

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 24pt; font-weight: bold;">2017</div> This Form is Open to Public Inspection
---	---	---

Part I	Annual Report Identification Information		
For calendar plan year 2017 or fiscal plan year beginning <u>01/01/2017</u> and ending <u>12/31/2017</u>			
A	This return/report is for:	☐ a multiemployer plan ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.)	
	☒ a single-employer plan ☐ a DFE (specify) ____		
B	This return/report is:	☐ the first return/report ☐ the final return/report ☐ an amended return/report ☐ a short plan year return/report (less than 12 months)	
C	If the plan is a collectively-bargained plan, check here. ▶ ☐		
D	Check box if filing under:	☒ Form 5558 ☐ automatic extension ☐ the DFVC program ☐ special extension (enter description)	

Part II	Basic Plan Information —enter all requested information		
1a	Name of plan <u>DYNAMICS RESEARCH CORPORATION DEFINED BENEFIT PENSION PLAN</u>	1b	Three-digit plan number (PN) ▶ <u>002</u>
		1c	Effective date of plan <u>01/01/1980</u>
2a	Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>ENGILITY CORPORATION</u> <u>4803 STONECROFT BOULEVARD</u> <u>CHANTILLY, VA 20151</u>	2b	Employer Identification Number (EIN) <u>04-2393618</u>
		2c	Plan Sponsor's telephone number <u>703-375-6508</u>
		2d	Business code (see instructions) <u>541990</u>

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/10/2018	AMY HEFFERNAN
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/10/2018	AMY HEFFERNAN
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Form 5500 (2017)
v. 170203

3a Plan administrator's name and address ☒ Same as Plan Sponsor	3b Administrator's EIN 3c Administrator's telephone number <div style="background-color: #cccccc; height: 40px; width: 100%;"></div>
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name	4b EIN 4d PN
5 Total number of participants at the beginning of the plan year	5 1191
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d).	
a(1) Total number of active participants at the beginning of the plan year	6a(1) 32
a(2) Total number of active participants at the end of the plan year	6a(2) 23
b Retired or separated participants receiving benefits	6b 784
c Other retired or separated participants entitled to future benefits	6c 268
d Subtotal. Add lines 6a(2) , 6b , and 6c	6d 1075
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	6e 108
f Total. Add lines 6d and 6e	6f 1183
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	6g
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested	6h 0
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....	7

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:

11

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
--	--

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1)** ☒ **R** (Retirement Plan Information)
- (2)** ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- (3)** ☒ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1)** ☒ **H** (Financial Information)
- (2)** ☐ **I** (Financial Information – Small Plan)
- (3)** ☒ 1 **A** (Insurance Information)
- (4)** ☒ **C** (Service Provider Information)
- (5)** ☐ **D** (DFE/Participating Plan Information)
- (6)** ☐ **G** (Financial Transaction Schedules)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2017 Form M-1 annual report. If the plan was not required to file the 2017 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE A (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Insurance Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500. ▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).	OMB No. 1210-0110 2017 This Form is Open to Public Inspection
---	---	---

For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017	
A Name of plan DYNAMICS RESEARCH CORPORATION DEFINED BENEFIT PENSION PLAN	B Three-digit plan number (PN) ▶ 002
C Plan sponsor's name as shown on line 2a of Form 5500 ENGILITY CORPORATION	D Employer Identification Number (EIN) 04-2393618

Part I	Information Concerning Insurance Contract Coverage, Fees, and Commissions Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.
---------------	---

1 Coverage Information:

(a) Name of insurance carrier PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
06-1050034	93629	IN-17498	1183	01/01/2017	12/31/2017

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in line 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid 0	(b) Total amount of fees paid 0
--	---

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).
--

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4 Current value of plan's interest under this contract in the general account at year end	4	
5 Current value of plan's interest under this contract in separate accounts at year end	5	2577730

6 Contracts With Allocated Funds:**a** State the basis of premium rates ▶

b Premiums paid to carrier	6b	
c Premiums due but unpaid at the end of the year	6c	
d If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount. Specify nature of costs ▶	6d	

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity
(3) ☐ other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan, check here ▶ ☐**7** Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee
(3) ☐ guaranteed investment (4) ☒ other ▶ GUARANTEED GENERAL ACCOUNT CONTRACT

b Balance at the end of the previous year	7b	0
--	-----------	---

c Additions: (1) Contributions deposited during the year	7c(1)	2582464
	7c(2)	
	7c(3)	15625
	7c(4)	
	7c(5)	

(6) Total additions	7c(6)	2598089
---------------------------	--------------	---------

d Total of balance and additions (add lines 7b and 7c(6))	7d	2598089
---	-----------	---------

e Deductions:

(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	
	7e(2)	
	7e(3)	
	7e(4)	20359

▶ PAYMENT OF PLAN EXPENSES

(5) Total deductions	7e(5)	20359
----------------------------	--------------	-------

f Balance at the end of the current year (subtract line 7e(5) from line 7d)	7f	2577730
---	-----------	---------

Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** ☐ Health (other than dental or vision)
 b ☐ Dental
 c ☐ Vision
 d ☐ Life insurance
e ☐ Temporary disability (accident and sickness)
 f ☐ Long-term disability
 g ☐ Supplemental unemployment
 h ☐ Prescription drug
i ☐ Stop loss (large deductible)
 j ☐ HMO contract
 k ☐ PPO contract
 l ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:

a Premiums: (1) Amount received	9a(1)		
(2) Increase (decrease) in amount due but unpaid	9a(2)		
(3) Increase (decrease) in unearned premium reserve	9a(3)		
(4) Earned ((1) + (2) - (3))		9a(4)	
b Benefit charges (1) Claims paid	9b(1)		
(2) Increase (decrease) in claim reserves	9b(2)		
(3) Incurred claims (add (1) and (2))		9b(3)	
(4) Claims charged		9b(4)	
c Remainder of premium: (1) Retention charges (on an accrual basis) --			
(A) Commissions	9c(1)(A)		
(B) Administrative service or other fees	9c(1)(B)		
(C) Other specific acquisition costs	9c(1)(C)		
(D) Other expenses	9c(1)(D)		
(E) Taxes	9c(1)(E)		
(F) Charges for risks or other contingencies	9c(1)(F)		
(G) Other retention charges	9c(1)(G)		
(H) Total retention		9c(1)(H)	
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.)		9c(2)	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement		9d(1)	
(2) Claim reserves		9d(2)	
(3) Other reserves		9d(3)	
e Dividends or retroactive rate refunds due. (Do not include amount entered in line 9c(2).)		9e	

10 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier	10a	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, line 2 above, report amount.	10b	

Specify nature of costs.

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☐ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2017 This Form is Open to Public Inspection
--	--	---

For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017

▶ **Round off amounts to nearest dollar.**
▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>DYNAMICS RESEARCH CORPORATION DEFINED BENEFIT PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>ENGILITY CORPORATION</u>	D Employer Identification Number (EIN) <u>04-2393618</u>

E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500
---	---

Part I Basic Information

1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2017</u>			
2 Assets:			
a Market value	2a	<u>49642194</u>	
b Actuarial value	2b	<u>51782722</u>	
3 Funding target/participant count breakdown	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
a For retired participants and beneficiaries receiving payment	<u>890</u>	<u>48607097</u>	<u>48607097</u>
b For terminated vested participants	<u>280</u>	<u>12211998</u>	<u>12211998</u>
c For active participants	<u>32</u>	<u>798210</u>	<u>806100</u>
d Total	<u>1202</u>	<u>61617305</u>	<u>61625195</u>
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)..... ☐			
a Funding target disregarding prescribed at-risk assumptions	4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b		
5 Effective interest rate	5	<u>5.75 %</u>	
6 Target normal cost	6	<u>822926</u>	

Statement by Enrolled Actuary
To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE		
Signature of actuary	<u>07/18/2018</u>	Date
<u>KATIE EUSTON</u>	<u>17-07483</u>	Most recent enrollment number
Type or print name of actuary	<u>703-258-8000</u>	Telephone number (including area code)
<u>TOWERS WATSON DELAWARE INC.</u>		
Firm name		
<u>800 NORTH GLEBE ROAD</u> <u>ARLINGTON, VA 22203</u>		
Address of the firm		

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

Part II Beginning of Year Carryover and Prefunding Balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	0
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9 Amount remaining (line 7 minus line 8)	0	0
10 Interest on line 9 using prior year's actual return of <u>6.95</u> %	0	0
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		0
b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of <u>5.96</u> %		0
b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		0
c Total available at beginning of current plan year to add to prefunding balance		0
d Portion of (c) to be added to prefunding balance		0
12 Other reductions in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	0

Part III Funding Percentages

14 Funding target attainment percentage	14	84.02%
15 Adjusted funding target attainment percentage	15	84.02%
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	89.22%
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.	17	%

Part IV Contributions and Liquidity Shortfalls**18** Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
01/17/2017	1512949				
12/19/2017	3078363				
Totals ▶			18(b)	4591312	18(c) 0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contributions from prior years.	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	4425605

20 Quarterly contributions and liquidity shortfalls:

- a** Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No
- b** If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No
- c** If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:				
a Segment rates:	1st segment: 4.16 %	2nd segment: 5.72 %	3rd segment: 6.48 %	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 4
22 Weighted average retirement age				22 62
23 Mortality table(s) (see instructions)	☐ Prescribed - combined	☒ Prescribed - separate	☐ Substitute	

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment	☐ Yes ☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment	☐ Yes ☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment	☒ Yes ☐ No
27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment	27

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)	31a	822926	
b Excess assets, if applicable, but not greater than line 31a	31b	0	
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment	9842473	1745466	
b Waiver amortization installment	0	0	
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)	34	2568392	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement			0
36 Additional cash requirement (line 34 minus line 35)	36	2568392	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	4425605	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	1857213	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b		
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years	40	0	

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:			
a Schedule elected	☐ 2 plus 7 years	☐ 15 years	
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008	☐ 2009	☐ 2010 ☐ 2011
42 Amount of acceleration adjustment	42	0	
43 Excess installment acceleration amount to be carried over to future plan years	43	0	

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2017
		This Form is Open to Public Inspection.

For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017		
A Name of plan DYNAMICS RESEARCH CORPORATION DEFINED BENEFIT PENSION PLAN	B Three-digit plan number (PN) ▶	002
C Plan sponsor's name as shown on line 2a of Form 5500 ENGILITY CORPORATION	D Employer Identification Number (EIN) 04-2393618	

Part I	Service Provider Information (see instructions)
---------------	--

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. ☒ Yes ☐ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
PRUDENTIAL RETIREMENT INS & ANNUITY
06-1050034

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

MORGAN STANLEY SMITH BARNEY

26-4310632

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
28 51	NONE	203053	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

TOWERS WATSON DELAWARE INC.

