

Fiscal Fourth Quarter and Full Year 2012 Earnings Conference Call



Forward Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding Engility's future prospects, projected financial results, business plans, and our strategic realignment completed in the first quarter of 2013. Words such as "may," "will," "should," "likely," "anticipates," "expects," "intends," "plans," "projects," "believes," "estimates" and similar expressions are also used to identify these forward-looking statements. These statements are based on the current beliefs and expectations of Engility's management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. Factors that could cause Engility's actual results to differ materially from those described in the forward-looking statements can be found under the heading "Risk Factors" in the Information Statement included in our Registration Statement on Form 10, as amended, and Quarterly Report on Form 10-Q for the quarter ended September 28, 2012, which have been filed with the Securities and Exchange Commission (SEC) and are available on Engility's website (<http://www.engilitycorp.com/investor-relations.html>) and on the SEC's website (www.sec.gov). Forward-looking statements are made only as of the date hereof, and we undertake no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In addition, historical information should not be considered as an indicator of future performance.

In addition, some of the information in this presentation may reference non-GAAP financial measures. Non-GAAP financial measures are not a substitute for their comparable GAAP measures and reconciliations and other associated disclosures required by the SEC rules are included in our earnings press release and in this presentation. See our earnings press release for the quarter and year ended December 31, 2012 for a complete reconciliation of these non-GAAP measures to their most comparable GAAP equivalent.

- FY12 revenue of \$1.66 billion and adjusted diluted EPS of \$4.06 exceeded 2012 guidance as a result of stronger than expected revenue, lower overall costs and a lower than anticipated share count
- Sequential increase in fourth quarter funded orders and funded backlog
 - \$461 million in funded orders; \$856 million in funded backlog
 - Book-to-bill ratio of 1.2x for Q4 FY12 and 1.0x for the full year
- Awarded prime positions on six IDIQ vehicles with over \$11 billion of potential contract ceiling in the first two quarters as a public company
 - Four major IDIQ vehicles awarded during the fourth quarter
- Streamlined operations to become more agile and disruptively competitive
 - Completed ahead of schedule and below expected costs
 - Reduced indirect headcount by 40% and overall infrastructure costs by 26% while increasing investments in growth areas

- Disruptive pricing model established through clean-sheet approach
- Enabling efficiencies needed to compete, win and grow in today's budget constrained and competitive environment
- First-mover advantage differentiating us from the competition and positioning us to take future market share
- Strategy is working as evidenced by our strong Q4 funded orders, funded backlog, book-to-bill ratio and recent contract wins





Represents new work with long-standing customer

Pillars PII Contract

- \$900 million ceiling
 - Offering a wide range of C5ISR engineering and technology lifecycle support services on multiple U.S. Navy platforms and land systems

C4ISR Support

- \$750 million ceiling
 - Providing C4ISR system support and enterprise IT services in Charleston and other federal customers, both domestically and internationally



Joint Program Office for Chemical and Biological Defense IDIQ Award

- New work with a \$495 million ceiling value
 - Selected as prime contractor to support 4 of the 6 domains in business support and analytical services, engineering and technical support, information technology, and logistics
 - Increases presence in CBRNE market



USAID IDIQ Award

- New work with a \$350 million ceiling value
 - Contract mission is to improve access to reliable and affordable clean energy
 - Utilizes innovative technologies and business models



- Market conditions remain challenging but Engility is well positioned to be a long-term winner in the market
- Pursuing opportunities in:
 - Core markets
 - Markets previously prohibited to compete in due to OCI constraints
 - New large IDIQ contract vehicles
 - Competitor re-compete contracts
- Selective M&A opportunities to gain access to new markets and/or customers

High-quality, low-cost providers are increasingly attractive to budget-constrained U.S. government customers

Fourth Quarter Financial Highlights



Total Revenue	Adjusted Operating Income *	Adjusted Operating Margin *	Adjusted Diluted Earnings Per Share *
\$396 million	\$28 million	7.1%	\$0.77

* Represents a non-GAAP financial measure. See our earnings press release for the quarter ended December 31, 2012 for a complete reconciliation of these non-GAAP measures to their most comparable GAAP equivalent.

