company's Audit Committee (including as an "audit committee financial expert"). The Board should monitor the mix of specific experience, qualifications and skills of its directors in order to assure that the Board, as a whole, has the necessary tools to perform its oversight function effectively in light of the Company's business and structure. The Nominating/Corporate Governance Committee also may consider the extent to which a director candidate would fill a present need on the Board.

When seeking candidates for director, the Nominating/Corporate Governance Committee may solicit suggestions from incumbent directors, management or others, including stockholders. Individuals recommended by stockholders for nomination as a director should be submitted to the Company's Secretary and, if submitted in accordance with the procedures set forth in the Company's annual proxy statement and the Company's bylaws, will be forwarded to the Nominating/Corporate Governance Committee. The Nominating/Corporate Governance Committee will review all candidates in the same manner, regardless of the source of the recommendation. After conducting an initial evaluation of a candidate, the Nominating/Corporate Governance Committee will interview that candidate if it believes the candidate might be suitable to be a director. The Nominating/Corporate Governance Committee may also ask the candidate to meet with management. If the Nominating/Corporate Governance Committee believes a candidate would be a valuable addition to the Board, it will recommend to the full Board that candidate's election.

When a director's principal occupation or business association changes substantially from the position he or she held when originally invited to join the Board, the director shall inform the CEO and the chairperson of the Nominating/Corporate Governance Committee of such change. The Nominating/Corporate Governance Committee shall review the director's continued service on the Board, and recommend to the Board whether, in light of all the circumstances, the director should continue to so serve.

Independence Requirements. To maintain the quality of the Board's oversight and to protect against the possibility of damaging conflicts of interest, the Board shall have a majority of "independent" directors. No director will be considered "independent" unless the Board affirmatively determines that the director has no material relationship with the Company (directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). When making "independence" determinations, the Board shall broadly consider all relevant facts and circumstances, as well as any other facts and considerations specified by the NYSE, by law or by any rule or regulation of any other regulatory body or self-regulatory body applicable to the Company. When assessing the materiality of a director's relationship with the Company, the Board shall consider the issue not merely from the standpoint of the director, but also from that of persons or organizations with which the director has an affiliation. Material relationships can include commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships (among others).

The Board has established the following guidelines to assist it in determining director “independence”:

- A.** A director will not be independent if, within the preceding three years: (i) the director was employed by Engility or an immediate family member of the director was employed by Engility as an executive officer; (ii) the director or an immediate family member of the director received, during any twelve-month period within such three year period, more than \$120,000 in direct compensation from Engility, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided that such compensation is not contingent in any way on continued service); or (iii) the director or an immediate family member of the director was employed as an executive officer of another company where any of Engility’s present executive officers at the same time served on that company’s compensation committee.
- B.** Additionally, a director will not be independent if:
- (1) The director or an immediate family member is a current partner of a firm that is Engility’s internal or external auditor; (B) the director is a current employee of such a firm; (C) the director has an immediate family member who is a current employee of such a firm and who participates in the firm’s audit, assurance or tax compliance (but not tax planning) practice; or (D) the director or an immediate family member of the director was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on Engility’s audit within that time; or
- (2) The director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, Engility for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company’s consolidated gross revenues.
- C.** The following commercial or charitable relationships will not be considered to be material relationships that would impair a director’s independence: (i) if an Engility director is a current employee, or whose immediate family member is a current executive officer, of another company that makes payments to, or receives payment from, Engility for property or services in an amount which, for each of the last three fiscal years, are less than the greater of \$1,000,000 or two percent of the consolidated gross revenues of such other company; and (ii) if an Engility director serves as an executive officer, director or trustee of a tax exempt organization, and Engility’s contributions to such tax exempt organization, during any of the preceding three years, are less than the greater of \$1,000,000 or one percent of such tax exempt organization’s consolidated gross revenues. The board will annually review all commercial, charitable and other relationships of directors.

Additional “Independence” Requirements for Audit Committee Membership: No director may serve on the Audit Committee of the Board unless such director meets all of the criteria established for audit committee service by the NYSE and the Sarbanes-Oxley Act of 2002, any other law and any other rule or regulation of any other regulatory body or self-regulatory body applicable to the Company.

Additional “Independence” Requirements for Compensation Committee Membership: In affirmatively determining the independence of any director who will serve on the Compensation Committee of the Board, the Board shall consider the additional independence requirements established for compensation committee service by the NYSE and, unless the Board forms a subcommittee for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”) (or any successor provision), and/or for purposes of Section 16 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) (or any successor provision), each Compensation Committee members must be: (i) a “non-employee director” within the meaning of Rule 16b-3 promulgated under the Exchange Act or any successor rule or regulation; and (ii) an “outside director” within the meaning of Section 162(m)(4)(C) of the Internal Revenue Code, or any successor provision. If the Board forms a subcommittee for purposes of Section 162(m) of the Internal Revenue Code (or any successor provision) and/or for purposes of Section 16 of the Exchange Act (or any successor provision), members of such subcommittee must meet all of the membership requirements set forth above in this section.