53-0181291

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
11 50	NONE	102024	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

LOCKTON INVESTMENT ADVISORS LLC

20-3247391

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
28 51	NONE	37333	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

MOODY FAMIGLIETTI AND ANDRONICO LLP

04-3077056

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
10 50	NONE	15050	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

JP MORGAN CHASE BANK, NA

13-4994650

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
28 51	NONE	14821	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2017 This Form is Open to Public Inspection
For calendar plan year 2017 or fiscal plan year beginning <u>01/01/2017</u> and ending <u>12/31/2017</u>		
A Name of plan <u>DYNAMICS RESEARCH CORPORATION DEFINED BENEFIT PENSION PLAN</u>	B Three-digit plan number (PN) ►	<u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>ENGILITY CORPORATION</u>	D Employer Identification Number (EIN) <u>04-2393618</u>	

Part I Asset and Liability Statement			
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a	16070	549230
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	1156305	0
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)	320225	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	99164	0
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)	15101268	0
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)	24924533	0
(5) Partnership/joint venture interests	1c(5)	6422722	0
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts.....	1c(9)		
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	1639907	50732440
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)	0	2577730
(15) Other	1c(15)	0	549230

		(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:		
(1)	Employer securities	1d(1)	
(2)	Employer real property	1d(2)	
e	Buildings and other property used in plan operation	1e	
f	Total assets (add all amounts in lines 1a through 1e)	1f	49680194 54408630
Liabilities			
g	Benefit claims payable	1g	
h	Operating payables	1h	
i	Acquisition indebtedness	1i	
j	Other liabilities	1j	
k	Total liabilities (add all amounts in lines 1g through 1j)	1k	0 0
Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	49680194 54408630

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

		(a) Amount	(b) Total
a	Contributions:		
(1)	Received or receivable in cash from: (A) Employers	2a(1)(A)	4591312
	(B) Participants	2a(1)(B)	
	(C) Others (including rollovers)	2a(1)(C)	
(2)	Noncash contributions	2a(2)	
(3)	Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)	4591312
b	Earnings on investments:		
(1)	Interest:		
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	
	(B) U.S. Government securities	2b(1)(B)	
	(C) Corporate debt instruments	2b(1)(C)	291834
	(D) Loans (other than to participants)	2b(1)(D)	
	(E) Participant loans	2b(1)(E)	
	(F) Other	2b(1)(F)	38126
	(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)	329960
(2)	Dividends: (A) Preferred stock	2b(2)(A)	
	(B) Common stock	2b(2)(B)	259929
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	786556
	(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)	1046485
(3)	Rents	2b(3)	
(4)	Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	54835114
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)	51707819
	(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)	3127295
(5)	Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)	
	(B) Other	2b(5)(B)	
	(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)	0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		564334
c Other income	2c		633929
d Total income. Add all income amounts in column (b) and enter total.....	2d		10293315

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	4488383	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		4488383
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)	189904	
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)	168307	
(4) Other	2i(4)	718285	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		1076496
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		5564879

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		4728436
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)?

☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: MOODY, FAMIGLIETTI & ANDRONICO, LLP

(2) EIN: 04-3077056

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)

	Yes	No	Amount
4a		X	
4b		X	

	Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)		X	
e Was this plan covered by a fidelity bond?	X		1000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	X		
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?..... ☐ Yes ☒ No
If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (See ERISA section 4021.)? ☒ Yes ☐ No ☐ Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year 4084272. (See instructions.)

<div>SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</div>	<div>Retirement Plan Information</div> <div>This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).</div> <div>▶ File as an attachment to Form 5500.</div>	<div>OMB No. 1210-0110</div> <div>2017</div> <div>This Form is Open to Public Inspection.</div>
For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017		
A Name of plan DYNAMICS RESEARCH CORPORATION DEFINED BENEFIT PENSION PLAN		B Three-digit plan number (PN) ▶ 002
C Plan sponsor's name as shown on line 2a of Form 5500 ENGILITY CORPORATION		D Employer Identification Number (EIN) 04-2393618
Part I	Distributions	
All references to distributions relate only to payments of benefits during the plan year.		
1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions		1 0
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): 22-1211670		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year		3 1
Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)	
4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ☐ Yes ☐ No ☒ N/A If the plan is a defined benefit plan, go to line 8.		
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month Day Year If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)		6a
b Enter the amount contributed by the employer to the plan for this plan year		6b
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)		6c
If you completed line 6c, skip lines 8 and 9.		
7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ☐ Yes ☐ No ☐ N/A		
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ☐ Yes ☐ No ☒ N/A		
Part III	Amendments	
9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box. ☐ Increase ☐ Decrease ☐ Both ☒ No		
Part IV	ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.	
10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ☐ Yes ☐ No		
11 a Does the ESOP hold any preferred stock? ☐ Yes ☐ No		
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ☐ Yes ☐ No		
12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ☐ Yes ☐ No		
For Paperwork Reduction Act Notice, see the Instructions for Form 5500.		
Schedule R (Form 5500) 2017 v. 170203		

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: 54% Investment-Grade Debt: 22% High-Yield Debt: 19% Real Estate: _____% Other: 5%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☒ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate line 19(b)?

☒ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):



MOODY, FAMIGLIETTI & ANDRONICO
Certified Public Accountants & Consultants

**DYNAMICS RESEARCH CORPORATION DEFINED
BENEFIT PENSION PLAN**

FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016



MOODY, FAMIGLIETTI & ANDRONICO
Certified Public Accountants & Consultants

To the Plan Administrator
Dynamics Research Corporation Defined Benefit Pension Plan
Chantilly, Virginia

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Dynamics Research Corporation Defined Benefit Pension Plan (the "Plan"), which comprise the statements of net assets available for plan benefits as of December 31, 2017 and 2016, and the related statement of changes in net assets available for plan benefits for the year ended December 31, 2017, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 11, which was certified by Prudential Bank & Trust, FSB and First State Trust Company, the trustees of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the Plan Administrator that Prudential Bank & Trust, FSB held the Plan's investment assets and executed investment transactions from August 1, 2017 to December 31, 2017, and that First State Trust Company held the Plan's investment assets and executed investment transactions as of December 31, 2016, and for the period January 1, 2017 to July 31, 2017. The Plan Administrator has obtained a certification from the trustee as of and for the years ended December 31, 2017 and 2016, that the information provided to the Plan Administrator by the trustees is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.



Other Matter

The supplemental schedules of assets (held at end of year) as of December 31, 2017 and reportable transactions for the year ended December 31, 2017 are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not required parts of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on these supplemental schedules.

Report on Form and Content in Compliance with the Department of Labor's Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustees, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Moody, Famiglietti & Andronico, LLP

Moody, Famiglietti & Andronico, LLP
Tewksbury, Massachusetts
October 3, 2018

Statements of Net Assets Available for Plan Benefits
**Dynamics Research Corporation Defined Benefit
Pension Plan**

December 31	2017	2016
Assets		
Investments at Fair Value:		
Mutual Funds	\$ 50,732,440	\$ 17,627,578
Hedge Funds	549,230	1,523,086
Corporate and Foreign Bonds	-	15,101,268
Common Equity Securities	-	7,339,866
Partnerships	-	4,899,636
Money Market Funds	-	1,653,498
Real Estate Investment Trusts	-	42,662
Contract with Insurance Entity, at Contract Value	2,577,730	-
Total Investments	53,859,400	48,187,594
Receivables:		
Interest Income	-	320,225
Plan Sponsor Contributions	-	1,156,305
Amounts Due from Broker	-	5,141
Total Receivables	-	1,481,671
Cash - Noninterest Bearing	549,230	10,929
Net Assets Available for Plan Benefits	\$ 54,408,630	\$ 49,680,194

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

**Statement of Changes in Net Assets Available for
Plan Benefits**

**Dynamics Research Corporation Defined Benefit
Pension Plan**

For the Year Ended December 31

2017

Additions to Net Assets:

Investment Income:

Net Appreciation in Fair Value of Investments \$ 4,369,573

Interest and Dividend Income from Investments 1,332,430

Total Investment Income 5,702,003

Contributions:

Plan Sponsor Contributions 4,591,312

Total Additions 10,293,315

Deductions from Net Assets:

Benefits Paid to Participants 4,488,383

Administrative Expenses 1,076,496

Total Deductions 5,564,879

Net Increase in Net Assets Available for Plan Benefits 4,728,436

Net Assets Available for Plan Benefits, Beginning of Year 49,680,194

Net Assets Available for Plan Benefits, End of Year \$ 54,408,630

1. Description of the Plan:

The following description of Dynamics Research Corporation Defined Benefit Pension Plan (the "Plan") provides only general information. Participants should refer to the Plan agreement for more complete information regarding the terms of the Plan.

General: The Plan is a noncontributory defined benefit plan maintained for the purpose of providing retirement benefits to eligible employees of Dynamics Research Corporation (the "Plan Sponsor"), a wholly-owned subsidiary of Engility Holdings, Inc. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Board of Directors governing the Plan Sponsor is responsible for oversight of the Plan. The Board of Directors of the Plan Sponsor determines the appropriateness of the Plan's investment offerings and monitors investment performance.

Effective June 30, 2002, the Board of Directors of the Plan Sponsor voted to freeze participation in the Plan and to amend the Plan's accrual of future benefits.

Effective August 1, 2017, the Plan changed its trustee from First State Bank and Trust to Prudential Bank & Trust, FSB.

Amendments: Effective December 31, 2017, Dynamics Research Corporation merged with Engility Corporation and the Plan amended the name of the Plan Sponsor to Engility Corporation.

Eligibility: Through June 30, 2002, generally, all employees of the Plan Sponsor who had completed 12 consecutive months of service and at least 1,000 hours and who did not make a special election to the contrary were considered Participants in the Plan (the "Participants").

Funding Policy: The Plan Sponsor makes contributions to the Plan to meet or exceed the annual ERISA minimum funding requirements as determined by the Plan's independent actuary. No voluntary employee contributions are permitted. For the year ended December 31, 2017, the minimum funding requirement was met.

During the year ended December 31, 2017, contributions were made to the Plan in the amount of \$4,591,312.

Vesting: As of June 30, 2007, all Participants were fully vested.

Pension Benefits: The Plan provides for retirement benefits in the form of a life annuity to be paid to Participants who have reached the age of 65 and who have retired from active service with the Plan Sponsor. In addition, the Plan provides for benefits upon early retirement, vested termination and pre-retirement death and disability. The annual normal retirement benefit is the greatest of:

- 0.6833% of average annual compensation plus 0.65% of average annual compensation in excess of Social Security Covered Compensation multiplied by years of benefit service up to 30 years;
- the benefit accrued as of December 31, 1987 under the former plans;
- \$60 multiplied by years of benefit service.

Effective October 1, 2007, the Board of Directors of the Plan Sponsor approved plan participants age 65 or older, to continue working at their current schedule and be eligible to begin receiving their full pension payments. Plan participants who do not choose to commence pension payments will receive an actuarial adjustment when they do decide to start receiving pension benefits, to reflect their delayed retirement beyond age 65.

2. Significant Accounting Policies:

Basis of Accounting: The financial statements of the Plan are prepared under the accrual method of accounting.