FY 2013 Guidance

Total Revenue	Diluted Earnings ¹ per Share	Cash Flow from Operations	Operating Margin
\$1.45 billion to \$1.55 billion	\$3.25 to \$3.55	\$80 million to \$100 million	7.8% In-line with FY 2012

¹2013 GAAP diluted EPS guidance assumes a weighted-average share count of approximately 17.5 million shares and a full year effective tax rate of 40%. Interest expense in 2013 is expected to be approximately \$22 million, negatively impacting diluted EPS by approximately \$0.38 compared to 2012.

Appendix

Adjusted Operating Cash Flow Reconciliation

\$ in thousands	Twelve Months Ended
	December 31, 2012
GAAP Cash Flow from Operations	\$32,206
Spin-off related transaction costs	17,300
Realignment costs	2,953
Legal and settlement costs	5,280
Adjusted Cash Flow from Operations	<u>\$57,739</u>

2012 GAAP Cost and Expenses

	Q1 FY12 QTD Revised	Q2 FY12 QTD Revised	Q3 FY12 QTD Revised	Actual Q4 FY12	Actuals YTD 12Q4
Cost and expenses					
Cost of revenues	\$324,168	\$305,479	\$352,063	\$333,642	\$1,315,352
Cost of revenues from affiliated entities	48,733	46,413	4,888	-	100,034
Total cost of revenues	<u>\$372,901</u>	<u>\$351,892</u>	<u>\$356,951</u>	<u>\$333,642</u>	<u>\$1,415,386</u>
Selling, general and administrative expenses	33,227	35,666	38,696	34,851	142,440
Impairment Losses	-	-	426,436	-	426,436
Total cost and expenses	<u>\$406,128</u>	<u>\$387,558</u>	<u>\$822,083</u>	<u>\$368,493</u>	<u>\$1,984,262</u>
Impact of the revision on cost and expenses	-	-	-	-	-

Note - During the process of finalizing the year end financial statements, the Company determined during the first three quarters of 2012 we improperly classified certain amounts in cost of revenue that were selling, general and administrative in nature. We have assessed the impact of the adjustments on the statements of operations and determined that the periods were not materially misstated. These changes did not impact the balance sheet or statements of cash flows. All periods presented in this release have been revised to reflect this correction.

Quarterly Financial Data

2012	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	FY12
Total Revenue	\$431,974	\$418,302	\$409,384	\$395,684	\$1,655,344
Operating (loss) income	\$25,845	\$30,744	(\$412,699)	\$27,192	(\$328,918)
Income (loss) from continuing operations	\$14,986	\$17,745	(\$418,917)	\$41,391	(\$344,795)
Net income (loss) attributable to Engility	\$13,985	\$14,998	(\$420,305)	\$40,949	(\$350,373)
Diluted earnings (loss) per share from continuing operations	\$0.93	\$1.10	(\$25.71)	\$2.40	(\$21.18)
Diluted earnings per share attributable to Engility	\$0.86	\$0.93	(\$25.80)	\$2.38	(\$21.52)

2011	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	FY11
Total Revenue	\$563,248	\$535,740	\$496,757	\$475,036	\$2,070,781
Operating (loss) income	\$45,567	\$49,622	\$39,726	(\$42,474)	\$92,441
Income (loss) from continuing operations	\$27,804	\$30,220	\$24,491	(\$56,488)	\$26,027
Net income (loss) attributable to Engility	\$27,728	\$30,332	\$25,391	(\$57,592)	\$25,859
Diluted earnings (loss) per share from continuing operations	\$1.72	\$1.87	\$1.52	(\$3.50)	\$1.61
Diluted earnings per share attributable to Engility	\$1.72	\$1.88	\$1.58	(\$3.57)	\$1.60

¹In thousands, except per share amounts.

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