VI. Director Compensation

The Compensation Committee of the Board shall periodically review the form and amounts of director compensation and make recommendations to the Board with respect thereto. The Board shall set the form and amounts of director compensation, taking into account the recommendations of the Compensation Committee. The Board believes that the amount and kind of director compensation should be guided by three goals: compensation should fairly pay directors for work required in a company of Engility’s size and scope; compensation should align directors’ interests with the long-term interests of stockholders; and the structure of compensation should be simple, transparent, and easy for stockholders to understand. Directors who are employees of the Company or any of its subsidiaries or affiliates shall not receive any compensation for their services as directors.

VII. Responsibilities of Directors

The Board has developed a number of specific expectations of directors to promote the discharge by the directors of their responsibilities and to promote the efficient conduct of the Board’s business. It is understood that the non-management directors are not full-time employees of the Company.

- 1. Commitment and Attendance.*** All directors should make every effort to attend meetings of the Board and the committees of which they are members. Attendance by telephone or video conference may be used to facilitate a director’s attendance.
- 2. Attendance at Stockholders’ Meetings.*** The Board believes that it is important for stockholders to have the opportunity to meet and talk to the independent members of the Board. Therefore, the Board generally schedules a board meeting in conjunction with the Company’s annual stockholders’ meeting and expects directors, absent valid reasons, to attend the stockholders’ meeting.
- 3. Participation in Meetings.*** Each director should be sufficiently familiar with the business of the Company, including its financial statements and capital structure, and the risks and the competition it faces, to ensure active and effective participation in the deliberations of the Board and of each committee on which he or she serves. Upon request, management shall make appropriate personnel available to answer any questions a director may have about any aspect of the Company’s business. Directors should also review the materials provided by

management and advisors in advance of the meetings of the Board and its committees and should arrive prepared to discuss the issues presented.

4. ***Loyalty and Ethics.*** In their roles as directors, all directors owe a duty of loyalty to the Company. This duty of loyalty mandates that the best interests of the Company take precedence over any interest possessed by a director.

The Company has adopted a Code of Business Conduct and Ethics (the “Code”). Certain provisions of the Code are applicable to activities of directors, and directors are expected to be familiar with the Code’s provisions and should consult with the Company’s General Counsel in the event any issue arises.

5. ***Other Directorships and Significant Activities.*** The Company values the experience directors bring from other boards on which they serve and other activities in which they participate, but recognizes that those boards and activities may also present demands on a director’s time and availability and may present conflicts or legal issues, including independence issues. Directors should advise the chairperson of the Nominating/Corporate Governance Committee and the CEO before accepting membership on other boards of directors or any audit committee or other significant committee assignment on any other board of directors, or establishing other significant relationships with businesses, institutions, governmental units or regulatory entities, particularly those that may result in significant time commitments, a change in the director’s relationship to the Company or a conflict of interest. In furtherance of the foregoing, without specific approval from the Nominating/Corporate Governance Committee, no director may serve on more than five public company boards (including the Company’s Board), and no member of the Audit Committee may serve on more than three public company audit committees (including the Company’s Audit Committee). In addition, directors who also serve as CEOs or in equivalent positions generally should not serve on more than two public company boards, including the Company’s Board, in addition to their employer’s board.
6. ***Contact with Management and Employees.*** All directors shall be free to contact the CEO at any time to discuss any aspect of the Company’s business. Directors shall also have complete access to other employees of the Company. The Board expects that there will be frequent opportunities for directors to meet with the CEO and other members of management in Board and committee meetings, or in other formal or informal settings.

Further, the Board encourages management to invite to Board meetings from time to time (or otherwise make available to Board members) individuals who can provide additional insight into the items being discussed because of personal involvement and substantial knowledge in those areas.

7. ***Confidentiality.*** The proceedings and deliberations of the Board and its committees shall be confidential. Each director shall maintain the confidentiality of information received in connection with his or her service as a director.

VIII. The Committees of the Board

The Board shall have at least three committees: the Audit Committee, the Compensation Committee and the Nominating/Corporate Governance Committee. Each committee shall have a

written charter. Each committee shall report regularly to the Board summarizing the committee's actions and any significant issues considered by the committee.

Each of the Audit Committee, the Compensation Committee and the Nominating/Corporate Governance Committee shall be composed of no fewer than three members. Each committee member must satisfy the membership requirements set forth in the relevant committee charter. A director may serve on more than one committee.

The Nominating/Corporate Governance Committee shall be responsible for identifying Board members qualified to fill vacancies on any committee and recommending that the Board appoint the identified member or members to the applicable committee. The Board, taking into account the views of the Chairperson(s) and the Nominating/Corporate Governance Committee, shall designate one member of each committee as chairperson of such committee. Committee chairpersons shall be responsible for setting the agendas for their respective committee meetings.