Investment Valuation and Income Recognition: Investments are reported at fair value, except for the Plan's contract with insurance entity, which is reported at contract value (see Note 5). Fair value is 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. The Pension Committee, serving as the Plan Administrator, determines the Plan's valuation policies utilizing information provided by the investment advisers, trustee, and insurance company. See Note 4 for further discussion of fair value measurements. Contract value represents deposits made to the contract, plus earnings at guaranteed crediting rates, less withdrawals and

2. Significant Accounting Policies (Continued):

administrative expenses charged by the contract issuer. Funds under the contract that have been allocated and applied to purchase annuities (that is, the contract issuer is obligated to pay the related pension benefits) are excluded from the Plan's assets.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Payment of Benefits: Benefits are recorded when paid.

Expenses: Certain expenses of maintaining the Plan are paid directly by the Plan Sponsor and are excluded from these financial statements. Investment-related expenses are included in net appreciation in fair value of investments.

Use of Estimates: The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

Subsequent Events: The Plan Administrator has evaluated subsequent events through October 3, 2018, the date the financial statements were available to be issued.

3. Actuarial Present Value of Accumulated Benefits:

Accumulated plan benefits are those future periodic payments, including lump sum distributions that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits under the Plan are accumulated based on employees' compensation during each year of credited service. The

accumulated plan benefits for active employees will equal the accumulation, with interest, of the annual benefit accruals as of the benefit information date. Benefits payable under all circumstances—retirement, death, disability, and termination of employment—are included, to the extent they are deemed attributable to employee service rendered to the valuation date. Benefits to be provided via annuity contracts excluded from plan assets are excluded from accumulated plan benefits. The actuarial present value of accumulated plan benefits is determined by an independent actuary and is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

The significant actuarial assumptions used in the valuations as of December 31, 2017 and 2016, were (a) life expectancy of participants, (b) retirement age assumptions, and (c) investment return. The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated Plan benefits. The computations of the actuarial present value of accumulated plan benefits were made as of January 1, 2018 and 2017. Had the valuations been performed as of December 31, there would be no material differences. Willis Towers Watson was the Plan's actuarial consultant and performed the January 1, 2017 actuarial valuation. Prudential is the Plan's current actuarial consultant and performed the January 1, 2018 actuarial valuation.

During 2017, the actuarial assumptions were changed to better reflect expected plan experience. The ASC 960 mortality assumption has been changed from the RP-2014 Adjusted to 2006 Total Dataset Mortality Table with projection scale MP-2015 to the RP-2014 Adjusted to 2006 Total Dataset Mortality Table with projection scale MP-2017. In addition, the investment return was changed from 7.86% to 7.50%. The effect of changes in assumptions on the calculation of actuarial present value of accumulated plan benefits during the year ended December 31, 2017, amounted to \$494,346.

3. Actuarial Present Value of Accumulated Benefits (Continued):

The significant assumptions used in the actuarial valuation as of December 31, 2017 and 2016 are as follows:

	2017	2016
Investment Return	7.50% compounded annually	7.86% compounded annually
Mortality Table	RP-2014 Mortality Tables with separate rates for males and females with generational projection back to 2006 using scale MP-2014 and then projected forward generationally from 2006 using scale MP-2017.	RP-2014 Mortality Tables with separate rates for males and females with generational projection back to 2006 using scale MP-2014 and then projected forward generationally from 2006 using scale MP-2015.
Normal Retirement Age	It is assumed Participants will retire based on the following rates: 55-59: 5%; 60-61: 10%, 62-64: 15%; and 65: 100%	It is assumed Participants will retire based on the following rates: 55-59: 5%; 60-61: 10%, 62-64: 15%; and 65: 100%

The actuarial present value of accumulated plan benefits at December 31, 2017 and 2016 is as follows:

	2017	2016
Actuarial Present Value of Vested Accumulated Plan Benefits:		
Participants Currently Receiving Benefits	\$ 42,775,690	\$ 43,712,314
Other Participants	11,313,356	10,618,004
	<u>54,089,046</u>	<u>54,330,318</u>
Actuarial Present Value of Nonvested Accumulated Plan Benefits	3,446	9,416
	<u>\$ 54,092,492</u>	<u>\$ 54,339,734</u>

The changes in the actuarial present value of accumulated plan benefits for the year ended December 31, 2017 consist of the following:

Actuarial Present Value of Accumulated Plan Benefits, Beginning of Year	<u>\$ 54,339,734</u>
Increase (Decrease) During the Year Attributable to:	
Increase for Interest	4,059,312
Benefits Paid	(4,488,383)
Change in Actuarial Assumptions	494,346
Actuarial Losses (Gains)	<u>(312,517)</u>
Net Decrease	<u>(247,242)</u>
Actuarial Present Value of Accumulated Plan Benefits, End of Year	<u>\$ 54,092,492</u>

4. Fair Value Measurements:

The framework for measuring fair value provides 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 prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used for the years ended December 31, 2017 and 2016.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Corporate and Foreign Bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote if available.

Money Market Funds: Valued at NAV based on information reported by the custodian and/or trustee with reference to the market value of funds underlying assets at end of year.

Real Estate Investment Trusts: Valued at the closing price reported on the active market on which the individual real estate investment trusts are traded.

Partnerships and Hedge Funds: Valued based on the NAV per share, without further adjustment. The NAV is used as a practical expedient to estimate fair value. NAV is based upon the fair value of the underlying investments.

Common Equity Securities: Valued at the closing price reported on the security's respective stock exchange.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan 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.

4. Fair Value Measurements (Continued):

The following table sets forth, by level within the fair value hierarchy, the Plan's fair value measurements as of December 31, 2017 and 2016:

		Assets at Fair Value as of December 31, 2017			
		Total	Level 1	Level 2	Level 3
Investments:					
Mutual Funds		\$ 50,732,440	\$ 50,732,440	\$ -	\$ -
Total Assets in the Fair Value Hierarchy		50,732,440	\$ 50,732,440	\$ -	\$ -
Investments Measured at Net Asset Value		549,230			
Investments at Fair Value		\$ 51,281,670			
		Assets at Fair Value as of December 31, 2016			
		Total	Level 1	Level 2	Level 3
Investments:					
Mutual Funds		\$ 17,627,578	\$ 17,627,578	\$ -	\$ -
Corporate and Foreign Bonds		15,101,268	-	15,101,268	-
Common Equity Securities		7,339,866	7,339,866	-	-
Money Market Funds		1,653,498	1,653,498	-	-
Real Estate Investment Trusts		42,662	42,662	-	-
Total Assets in the Fair Value Hierarchy		41,764,872	\$ 26,663,604	\$ 15,101,268	\$ -
Investments Measured at Net Asset Value		6,422,722			
Investments at Fair Value		\$ 48,187,594			

Investment strategies relating to investments measured at fair value based on NAV used as a practical expedient are as follows:

Partnerships:

- The investment objective of the SkyBridge Multi-Advisor Fund is to seek capital appreciation. The fund seeks to implement its objective principally through investing in investment funds managed by third-party investment managers that employ a variety of alternative investment strategies. The investment program of the fund can be referred to as a fund of hedge funds.

4. Fair Value Measurements (Continued):*Hedge Funds:*

- The investment objective of the Millennium International, Ltd. Fund is to achieve above-average appreciation by opportunistically trading and investing in a wide variety of securities, instruments, and other investment opportunities and engaging in a broad array of trading and investment strategies.

The following table summarizes investments measured at fair value based on NAV used as a practical expedient as of December 31, 2017 and 2016, respectively:

Financial Asset	Fair Value as of December 31, 2017	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Hedge Funds				
Millennium International, Ltd. Fund	\$ 549,230	None	Quarterly**	90 Days
Financial Asset	Fair Value as of December 31, 2016	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Partnerships				
SkyBridge Multi- Advisor Fund	\$ 4,899,636	None	N/A*	N/A*
Hedge Funds				
Millennium International, Ltd. Fund	<u>1,523,086</u>	None	Quarterly**	90 Days
	<u>\$ 6,422,722</u>			

*Investments in the SkyBridge Multi-Advisor Hedge Fund cannot be redeemed at the discretion of the Plan Sponsor. The SkyBridge MultiAdvisor Hedge Fund investment committee expects that it typically will recommend to its Board of Directors that the fund offer to repurchase units from unitholders quarterly. This investment was fully redeemed during the year ended December 31, 2017.

**Investments in the Millennium International, Ltd. Fund may be redeemed, in whole or in part, upon at least 90 days' prior written notice to Millennium International and to the fund administrator. A holder may not redeem more than 25% of such holder's shares in any one quarter, except that the holder may, upon at least 90 days' prior written notice, elect to redeem a specified amount or percentage of such shares then held over the next succeeding quarterly redemption dates.

5. Contract with Insurance Entity:

During 2017, the Plan entered into a deposit administration contract with Prudential Retirement Insurance and Annuity Company (PRIAC). Amounts contributed to the contract are merged with the general assets of PRIAC and earn a guaranteed crediting rate, as defined, which is established on an annual basis by PRIAC. The guaranteed crediting rate as of December 31, 2017 is 2.2%. At the direction of the Plan, a single premium to buy an annuity for a retiring employee is withdrawn by PRIAC from the unallocated fund. Purchased annuities are contracts under which PRIAC is obligated to pay benefits to named employees or their beneficiaries. Payment obligations and the fulfillment of any guarantees specified in the group annuity contract are insurance claims supported by the assets in the investment and, if such assets are not sufficient, by the full faith and credit of PRIAC for which the Plan Sponsor is obligated to make a contribution in the amount of the insufficiency. In the event of termination of the contract, the Plan's trustee may elect to receive (i) a payment of book value of the contract, as defined, which may be payable over a period of up to five years, (ii) a single sum payment, which may be adjusted to reflect the market value of the contract, as defined, or (iii) a payment of book value, as defined, in annual installments over a period of ten years.

6. Party-in-Interest Transactions:

Certain Plan investments are managed by Prudential Bank & Trust, FSB, and First State Trust Company, trustees of the Plan, and by PRIAC and, therefore, these transactions qualify as party-in-interest transactions. Fees incurred by the Plan for the investment management services and audit fees are included in net appreciation in fair value of investments, as they are paid through revenue sharing, rather than direct payment, in the accompanying statement of changes in net assets available for plan benefits for the year ended December 31, 2017.

7. Tax Status:

The Internal Revenue Service has determined and informed the Plan Sponsor by a letter dated September 24, 2015, that the Plan and related trust are designed in accordance with the applicable provisions of the IRC. The Plan has been amended since receiving the determination letter; however, the Plan Administrator believes that the Plan and the related trust are currently being operated in compliance with the applicable provisions of the IRC. Therefore, the Plan Sponsor is of the opinion that the Plan and the related trust were tax-exempt as of and for the year ended December 31, 2017.

GAAP requires plan management to evaluate tax positions taken by the Plan and to recognize a tax liability (or asset) if the Plan Sponsor has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan Administrator believes it has no uncertain tax positions as of December 31, 2017 and 2016 and for the year ended December 31, 2017.

