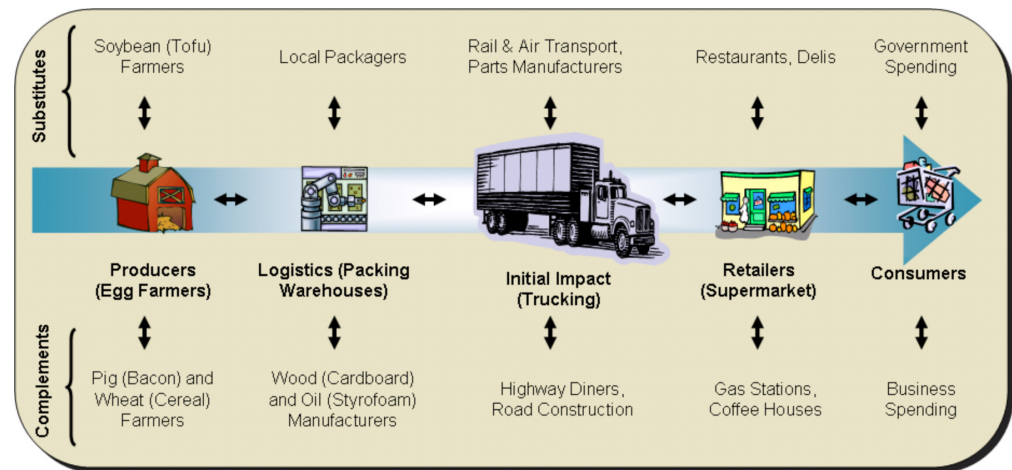


## Regulatory Impact Analysis (RIA)

From the types of cars we drive to the competitiveness of our financial markets, government regulations influence our economy, environment, and way of life. Assessing regulatory impacts can be a complex task, especially if the impacts ripple across markets, industries, or supply (or value) chains, or if they extend across a period of time during which significant technological change occurs. For example, a regulation affecting fuel economy standards for trucks can affect economic agents directly associated with trucking (goods and services that complement trucking, such as automotive parts and drivers, as well as modes of transportation that compete with trucking, such as forms of intermodal transportation). A regulation can also affect economic agents that are part of the value chain related to the goods the truck is transporting. Identifying the full value chain related to the soon-to-be or newly regulated entity is critical to performing a comprehensive RIA.



### New Fuel Economy Standards for Trucks Can Affect the Entire Supply Chain or Sector

#### Booz Allen Value Proposition

At Booz Allen Hamilton, a strategy and technology consulting firm, our economic and business analysts assess market structure, firm interaction, technology maturity, and other variables that influence how regulations affect businesses and consumers. We complement our functional analysis with our industry expertise in transportation, energy, environment, and defense. Our multi-disciplinary professionals apply robust analytical tools and methodologies to assess regulatory impacts. We also help determine actual versus intended impacts, how to construct regulations that meet mission goals and objectives, and the changes firms must make to their operations to comply with regulations.

Booz Allen's consultants apply best practices developed from years of experience providing clients with cost-benefit analysis, economic impact analysis, and traditional cost estimating. We augment these capabilities with risk/uncertainty and sensitivity analysis to identify key financial drivers, employing tools such as IMPLAN, Crystal Ball, and SAS. For a rigorous assessment of qualitative impacts, we apply tools such as the Value Measurement Methodology (VMM), now a best practice of the federal government's CIO Council for cost-benefit analysis. We also implement performance measurement using techniques such as Balanced Scorecard to track how well an implemented regulation meets its objectives in a continually evolving market environment.

#### About Booz Allen Hamilton

Booz Allen Hamilton has been at the forefront of management consulting for businesses and governments for more than 90 years. Providing consulting services in strategy, operations, organization and change, and information technology, Booz Allen is the one firm that helps clients solve their toughest problems, working by their side to help them achieve their missions. Booz Allen is committed to delivering results that endure.

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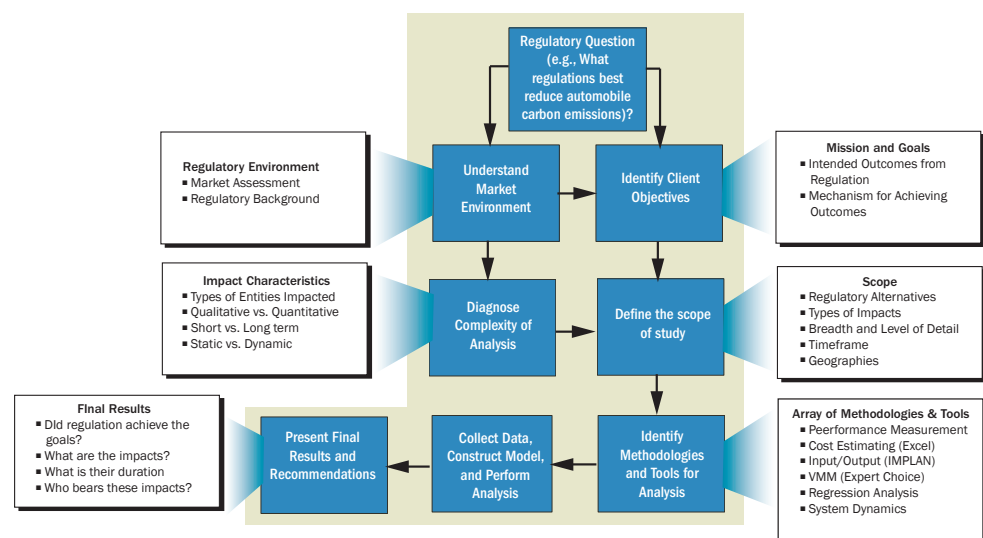
## Regulatory Impact Analysis (RIA)

### Our RIA Approach

Booz Allen's RIA approach is a comprehensive approach to assessing whether a regulation will achieve its desired objectives. Our approach can also help estimate impacts and measure compliance with federal mandates. Our up-front work focuses on identifying and assessing relevant markets, entities affected, and types of impacts. Once we establish this scope, our professionals identify the appropriate underlying economic relationships, collect data, and model the impacts.

The following are several elements of our approach:

- Look at the data in the context in which we must make the regulatory decision
- Include all relevant costs and benefits even if they are not easily quantifiable, such as national security
- Factor in technological innovation that may affect costs or benefits as we forecast impacts
- Carefully consider the assumptions we make, data we include and reject, rules used to compute critical values, definitions of affected populations, and expectations about market dynamics
- Clearly specify any data limitations
- Consider second- and third-order impacts, not solely first-order impacts
- Present the required tradeoffs for implementing the new regulation
- Adjust costs and benefits for risk and uncertainty
- Use a process to reveal the benefits perceived by diverse stakeholders, and then quantify them
- Keep up with developments in the capabilities-based analysis (CBA) methodology to ensure we employ best practices



Overview of Booz Allen RIA Methodology