IX. . Board and Committee Meetings

The Board shall meet as frequently as needed for directors to discharge properly their responsibilities. Without limiting the foregoing, the Board shall endeavor to hold at least four regular meetings each year and special meetings as required. Further meetings shall occur if called by the Chairperson(s), the CEO, or the majority of the Board. The Board may act by unanimous written consent in lieu of a meeting.

Each committee shall meet at such times as provided for in its charter, if any, with further meetings to occur (or action to be taken by unanimous written consent) when deemed necessary or desirable by the committee or its chairperson.

The agenda for each Board meeting shall be established by the CEO in conjunction with the Chairperson(s) if distinct from the CEO, otherwise the Lead Independent Director, if any. Any Board member may suggest the inclusion of additional subjects, which subjects will be taken up by the Board in a timely manner. The agenda for each committee meeting shall be established by the committee chairperson in consultation with appropriate members of the committee and with management. Although management will seek to provide appropriate materials in advance of Board and committee meetings, this will not always be consistent with the timing of transactions and the operations of the business, and in certain cases it may not be possible to circulate materials in advance of the meeting. Materials presented to the Board and committee members should provide the information needed for the directors to make an informed judgment or engage in informed discussion.

Unless a committee expressly determines otherwise, the agenda, materials and minutes for each committee meeting shall be available to all directors, and all directors shall be free to attend any committee meeting. In addition, all directors, whether or not members of the committee, shall be free to make suggestions to a committee chairperson for additions to the agenda of his or her committee or to request that an item from a committee agenda be considered by the Board.

X. Executive Sessions

Those directors of Engility who are not officers of Engility shall hold regularly scheduled executive sessions at which management, including the CEO, is not present. In addition, if the non-management directors include any directors who are not “independent” in accordance with the standards set forth above, the independent directors alone shall hold at least one meeting per year. Unless there is a non-employee Chairperson, the Board shall annually elect or reaffirm by majority vote a “Lead Independent Director.” The Lead Independent Director, or non-employee, independent Chairperson(s), shall lead the executive sessions.

In addition to the duties of all Board members, which shall not be limited or diminished by the Lead Independent Director’s role, the specific responsibilities of a Lead Independent Director shall include (i) approving schedules for Board meetings; (ii) approving information sent to the Board for Board meetings; (iii) approving agendas and specifically requesting the inclusion of certain materials for Board meetings, if appropriate; (iv) recommending, as appropriate, that the Board retain consultants who will report directly to the Board; (v) presiding at all meetings of the Board at which the Chairperson(s) is not present and at all executive sessions of the independent directors; (vi) acting as a liaison between the independent directors and the Chairperson(s); (vii) if requested by major shareholders, to be available for consultation and direct communication and (viii) the Lead Independent Director shall have the authority to call meetings of the independent directors.

These executive sessions shall serve as the forum for the annual evaluation of the performance of the CEO, the annual review of the CEO’s plan for management succession and the annual evaluation of the performance of the Board.

XI. . Evaluating Board and Committee Performance

The Board, acting through the Nominating/Corporate Governance Committee, shall conduct an annual self-evaluation. Each committee shall conduct an annual self-evaluation as provided for in its respective charter.

XII. Succession Planning

At least annually, the Board shall, in executive session, review succession plans for the CEO and other senior executives. Succession planning will address both succession in the ordinary course of business and contingency planning in case of unexpected events.

XIII. Orientation and Continuing Education

Management, working with the Board, shall provide an orientation process for new directors, including background material on the Company and its business. Directors are expected to keep current on issues affecting the Company and its industry and on developments with respect to their general responsibilities as directors. As appropriate, management shall pay for or prepare additional educational sessions for directors on matters relevant to the Company and its business.

XIV. Reliance on Management and Outside Advice

In performing its functions the Board shall be entitled to rely on the advice, reports and opinions of management, counsel, accountants, auditors and other expert advisors, at the

Company's expense. Except as otherwise provided in a charter of a committee, the Board shall have the authority to select, retain, terminate and approve the fees and other retention terms of its outside advisors.

XV. Communications with Non-Management Directors

Anyone who would like to communicate with, or otherwise make his or her concerns known directly to the Chair of any of the Audit, Nominating/Corporate Governance and Compensation Committees, or to the non-management directors as a group, may do so by addressing such communications or concerns to the Secretary of Engility Holdings, Inc., 4803 Stonecroft Blvd., Chantilly, VA 20151, who will forward such communications to the appropriate party. Such communications may be done confidentially or anonymously.

Anyone who has concerns regarding questionable accounting, internal accounting controls and auditing matters, including those regarding the circumvention or attempted circumvention of internal accounting controls or that would otherwise constitute a violation of the Company's accounting policies (each an "Accounting Allegation") may communicate these concerns by writing to the attention of the Audit Committee at the address listed below:

Engility Holdings, Inc.
Attention: Audit Committee
4803 Stonecroft Blvd.
Chantilly, VA 20151

Employees shall report Accounting Allegations in accordance with the Company's whistleblower policy. Engility prohibits any employee from retaliating or taking any adverse action against anyone for raising or helping to resolve an integrity concern.