8. Plan Termination:

While it is the intention of the Plan Sponsor to continue the Plan indefinitely, the Plan Sponsor reserves the right to terminate or amend the Plan at any time subject to the provisions of ERISA. In the event of termination, the rights of all Participants to benefits will become nonforfeitable to the extent funded or as guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a U.S. government agency. The priorities for determining the allocation of Plan assets would be governed by ERISA and regulations issued by the PBGC. First State Trust Company, the trustee, will make distributions to the Participants or their beneficiaries in accordance with the instructions of the Pension Committee, or in the absence of such instructions, as the trustee deems advisable.

9. Frozen Plan:

On December 11, 2001, the Board of Directors of the Plan Sponsor voted to freeze membership to the Plan and to amend the Plan's accrual of benefits as of June 30, 2002. Effective June 30, 2002, all Participants eligible for benefits will receive those earned benefits. Such benefits will be calculated as of June 30, 2002, based on each Participant's highest five consecutive years of earnings through that date. The calculated benefit was increased annually by 3%, for the plan years ended December 31, 2003 through December 31, 2006. Effective January 1, 2007, the 3% annual increase was discontinued.

From January 1, 2016 to January 1, 2018, the number of active participants declined due to general active participation attrition. The Plan provided notice to the PBGC of the decline in active participants as a reportable event.

10. Risks and Uncertainties:

The Participants invest in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect Participants' account balances and the amounts reported in the accompanying statements of net assets available for plan benefits.

11. Information Certified by the Trustee:

The Plan Administrator has elected the method of compliance, commonly referred to as the limited-scope audit exemption, permitted under 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Accordingly, no auditing procedures with respect to the information certified by the trustees of the Plan, were performed by the independent auditors except for comparing the information to the financial statements and supplemental schedule. Prudential Bank & Trust, FSB acted as trustee from August 1, 2017 to December 31, 2017. First State Trust Company acted as trustee as of December 31, 2016, and for the period January 1, 2016 to July 31, 2017. The trustees have certified as to the completeness and accuracy of the investments held by the Plan as of December 31, 2017 and 2016, the investment income and the investment-related transactions of the Plan for the year ended December 31, 2017, and the information contained in the accompanying supplemental schedules of assets (held at end of year) as of December 31, 2017, except for the assets held in the Millennium International, Ltd. Hedge Fund - Class SC-A - Series 01A. All of the investments were certified at fair value, with the exception of the contract with insurance entity, which was certified at contract value.

Schedule H, Line 4i Schedule of Assets (Held at
End of Year)

Dynamics Research Corporation Defined Benefit
Pension Plan
EIN#04-2393618/ Plan #002

As of December 31, 2017

(a)	(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
		<u>Mutual Funds:</u>		
	Neuberger Berman	Neuberger Berman Strategic Income I	\$ 10,429,009	\$ 10,396,175
	MFS	MFS International Diversification R4	8,824,989	9,173,652
*	Prudential	Prudential Total Return Bond Q	7,811,735	7,814,539
	American Funds	American Funds New World R6	5,285,156	5,434,270
	Pioneer	Pioneer Fundamental Growth Y	4,864,695	4,827,789
	Invesco	Invesco Diversified Dividends R6	3,824,881	3,892,623
	PIMCO	PIMCO All-Asset Institutional	3,639,090	3,646,037
	American Beacon	American Beacon Small Cap Value Inst	2,827,335	2,779,173
	Victory	Victory Sycamore Established Value I	2,661,216	2,768,182
		<u>Contract with Insurance Entity:</u>		
*	PRIAC	Guaranteed Deposit	2,577,730	2,577,730
		<u>Other - Hedge Funds:</u>		
	Millennium	Millennium International, Ltd. Hedge Fund - Class SC-A - Series 01A	549,230	549,230
		Total Investments	<u>\$ 53,295,066</u>	<u>\$ 53,859,400</u>
		Cash - Noninterest Bearing	<u>\$ 549,230</u>	<u>\$ 549,230</u>

(*) Represents a party-in-interest to the Plan.

Schedule H, Line 4j Schedule of Reportable Transactions

Dynamics Research Corporation Defined Benefit Pension Plan
EIN#04-2393618/ Plan #002

Reportable transactions for the year ended December 31, 2017 are summarized as follows:

(a) Identity of Party Involved	(b) Description of Asset	(c) Purchase Price	(d) Selling Price	(e) Lease Rental	(f) Expense Incurred with Transaction	(g) Cost of Assets	(h) Current Value of Assets on Transaction Date	(i) Net Gain (Loss)
Morgan Stanley	Morgan Stanley Bank Deposit							
	Purchases	\$55,110,929	\$ -	\$ -	\$ -	\$55,110,929	\$ 55,110,929	\$ -
	Sales	-	56,665,263	-	-	56,665,263	56,665,263	-
Morgan Stanley	Morgan Stanley Institutional Liquidity							
	Purchases	55,010,861	-	-	-	55,010,861	55,010,861	-
	Sales	-	55,010,861	-	-	55,010,861	55,010,861	-
Northern	Northern Institutional Government Select							
	Purchases	13,321,201	-	-	-	13,321,201	13,321,201	-
	Sales	-	13,420,365	-	-	13,420,365	13,420,365	-
SkyBridge	SkyBridge Multi Adviser							
	Purchases	72,438	-	-	-	72,438	72,438	-
	Sales	-	5,045,276	-	-	4,933,345	5,045,276	111,931
Vanguard	Vanguard Growth ETF							
	Purchases	53,125	-	-	-	53,125	53,125	-
	Sales	-	4,609,051	-	-	2,220,636	4,609,051	2,388,415
Vanguard	Vanguard Total International Stock Index Fund ETF							
	Purchases	331,502	-	-	-	331,502	331,502	-
	Sales	-	9,420,123	-	-	7,906,115	9,420,123	1,514,008
Vanguard	Vanguard Value ETF							
	Purchases	101,641	-	-	-	101,641	101,641	-
	Sales	-	3,014,785	-	-	1,958,485	3,014,785	1,056,300

(*) Represents a party-in-interest to the Plan.

SCHEDULE SB ATTACHMENTS

Schedule SB – Statement by Enrolled Actuary

Plan Sponsor	Engility Corporation
EIN/PN	04-2393618 / 002
Plan Name	Dynamics Research Corporation Defined Benefit Pension Plan
Valuation Date	January 1, 2017
Enrolled Actuary	Katie Euston
Enrollment Number	17-07483

The actuarial assumptions that are not mandated by IRC § 430 and regulations, represent the enrolled actuary's best estimate of anticipated experience under the plan, subject to the following conditions:

The actuarial valuation, on which the information in this Schedule SB is based, has been prepared in reliance upon the employee and financial data furnished by the plan administrator and the trustee. The enrolled actuary has not made a rigorous check of the accuracy of this information but has accepted it after reviewing it and concluding it is reasonable in relation to similar information furnished in previous years. The amounts of contributions and dates paid shown in Item 18 of Schedule SB were listed in reliance on information provided by the plan administrator and/or trustee.

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 22 Description of Weighted Average Retirement Age

See Schedule SB, Part V - Statement of Actuarial Assumptions/Methods for retirement rates. The average retirement age for Line 22 was calculated by determining the average age at retirement for those current active participants expected to reach retirement, based on current decrements assumed.

x	q_x^r	l_x	${}_{x-55}p_{55} = l_x / l_{55}$	$q_x^r * l_x / l_{55}$	$x * q_x^r * l_x / l_{55}$
55	0.05	1,000,000	1.000000	0.050000	2.750000
56	0.05	950,000	0.950000	0.047500	2.660000
57	0.05	902,500	0.902500	0.045125	2.572125
58	0.05	857,375	0.857375	0.042869	2.486388
59	0.05	814,506	0.814506	0.040725	2.402793
60	0.10	773,781	0.773781	0.077378	4.642686
61	0.10	696,403	0.696403	0.069640	4.248057
62	0.15	626,763	0.626763	0.094014	5.828892
63	0.15	532,748	0.532748	0.079912	5.034470
64	0.15	452,836	0.452836	0.067925	4.347225
65	1.00	384,911	0.384911	0.384911	25.019186
Average age at retirement					61.991822
Rounded for Schedule SB item 22					62

Plan Name: Dynamics Research Corporation Defined Benefit Pension Plan
 EIN / PN: 04-2393618 / 002
 Plan Sponsor: Engility Corporation
 Valuation Date: January 1, 2017

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V Statement of Actuarial Assumptions/Methods

Economic Assumptions

Interest rate basis:

■ Applicable month	September
■ Interest rate basis	3-Segment Rates

Interest rates:

	Reflecting Corridors	Not Reflecting Corridors
■ First segment rate	4.16%	1.52%
■ Second segment rate	5.72%	3.80%
■ Third segment rate	6.48%	4.79%
■ Effective interest rate	5.75%	3.90%

Annual rates of increase

■ Compensation	N/A
■ Future Social Security wage bases	N/A
■ Statutory limits on compensation	N/A

Plan related expenses

The plan-related expenses are equal to the expected PBGC premium for the year plus \$125,000 in additional administrative expense for the year. The amount for 2017 is \$822,926.

Plan Name:	Dynamics Research Corporation Defined Benefit Pension Plan
EIN / PN:	04-2393618 / 002
Plan Sponsor:	Engility Corporation
Valuation Date	January 1, 2017

SCHEDULE SB ATTACHMENTS

Demographic Assumptions

Inclusion date The valuation date coincident with or next following the date on which the employee becomes a participant. Participation in this plan is frozen.

New or rehired employees It was assumed there will be no new or rehired employees.

Mortality

- **Healthy** The prescribed mortality assumption under IRC §430(h)(3)(A) using static tables with separate mortality rates for annuitants and non-annuitants.
- **Disabled** The prescribed mortality assumption under IRC §430(h)(3)(A) using static tables with separate mortality rates for annuitants and non-annuitants.

Termination

Representative Termination Rates

Percentage leaving during the year		
Attained Age	Males	Females
20	30.0%	30.0%
25	30.0	30.0
30	20.0	20.0
35	15.0	15.0
40	12.5	12.5
45	10.0	10.0
50	7.5	7.5
55 & Over	0.0	0.0

Disability None.

Retirement For purposes of determining the Funding Target and Target Normal Cost (both disregarding at-risk assumptions), the rates at which participants retire by age and gender are shown below.

Percentage retiring during the year		
Age	Males	Females
55-59	5.0%	5.0%
60-61	10.0%	10.0%
62-64	15.0%	15.0%
65	100.0%	100.0%

Plan Name: Dynamics Research Corporation Defined Benefit Pension Plan
EIN / PN: 04-2393618 / 002
Plan Sponsor: Engility Corporation
Valuation Date: January 1, 2017

SCHEDULE SB ATTACHMENTS

Benefit

commencement date:

- Preretirement death benefit The later of the death of the active participant or the date the participant would have been eligible for early retirement.
- Deferred vested benefit Age 65.
- Retirement benefit Upon termination of employment.

Form of payment

Participants are assumed to elect the normal form.

Percent married

80% of participants are assumed to be married.

Spouse age

Wife three years younger than husband.

Timing of benefit payments

Annuity payments are payable monthly at the beginning of the month.

Methods

Valuation date

First day of plan year

Funding target

Present value of accrued benefits as required by regulations under IRC §430.

Target normal cost

Present value of benefits expected to accrue during the plan year plus plan-related expenses expected to be paid from plan assets during the plan year as required by regulations under IRC §430.

Plan Name: Dynamics Research Corporation Defined Benefit Pension Plan
EIN / PN: 04-2393618 / 002
Plan Sponsor: Engility Corporation
Valuation Date: January 1, 2017

SCHEDULE SB ATTACHMENTS

Actuarial value of assets [for determining minimum required contributions]

Average of the fair market value of assets on the valuation date and the two immediately preceding valuation dates, adjusted for contributions, benefits, administrative expenses and expected earnings (with such expected earnings limited as described in IRS Notice 2009-22) . The average asset value must be within 10% of market value, including discounted contributions receivable (discounted using the effective interest rate for the 2016 plan year).

The method of computing the actuarial value of assets complies with rules governing the calculation of such values under the Pension Protection Act of 2006 (PPA). These rules produce smoothed values that reflect the underlying market value of plan assets but fluctuate less than the market value. As a result, the actuarial value of assets will be lower than the market value in some years and greater in other years. However, over the long term under PPA's smoothing rules, the method has a significant bias to produce an actuarial value of assets that is below the market value of assets.

Benefits not valued

All benefits described in the Plan Provisions section of this report were valued. Willis Towers Watson has reviewed the plan provisions with Engility and, based on that review, is not aware of any significant benefits required to be valued that were not.

Sources of Data and Other Information

The plan sponsor furnished participant data as of 1/1/2017. Information on assets, contributions and plan provisions was supplied by the plan sponsor. Data and other information were reviewed for reasonableness and consistency, but no audit was performed. Based on discussions with the plan sponsor, assumptions or estimates were made when data were not available, and the data was adjusted to reflect any significant events that occurred between the date the data was collected and the measurement date. In consultation with Engility, the following assumptions were made for missing or apparently inconsistent data elements:

- Date of birth assumption for one deferred alternate payee based on commencement date
- Full benefit amount allocated to one participant where complete alternate payee information was not available.

We are not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations.

Plan Name:	Dynamics Research Corporation Defined Benefit Pension Plan
EIN / PN:	04-2393618 / 002
Plan Sponsor:	Engility Corporation
Valuation Date	January 1, 2017

SCHEDULE SB ATTACHMENTS

Assumptions Rationale - Significant Economic Assumptions

Discount rate	The basis chosen was selected by the plan sponsor from among choices prescribed by law, all of which are based on observed market data over certain periods of time.
----------------------	--

Assumptions Rationale - Significant Demographic Assumptions

Healthy Mortality	Assumptions used for funding purposes are as prescribed by IRC §430(h).
--------------------------	---

Disabled Mortality	Assumptions used for funding purposes are as prescribed by IRC §430(h).
---------------------------	---

Source of Prescribed Methods

Funding methods	The methods used for funding purposes as described in Appendix A, including the method of determining plan assets, are “prescribed methods set by law”, as defined in the actuarial standards of practice (ASOPs). These methods are required by IRC §430, or were selected by the plan sponsor from a range of methods permitted by IRC §430.
------------------------	--

Plan Name:	Dynamics Research Corporation Defined Benefit Pension Plan
EIN / PN:	04-2393618 / 002
Plan Sponsor:	Engility Corporation
Valuation Date	January 1, 2017

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V Summary of Plan Provisions

Plan Sponsor

Dynamics Research Corporation

Plan

Dynamics Research Corporation Defined Benefit Pension Plan

Effective Date and Most Recent Amendment

The plan was originally effective January 1, 1980. On October 25, 2006, Dynamics Research Corporation's Board of Directors approved an amendment to the plan that removed the 3% annual benefit inflator and fully freezes benefit accruals as of December 31, 2006. The Plan was most recently restated effective January 1, 2014 and amended effective December 1, 2015.

Plan Year

The twelve-month period ending 12/31.

Coverage and Participation

Employees classified as staff and service employees will become participants on the first day of the month following the completion of one year of service and at least 1,000 hours. Participation in the plan was frozen as of June 30, 2002.

Normal or Late Retirement Benefit

Normal Retirement Date: A participant who retires from the Company after attaining the later of age 65.

Benefit Formula: The normal monthly retirement benefit of a participant payable in the normal form is the greatest of one-twelfth of (a), (b) and (c):

- (a) .6833 percent of average annual compensation plus .650 percent of average annual compensation in excess of Social Security Covered Compensation multiplied by years of benefit service up to 30 years;
- (b) the benefit accrued as of December 31, 1987 under the former plans, and
- (c) \$60 multiplied by years of benefit service.

Plan Name:	Dynamics Research Corporation Defined Benefit Pension Plan
EIN / PN:	04-2393618 / 002
Plan Sponsor:	Engility Corporation
Valuation Date	January 1, 2017

SCHEDULE SB ATTACHMENTS

Benefits are fixed effective June 30, 2002. The accrued benefit calculated as of June 30, 2002 will be indexed at 3% per year beginning December 31, 2003 and ending December 31, 2006.

Commencement Date: Payments shall commence on the first day of the month following an employee's retirement from the Company or the date he applies for his benefit.

Normal Form of Benefit: The benefit is paid monthly for the life of the retired participant.

Early Retirement Benefit

Eligibility: Participants with 10 or more years of vesting service may retire any time after age 55.

Benefit: Same as normal retirement. If benefits commence prior to age 65, the accrued benefit shall be reduced by 5/9ths of 1.0% for each of the first 60 months and by 5/18ths of 1.0% for each month in excess of 60 that benefit commencement date precedes Normal Retirement Date.

Commencement Date: Payments shall commence on the first day of the month coincident with or next following the later of early retirement and application for benefits.

Form of Benefit: Same as normal retirement.

Vested Benefits Upon Termination of Service

Vesting: A Participant who terminates employment after completion of 5 or more years of vesting service is eligible for a vested deferred benefit

Termination Benefit: Same as normal retirement.

Commencement Date: The vested accrued benefit of terminated participant is payable as a monthly pension at age 65 or it may be payable as early as age 55 with the reduction for early retirement if the participant has 10 or more years of vesting service.

Form of Benefit: Same as normal retirement.

Plan Name:	Dynamics Research Corporation Defined Benefit Pension Plan
EIN / PN:	04-2393618 / 002
Plan Sponsor:	Engility Corporation
Valuation Date	January 1, 2017

SCHEDULE SB ATTACHMENTS

Death Benefits for Participants in Active Service

Eligibility: An active or terminated vested participant who has completed five or more years of vesting service and was married at death is covered by the pre-retirement death benefit.

Benefit: The amount of benefit payable to the surviving spouse is the actuarial equivalent of the benefit that the participant would have received if the participant had

- (a) survived to the earliest retirement date,
- (b) retired and elected to be paid in the form of a joint annuity with 100 percent to the surviving spouse, and
- (c) died immediately thereafter

Commencement Date: The benefit will be payable as an annuity commencing on the first of the month following the participant's death.

Pension Increases

None.

Plan Participants' Contributions

No participant contributions are allowed or required.

Changes in Plan Provisions since Last Actuarial Valuation

None.

Plan Name:	Dynamics Research Corporation Defined Benefit Pension Plan
EIN / PN:	04-2393618 / 002
Plan Sponsor:	Engility Corporation
Valuation Date	January 1, 2017

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 26 Schedule of Active Participant Data as of January 1, 2017

Attained Age	Years of Credited Service																			
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 & Over	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	0		0		0		0		0		0		0		0		0		0	
25 - 29	0		0		0		0		0		0		0		0		0		0	
30 - 34	0		0		0		0		0		0		0		0		0		0	
35 - 39	0		0		0		0		0		0		0		0		0		0	
40 - 44	0		1		0		0		0		0		0		0		0		0	
45 - 49	0		3		1		2		0		0		0		0		0		0	
50 - 54	0		4		1		0		3		0		0		0		0		0	
55 - 59	0		4		1		0		1		0		0		0		0		0	
60 - 64	0		6		1		1		1		0		0		0		0		0	
65 - 69	0		1		1		0		0		0		0		0		0		0	
70 & Over	0		0		0		0		0		0		0		0		0		0	

Plan Name:	Dynamics Research Corporation Defined Benefit Pension Plan
EIN / PN:	04-2393618 / 002
Plan Sponsor:	Engility Corporation
Valuation Date	January 1, 2017

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 32
Schedule of Amortization Bases
as of January 1, 2017

Type of Base		Date Established	Initial Amount	Remaining Amortization Period (Years)	Outstanding Balance	Amortization Payment
1	Shortfall	01/01/2017	3,939,007	7	3,939,007	646,832
2	Shortfall	01/01/2016	6,649,385	6	5,903,466	1,098,634
Total					9,842,473	1,745,466

Plan Name: Dynamics Research Corporation Defined Benefit Pension Plan
EIN / PN: 04-2393618 / 002
Plan Sponsor: Engility Corporation
Valuation Date: January 1, 2017

SCHEDULE SB (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</small>	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2017 This Form is Open to Public Inspection
---	--	---

For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan DRC DEFINED BENEFIT PENSION PLAN	B Three-digit plan number (PN) ▶	002
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF ENGILITY CORPORATION		
D Employer Identification Number (EIN) 04-2393618		

E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500
---	---

Part I Basic Information				
1	Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2017</u>			
2	Assets:			
	a Market value	2a		49,642,194
	b Actuarial value	2b		51,782,722
3	Funding target/participant count breakdown	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
	a For retired participants and beneficiaries receiving payment	890	48,607,097	48,607,097
	b For terminated vested participants	280	12,211,998	12,211,998
	c For active participants	32	798,210	806,100
	d Total	1,202	61,617,305	61,625,195
4	If the plan is in at-risk status, check the box and complete lines (a) and (b) ☐			
	a Funding target disregarding prescribed at-risk assumptions	4a		
	b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b		
5	Effective interest rate	5	5.75%	
6	Target normal cost	6	822,926	

Statement by Enrolled Actuary
 To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	 Signature of actuary	 Date
Katie Euston Type or print name of actuary TOWERS WATSON DELAWARE INC. Firm name		1707483 Most recent enrollment number 703-258-8000 Telephone number (including area code)
800 NORTH GLEBE ROAD ARLINGTON VA 22203 Address of the firm		

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

Part II Beginning of Year Carryover and Prefunding Balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year).....	0	0
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year).....	0	0
9 Amount remaining (line 7 minus line 8).....	0	0
10 Interest on line 9 using prior year's actual return of <u>6.95%</u>	0	0
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year).....		0
b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of <u>5.96%</u>		0
b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return.....		0
c Total available at beginning of current plan year to add to prefunding balance.....		0
d Portion of (c) to be added to prefunding balance.....		0
12 Other reductions in balances due to elections or deemed elections.....	0	0
13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12).....	0	0

Part III Funding Percentages

14 Funding target attainment percentage.....	14	84.02%
15 Adjusted funding target attainment percentage.....	15	84.02%
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	89.22%
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV Contributions and Liquidity Shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
01/17/2017	1,512,949	0			
12/19/2017	3,078,363	0			
Totals ▶			18(b)	4,591,312	18(c) 0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:	
a Contributions allocated toward unpaid minimum required contributions from prior years.....	19a 0
b Contributions made to avoid restrictions adjusted to valuation date.....	19b 0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c 4,425,605

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year?

☒ Yes ☐ No

b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner?

☒ Yes ☐ No

c If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year				
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th	
0	0	0	0	0

Part V Assumptions Used to Determine Funding Target and Target Normal Cost			
21 Discount rate:			
a Segment rates:	1st segment: 4.16 %	2nd segment: 5.72 %	3rd segment: 6.48 %
			☐ N/A, full yield curve used
b Applicable month (enter code)			21b 4
22 Weighted average retirement age			22 62
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute			
Part VI Miscellaneous Items			
24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment. ☐ Yes ☒ No			
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment. ☐ Yes ☒ No			
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment. ☒ Yes ☐ No			
27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment			27
Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years			
28 Unpaid minimum required contributions for all prior years			28 0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)			29 0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)			30 0
Part VIII Minimum Required Contribution For Current Year			
31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)			31a 822,926
b Excess assets, if applicable, but not greater than line 31a			31b 0
32 Amortization installments:		Outstanding Balance	Installment
a Net shortfall amortization installment		9,842,473	1,745,466
b Waiver amortization installment		0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount			33
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)....			34 2,568,392
		Carryover balance	Prefunding balance
35 Balances elected for use to offset funding requirement		0	0
36 Additional cash requirement (line 34 minus line 35)			36 2,568,392
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)			37 4,425,605
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)			38a 1,857,213
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances			38b 0
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)....			39 0
40 Unpaid minimum required contributions for all years			40 0
Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)			
41 If an election was made to use PRA 2010 funding relief for this plan:			
a Schedule elected ☐ 2 plus 7 years ☐ 15 years			
b Eligible plan year(s) for which the election in line 41a was made ☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011			
42 Amount of acceleration adjustment			42 0
43 Excess installment acceleration amount to be carried over to future plan years			43 0

SCHEDULE SB ATTACHMENTS

Schedule SB – Statement by Enrolled Actuary

Plan Sponsor	Engility Corporation
EIN/PN	04-2393618 / 002
Plan Name	Dynamics Research Corporation Defined Benefit Pension Plan
Valuation Date	January 1, 2017
Enrolled Actuary	Katie Euston
Enrollment Number	17-07483

The actuarial assumptions that are not mandated by IRC § 430 and regulations, represent the enrolled actuary's best estimate of anticipated experience under the plan, subject to the following conditions:

The actuarial valuation, on which the information in this Schedule SB is based, has been prepared in reliance upon the employee and financial data furnished by the plan administrator and the trustee. The enrolled actuary has not made a rigorous check of the accuracy of this information but has accepted it after reviewing it and concluding it is reasonable in relation to similar information furnished in previous years. The amounts of contributions and dates paid shown in Item 18 of Schedule SB were listed in reliance on information provided by the plan administrator and/or trustee.

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 22 Description of Weighted Average Retirement Age

See Schedule SB, Part V - Statement of Actuarial Assumptions/Methods for retirement rates. The average retirement age for Line 22 was calculated by determining the average age at retirement for those current active participants expected to reach retirement, based on current decrements assumed.

x	q_x^r	l_x	$x \cdot p_{55} = l_x / l_{55}$	$q_x^r * l_x / l_{55}$	$x * q_x^r * l_x / l_{55}$
55	0.05	1,000,000	1.000000	0.050000	2.750000
56	0.05	950,000	0.950000	0.047500	2.660000
57	0.05	902,500	0.902500	0.045125	2.572125
58	0.05	857,375	0.857375	0.042869	2.486388
59	0.05	814,506	0.814506	0.040725	2.402793
60	0.10	773,781	0.773781	0.077378	4.642686
61	0.10	696,403	0.696403	0.069640	4.248057
62	0.15	626,763	0.626763	0.094014	5.828892
63	0.15	532,748	0.532748	0.079912	5.034470
64	0.15	452,836	0.452836	0.067925	4.347225
65	1.00	384,911	0.384911	0.384911	25.019186

Average age at retirement 61.991822

Rounded for Schedule SB item 22 62

Plan Name: Dynamics Research Corporation Defined Benefit Pension Plan
 EIN / PN: 04-2393618 / 002
 Plan Sponsor: Engility Corporation
 Valuation Date: January 1, 2017

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V Statement of Actuarial Assumptions/Methods

Economic Assumptions

Interest rate basis:

- | | |
|-----------------------|-----------------|
| ■ Applicable month | September |
| ■ Interest rate basis | 3-Segment Rates |

Interest rates:

	Reflecting Corridors	Not Reflecting Corridors
■ First segment rate	4.16%	1.52%
■ Second segment rate	5.72%	3.80%
■ Third segment rate	6.48%	4.79%
■ Effective interest rate	5.75%	3.90%

Annual rates of increase

- | | |
|-------------------------------------|-----|
| ■ Compensation | N/A |
| ■ Future Social Security wage bases | N/A |
| ■ Statutory limits on compensation | N/A |

Plan related expenses

The plan-related expenses are equal to the expected PBGC premium for the year plus \$125,000 in additional administrative expense for the year. The amount for 2017 is \$822,926.

Plan Name:	Dynamics Research Corporation Defined Benefit Pension Plan
EIN / PN:	04-2393618 / 002
Plan Sponsor:	Engility Corporation
Valuation Date	January 1, 2017

SCHEDULE SB ATTACHMENTS

Demographic Assumptions

Inclusion date The valuation date coincident with or next following the date on which the employee becomes a participant. Participation in this plan is frozen.

New or rehired employees It was assumed there will be no new or rehired employees.

Mortality

■ **Healthy** The prescribed mortality assumption under IRC §430(h)(3)(A) using static tables with separate mortality rates for annuitants and non-annuitants.

■ **Disabled** The prescribed mortality assumption under IRC §430(h)(3)(A) using static tables with separate mortality rates for annuitants and non-annuitants.

Termination

Representative Termination Rates

Percentage leaving during the year		
Attained Age	Males	Females
20	30.0%	30.0%
25	30.0	30.0
30	20.0	20.0
35	15.0	15.0
40	12.5	12.5
45	10.0	10.0
50	7.5	7.5
55 & Over	0.0	0.0

Disability None.

Retirement For purposes of determining the Funding Target and Target Normal Cost (both disregarding at-risk assumptions), the rates at which participants retire by age and gender are shown below.

Percentage retiring during the year		
Age	Males	Females
55-59	5.0%	5.0%
60-61	10.0%	10.0%
62-64	15.0%	15.0%
65	100.0%	100.0%

Plan Name: Dynamics Research Corporation Defined Benefit Pension Plan
EIN / PN: 04-2393618 / 002
Plan Sponsor: Engility Corporation
Valuation Date: January 1, 2017

SCHEDULE SB ATTACHMENTS

Benefit

commencement date:

- | | |
|-------------------------------|---|
| ■ Preretirement death benefit | The later of the death of the active participant or the date the participant would have been eligible for early retirement. |
| ■ Deferred vested benefit | Age 65. |
| ■ Retirement benefit | Upon termination of employment. |

Form of payment Participants are assumed to elect the normal form.

Percent married 80% of participants are assumed to be married.

Spouse age Wife three years younger than husband.

Timing of benefit payments Annuity payments are payable monthly at the beginning of the month.

Methods

Valuation date First day of plan year

Funding target Present value of accrued benefits as required by regulations under IRC §430.

Target normal cost Present value of benefits expected to accrue during the plan year plus plan-related expenses expected to be paid from plan assets during the plan year as required by regulations under IRC §430.

Plan Name:	Dynamics Research Corporation Defined Benefit Pension Plan
EIN / PN:	04-2393618 / 002
Plan Sponsor:	Engility Corporation
Valuation Date	January 1, 2017

SCHEDULE SB ATTACHMENTS

Actuarial value of assets [for determining minimum required contributions]

Average of the fair market value of assets on the valuation date and the two immediately preceding valuation dates, adjusted for contributions, benefits, administrative expenses and expected earnings (with such expected earnings limited as described in IRS Notice 2009-22) . The average asset value must be within 10% of market value, including discounted contributions receivable (discounted using the effective interest rate for the 2016 plan year).

The method of computing the actuarial value of assets complies with rules governing the calculation of such values under the Pension Protection Act of 2006 (PPA). These rules produce smoothed values that reflect the underlying market value of plan assets but fluctuate less than the market value. As a result, the actuarial value of assets will be lower than the market value in some years and greater in other years. However, over the long term under PPA's smoothing rules, the method has a significant bias to produce an actuarial value of assets that is below the market value of assets.

Benefits not valued

All benefits described in the Plan Provisions section of this report were valued. Willis Towers Watson has reviewed the plan provisions with Engility and, based on that review, is not aware of any significant benefits required to be valued that were not.

Sources of Data and Other Information

The plan sponsor furnished participant data as of 1/1/2017. Information on assets, contributions and plan provisions was supplied by the plan sponsor. Data and other information were reviewed for reasonableness and consistency, but no audit was performed. Based on discussions with the plan sponsor, assumptions or estimates were made when data were not available, and the data was adjusted to reflect any significant events that occurred between the date the data was collected and the measurement date. In consultation with Engility, the following assumptions were made for missing or apparently inconsistent data elements:

- Date of birth assumption for one deferred alternate payee based on commencement date
- Full benefit amount allocated to one participant where complete alternate payee information was not available.

We are not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations.

Plan Name: Dynamics Research Corporation Defined Benefit Pension Plan
EIN / PN: 04-2393618 / 002
Plan Sponsor: Engility Corporation
Valuation Date: January 1, 2017

SCHEDULE SB ATTACHMENTS

Assumptions Rationale - Significant Economic Assumptions

Discount rate	The basis chosen was selected by the plan sponsor from among choices prescribed by law, all of which are based on observed market data over certain periods of time.
----------------------	--

Assumptions Rationale - Significant Demographic Assumptions

Healthy Mortality	Assumptions used for funding purposes are as prescribed by IRC §430(h).
--------------------------	---

Disabled Mortality	Assumptions used for funding purposes are as prescribed by IRC §430(h).
---------------------------	---

Source of Prescribed Methods

Funding methods	The methods used for funding purposes as described in Appendix A, including the method of determining plan assets, are "prescribed methods set by law", as defined in the actuarial standards of practice (ASOPs). These methods are required by IRC §430, or were selected by the plan sponsor from a range of methods permitted by IRC §430.
------------------------	--

Plan Name:	Dynamics Research Corporation Defined Benefit Pension Plan
EIN / PN:	04-2393618 / 002
Plan Sponsor:	Engility Corporation
Valuation Date	January 1, 2017

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V Summary of Plan Provisions

Plan Sponsor

Dynamics Research Corporation

Plan

Dynamics Research Corporation Defined Benefit Pension Plan

Effective Date and Most Recent Amendment

The plan was originally effective January 1, 1980. On October 25, 2006, Dynamics Research Corporation's Board of Directors approved an amendment to the plan that removed the 3% annual benefit inflator and fully freezes benefit accruals as of December 31, 2006. The Plan was most recently restated effective January 1, 2014 and amended effective December 1, 2015.

Plan Year

The twelve-month period ending 12/31.

Coverage and Participation

Employees classified as staff and service employees will become participants on the first day of the month following the completion of one year of service and at least 1,000 hours. Participation in the plan was frozen as of June 30, 2002.

Normal or Late Retirement Benefit

Normal Retirement Date: A participant who retires from the Company after attaining the later of age 65.

Benefit Formula: The normal monthly retirement benefit of a participant payable in the normal form is the greatest of one-twelfth of (a), (b) and (c):

- (a) .6833 percent of average annual compensation plus .650 percent of average annual compensation in excess of Social Security Covered Compensation multiplied by years of benefit service up to 30 years;
- (b) the benefit accrued as of December 31, 1987 under the former plans, and
- (c) \$60 multiplied by years of benefit service.

Plan Name:	Dynamics Research Corporation Defined Benefit Pension Plan
EIN / PN:	04-2393618 / 002
Plan Sponsor:	Engility Corporation
Valuation Date	January 1, 2017

SCHEDULE SB ATTACHMENTS

Benefits are fixed effective June 30, 2002. The accrued benefit calculated as of June 30, 2002 will be indexed at 3% per year beginning December 31, 2003 and ending December 31, 2006.

Commencement Date: Payments shall commence on the first day of the month following an employee's retirement from the Company or the date he applies for his benefit.

Normal Form of Benefit: The benefit is paid monthly for the life of the retired participant.

Early Retirement Benefit

Eligibility: Participants with 10 or more years of vesting service may retire any time after age 55.

Benefit: Same as normal retirement. If benefits commence prior to age 65, the accrued benefit shall be reduced by 5/9ths of 1.0% for each of the first 60 months and by 5/18ths of 1.0% for each month in excess of 60 that benefit commencement date precedes Normal Retirement Date.

Commencement Date: Payments shall commence on the first day of the month coincident with or next following the later of early retirement and application for benefits.

Form of Benefit: Same as normal retirement.

Vested Benefits Upon Termination of Service

Vesting: A Participant who terminates employment after completion of 5 or more years of vesting service is eligible for a vested deferred benefit

Termination Benefit: Same as normal retirement.

Commencement Date: The vested accrued benefit of terminated participant is payable as a monthly pension at age 65 or it may be payable as early as age 55 with the reduction for early retirement if the participant has 10 or more years of vesting service.

Form of Benefit: Same as normal retirement.

Plan Name:	Dynamics Research Corporation Defined Benefit Pension Plan
EIN / PN:	04-2393618 / 002
Plan Sponsor:	Engility Corporation
Valuation Date	January 1, 2017

SCHEDULE SB ATTACHMENTS

Death Benefits for Participants in Active Service

Eligibility: An active or terminated vested participant who has completed five or more years of vesting service and was married at death is covered by the pre-retirement death benefit.

Benefit: The amount of benefit payable to the surviving spouse is the actuarial equivalent of the benefit that the participant would have received if the participant had

- (a) survived to the earliest retirement date,
- (b) retired and elected to be paid in the form of a joint annuity with 100 percent to the surviving spouse, and
- (c) died immediately thereafter

Commencement Date: The benefit will be payable as an annuity commencing on the first of the month following the participant's death.

Pension Increases

None.

Plan Participants' Contributions

No participant contributions are allowed or required.

Changes in Plan Provisions since Last Actuarial Valuation

None.

Plan Name:	Dynamics Research Corporation Defined Benefit Pension Plan
EIN / PN:	04-2393618 / 002
Plan Sponsor:	Engility Corporation
Valuation Date	January 1, 2017

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 26 Schedule of Active Participant Data as of January 1, 2017

Attained Age	Years of Credited Service													
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	0		0		0		0		0		0		0	
25 - 29	0		0		0		0		0		0		0	
30 - 34	0		0		0		0		0		0		0	
35 - 39	0		0		0		0		0		0		0	
40 - 44	0		1		0		0		0		0		0	
45 - 49	0		3		1		2		0		0		0	
50 - 54	0		4		1		0		3		0		0	
55 - 59	0		4		1		0		1		0		0	
60 - 64	0		6		1		1		1		0		0	
65 - 69	0		1		1		0		0		0		0	
70 & Over	0		0		0		0		0		0		0	

Plan Name:
EIN / PN:
Plan Sponsor:
Valuation Date

Dynamics Research Corporation Defined Benefit Pension Plan
04-2393618 / 002
Engility Corporation
January 1, 2017

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 32 Schedule of Amortization Bases as of January 1, 2017

Type of Base	Date Established	Initial Amount	Remaining Amortization Period (Years)	Outstanding Balance	Amortization Payment
1 Shortfall	01/01/2017	3,939,007	7	3,939,007	646,832
2 Shortfall	01/01/2016	6,649,385	6	5,903,466	1,098,634
Total				9,842,473	1,745,466

Plan Name: Dynamics Research Corporation Defined Benefit Pension Plan
EIN / PN: 04-2393618 / 002
Plan Sponsor: Engility Corporation
Valuation Date: January 1, 2017



MOODY, FAMIGLIETTI & ANDRONICO
Certified Public Accountants & Consultants

**DYNAMICS RESEARCH CORPORATION DEFINED
BENEFIT PENSION PLAN**

FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016



MOODY, FAMIGLIETTI & ANDRONICO
Certified Public Accountants & Consultants

To the Plan Administrator
Dynamics Research Corporation Defined Benefit Pension Plan
Chantilly, Virginia

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Dynamics Research Corporation Defined Benefit Pension Plan (the "Plan"), which comprise the statements of net assets available for plan benefits as of December 31, 2017 and 2016, and the related statement of changes in net assets available for plan benefits for the year ended December 31, 2017, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 11, which was certified by Prudential Bank & Trust, FSB and First State Trust Company, the trustees of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the Plan Administrator that Prudential Bank & Trust, FSB held the Plan's investment assets and executed investment transactions from August 1, 2017 to December 31, 2017, and that First State Trust Company held the Plan's investment assets and executed investment transactions as of December 31, 2016, and for the period January 1, 2017 to July 31, 2017. The Plan Administrator has obtained a certification from the trustee as of and for the years ended December 31, 2017 and 2016, that the information provided to the Plan Administrator by the trustees is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.



Other Matter

The supplemental schedules of assets (held at end of year) as of December 31, 2017 and reportable transactions for the year ended December 31, 2017 are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not required parts of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on these supplemental schedules.

Report on Form and Content in Compliance with the Department of Labor's Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustees, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Moody, Famiglietti & Andronico, LLP

Moody, Famiglietti & Andronico, LLP
Tewksbury, Massachusetts
October 3, 2018

Statements of Net Assets Available for Plan Benefits
**Dynamics Research Corporation Defined Benefit
Pension Plan**

December 31	2017	2016
Assets		
Investments at Fair Value:		
Mutual Funds	\$ 50,732,440	\$ 17,627,578
Hedge Funds	549,230	1,523,086
Corporate and Foreign Bonds	-	15,101,268
Common Equity Securities	-	7,339,866
Partnerships	-	4,899,636
Money Market Funds	-	1,653,498
Real Estate Investment Trusts	-	42,662
Contract with Insurance Entity, at Contract Value	2,577,730	-
Total Investments	53,859,400	48,187,594
Receivables:		
Interest Income	-	320,225
Plan Sponsor Contributions	-	1,156,305
Amounts Due from Broker	-	5,141
Total Receivables	-	1,481,671
Cash - Noninterest Bearing	549,230	10,929
Net Assets Available for Plan Benefits	\$ 54,408,630	\$ 49,680,194

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

**Statement of Changes in Net Assets Available for
Plan Benefits****Dynamics Research Corporation Defined Benefit
Pension Plan****For the Year Ended December 31****2017**

Additions to Net Assets:

Investment Income:

Net Appreciation in Fair Value of Investments \$ 4,369,573

Interest and Dividend Income from Investments 1,332,430

Total Investment Income 5,702,003

Contributions:

Plan Sponsor Contributions 4,591,312

Total Additions 10,293,315

Deductions from Net Assets:

Benefits Paid to Participants 4,488,383

Administrative Expenses 1,076,496

Total Deductions 5,564,879Net Increase in Net Assets Available for Plan Benefits 4,728,436Net Assets Available for Plan Benefits, Beginning of Year 49,680,194Net Assets Available for Plan Benefits, End of Year \$ 54,408,630

1. Description of the Plan:

The following description of Dynamics Research Corporation Defined Benefit Pension Plan (the "Plan") provides only general information. Participants should refer to the Plan agreement for more complete information regarding the terms of the Plan.

General: The Plan is a noncontributory defined benefit plan maintained for the purpose of providing retirement benefits to eligible employees of Dynamics Research Corporation (the "Plan Sponsor"), a wholly-owned subsidiary of Engility Holdings, Inc. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Board of Directors governing the Plan Sponsor is responsible for oversight of the Plan. The Board of Directors of the Plan Sponsor determines the appropriateness of the Plan's investment offerings and monitors investment performance.

Effective June 30, 2002, the Board of Directors of the Plan Sponsor voted to freeze participation in the Plan and to amend the Plan's accrual of future benefits.

Effective August 1, 2017, the Plan changed its trustee from First State Bank and Trust to Prudential Bank & Trust, FSB.

Amendments: Effective December 31, 2017, Dynamics Research Corporation merged with Engility Corporation and the Plan amended the name of the Plan Sponsor to Engility Corporation.

Eligibility: Through June 30, 2002, generally, all employees of the Plan Sponsor who had completed 12 consecutive months of service and at least 1,000 hours and who did not make a special election to the contrary were considered Participants in the Plan (the "Participants").

Funding Policy: The Plan Sponsor makes contributions to the Plan to meet or exceed the annual ERISA minimum funding requirements as determined by the Plan's independent actuary. No voluntary employee contributions are permitted. For the year ended December 31, 2017, the minimum funding requirement was met.

During the year ended December 31, 2017, contributions were made to the Plan in the amount of \$4,591,312.

Vesting: As of June 30, 2007, all Participants were fully vested.

Pension Benefits: The Plan provides for retirement benefits in the form of a life annuity to be paid to Participants who have reached the age of 65 and who have retired from active service with the Plan Sponsor. In addition, the Plan provides for benefits upon early retirement, vested termination and pre-retirement death and disability. The annual normal retirement benefit is the greatest of:

- 0.6833% of average annual compensation plus 0.65% of average annual compensation in excess of Social Security Covered Compensation multiplied by years of benefit service up to 30 years;
- the benefit accrued as of December 31, 1987 under the former plans;
- \$60 multiplied by years of benefit service.

Effective October 1, 2007, the Board of Directors of the Plan Sponsor approved plan participants age 65 or older, to continue working at their current schedule and be eligible to begin receiving their full pension payments. Plan participants who do not choose to commence pension payments will receive an actuarial adjustment when they do decide to start receiving pension benefits, to reflect their delayed retirement beyond age 65.

2. Significant Accounting Policies:

Basis of Accounting: The financial statements of the Plan are prepared under the accrual method of accounting.

Investment Valuation and Income Recognition: Investments are reported at fair value, except for the Plan's contract with insurance entity, which is reported at contract value (see Note 5). Fair value is 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. The Pension Committee, serving as the Plan Administrator, determines the Plan's valuation policies utilizing information provided by the investment advisers, trustee, and insurance company. See Note 4 for further discussion of fair value measurements. Contract value represents deposits made to the contract, plus earnings at guaranteed crediting rates, less withdrawals and

2. Significant Accounting Policies (Continued):

administrative expenses charged by the contract issuer. Funds under the contract that have been allocated and applied to purchase annuities (that is, the contract issuer is obligated to pay the related pension benefits) are excluded from the Plan's assets.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Payment of Benefits: Benefits are recorded when paid.

Expenses: Certain expenses of maintaining the Plan are paid directly by the Plan Sponsor and are excluded from these financial statements. Investment-related expenses are included in net appreciation in fair value of investments.

Use of Estimates: The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

Subsequent Events: The Plan Administrator has evaluated subsequent events through October 3, 2018, the date the financial statements were available to be issued.

3. Actuarial Present Value of Accumulated Benefits:

Accumulated plan benefits are those future periodic payments, including lump sum distributions that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits under the Plan are accumulated based on employees' compensation during each year of credited service. The

accumulated plan benefits for active employees will equal the accumulation, with interest, of the annual benefit accruals as of the benefit information date. Benefits payable under all circumstances—retirement, death, disability, and termination of employment—are included, to the extent they are deemed attributable to employee service rendered to the valuation date. Benefits to be provided via annuity contracts excluded from plan assets are excluded from accumulated plan benefits. The actuarial present value of accumulated plan benefits is determined by an independent actuary and is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

The significant actuarial assumptions used in the valuations as of December 31, 2017 and 2016, were (a) life expectancy of participants, (b) retirement age assumptions, and (c) investment return. The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated Plan benefits. The computations of the actuarial present value of accumulated plan benefits were made as of January 1, 2018 and 2017. Had the valuations been performed as of December 31, there would be no material differences. Willis Towers Watson was the Plan's actuarial consultant and performed the January 1, 2017 actuarial valuation. Prudential is the Plan's current actuarial consultant and performed the January 1, 2018 actuarial valuation.

During 2017, the actuarial assumptions were changed to better reflect expected plan experience. The ASC 960 mortality assumption has been changed from the RP-2014 Adjusted to 2006 Total Dataset Mortality Table with projection scale MP-2015 to the RP-2014 Adjusted to 2006 Total Dataset Mortality Table with projection scale MP-2017. In addition, the investment return was changed from 7.86% to 7.50%. The effect of changes in assumptions on the calculation of actuarial present value of accumulated plan benefits during the year ended December 31, 2017, amounted to \$494,346.

3. Actuarial Present Value of Accumulated Benefits (Continued):

The significant assumptions used in the actuarial valuation as of December 31, 2017 and 2016 are as follows:

	2017	2016
Investment Return	7.50% compounded annually	7.86% compounded annually
Mortality Table	RP-2014 Mortality Tables with separate rates for males and females with generational projection back to 2006 using scale MP-2014 and then projected forward generationally from 2006 using scale MP-2017.	RP-2014 Mortality Tables with separate rates for males and females with generational projection back to 2006 using scale MP-2014 and then projected forward generationally from 2006 using scale MP-2015.
Normal Retirement Age	It is assumed Participants will retire based on the following rates: 55-59: 5%; 60-61: 10%, 62-64: 15%; and 65: 100%	It is assumed Participants will retire based on the following rates: 55-59: 5%; 60-61: 10%, 62-64: 15%; and 65: 100%

The actuarial present value of accumulated plan benefits at December 31, 2017 and 2016 is as follows:

	2017	2016
Actuarial Present Value of Vested Accumulated Plan Benefits:		
Participants Currently Receiving Benefits	\$ 42,775,690	\$ 43,712,314
Other Participants	11,313,356	10,618,004
	<u>54,089,046</u>	<u>54,330,318</u>
Actuarial Present Value of Nonvested Accumulated Plan Benefits	3,446	9,416
	<u>\$ 54,092,492</u>	<u>\$ 54,339,734</u>

The changes in the actuarial present value of accumulated plan benefits for the year ended December 31, 2017 consist of the following:

Actuarial Present Value of Accumulated Plan Benefits, Beginning of Year	<u>\$ 54,339,734</u>
Increase (Decrease) During the Year Attributable to:	
Increase for Interest	4,059,312
Benefits Paid	(4,488,383)
Change in Actuarial Assumptions	494,346
Actuarial Losses (Gains)	<u>(312,517)</u>
Net Decrease	<u>(247,242)</u>
Actuarial Present Value of Accumulated Plan Benefits, End of Year	<u>\$ 54,092,492</u>

4. Fair Value Measurements:

The framework for measuring fair value provides 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 prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used for the years ended December 31, 2017 and 2016.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Corporate and Foreign Bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote if available.

Money Market Funds: Valued at NAV based on information reported by the custodian and/or trustee with reference to the market value of funds underlying assets at end of year.

Real Estate Investment Trusts: Valued at the closing price reported on the active market on which the individual real estate investment trusts are traded.

Partnerships and Hedge Funds: Valued based on the NAV per share, without further adjustment. The NAV is used as a practical expedient to estimate fair value. NAV is based upon the fair value of the underlying investments.

Common Equity Securities: Valued at the closing price reported on the security's respective stock exchange.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan 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.

4. Fair Value Measurements (Continued):

The following table sets forth, by level within the fair value hierarchy, the Plan's fair value measurements as of December 31, 2017 and 2016:

	Assets at Fair Value as of December 31, 2017			
	Total	Level 1	Level 2	Level 3
Investments:				
Mutual Funds	\$ 50,732,440	\$ 50,732,440	\$ -	\$ -
Total Assets in the Fair Value Hierarchy	50,732,440	\$ 50,732,440	\$ -	\$ -
Investments Measured at Net Asset Value	549,230			
Investments at Fair Value	\$ 51,281,670			
	Assets at Fair Value as of December 31, 2016			
	Total	Level 1	Level 2	Level 3
Investments:				
Mutual Funds	\$ 17,627,578	\$ 17,627,578	\$ -	\$ -
Corporate and Foreign Bonds	15,101,268	-	15,101,268	-
Common Equity Securities	7,339,866	7,339,866	-	-
Money Market Funds	1,653,498	1,653,498	-	-
Real Estate Investment Trusts	42,662	42,662	-	-
Total Assets in the Fair Value Hierarchy	41,764,872	\$ 26,663,604	\$ 15,101,268	\$ -
Investments Measured at Net Asset Value	6,422,722			
Investments at Fair Value	\$ 48,187,594			

Investment strategies relating to investments measured at fair value based on NAV used as a practical expedient are as follows:

Partnerships:

- The investment objective of the SkyBridge Multi-Advisor Fund is to seek capital appreciation. The fund seeks to implement its objective principally through investing in investment funds managed by third-party investment managers that employ a variety of alternative investment strategies. The investment program of the fund can be referred to as a fund of hedge funds.

4. Fair Value Measurements (Continued):*Hedge Funds:*

- The investment objective of the Millennium International, Ltd. Fund is to achieve above-average appreciation by opportunistically trading and investing in a wide variety of securities, instruments, and other investment opportunities and engaging in a broad array of trading and investment strategies.

The following table summarizes investments measured at fair value based on NAV used as a practical expedient as of December 31, 2017 and 2016, respectively:

Financial Asset	Fair Value as of December 31, 2017	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Hedge Funds				
Millennium International, Ltd. Fund	\$ 549,230	None	Quarterly**	90 Days
Financial Asset	Fair Value as of December 31, 2016	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Partnerships				
SkyBridge Multi- Advisor Fund	\$ 4,899,636	None	N/A*	N/A*
Hedge Funds				
Millennium International, Ltd. Fund	<u>1,523,086</u>	None	Quarterly**	90 Days
	<u><u>\$ 6,422,722</u></u>			

*Investments in the SkyBridge Multi-Advisor Hedge Fund cannot be redeemed at the discretion of the Plan Sponsor. The SkyBridge MultiAdvisor Hedge Fund investment committee expects that it typically will recommend to its Board of Directors that the fund offer to repurchase units from unitholders quarterly. This investment was fully redeemed during the year ended December 31, 2017.

**Investments in the Millennium International, Ltd. Fund may be redeemed, in whole or in part, upon at least 90 days' prior written notice to Millennium International and to the fund administrator. A holder may not redeem more than 25% of such holder's shares in any one quarter, except that the holder may, upon at least 90 days' prior written notice, elect to redeem a specified amount or percentage of such shares then held over the next succeeding quarterly redemption dates.

5. Contract with Insurance Entity:

During 2017, the Plan entered into a deposit administration contract with Prudential Retirement Insurance and Annuity Company (PRIAC). Amounts contributed to the contract are merged with the general assets of PRIAC and earn a guaranteed crediting rate, as defined, which is established on an annual basis by PRIAC. The guaranteed crediting rate as of December 31, 2017 is 2.2%. At the direction of the Plan, a single premium to buy an annuity for a retiring employee is withdrawn by PRIAC from the unallocated fund. Purchased annuities are contracts under which PRIAC is obligated to pay benefits to named employees or their beneficiaries. Payment obligations and the fulfillment of any guarantees specified in the group annuity contract are insurance claims supported by the assets in the investment and, if such assets are not sufficient, by the full faith and credit of PRIAC for which the Plan Sponsor is obligated to make a contribution in the amount of the insufficiency. In the event of termination of the contract, the Plan's trustee may elect to receive (i) a payment of book value of the contract, as defined, which may be payable over a period of up to five years, (ii) a single sum payment, which may be adjusted to reflect the market value of the contract, as defined, or (iii) a payment of book value, as defined, in annual installments over a period of ten years.

6. Party-in-Interest Transactions:

Certain Plan investments are managed by Prudential Bank & Trust, FSB, and First State Trust Company, trustees of the Plan, and by PRIAC and, therefore, these transactions qualify as party-in-interest transactions. Fees incurred by the Plan for the investment management services and audit fees are included in net appreciation in fair value of investments, as they are paid through revenue sharing, rather than direct payment, in the accompanying statement of changes in net assets available for plan benefits for the year ended December 31, 2017.

7. Tax Status:

The Internal Revenue Service has determined and informed the Plan Sponsor by a letter dated September 24, 2015, that the Plan and related trust are designed in accordance with the applicable provisions of the IRC. The Plan has been amended since receiving the determination letter; however, the Plan Administrator believes that the Plan and the related trust are currently being operated in compliance with the applicable provisions of the IRC. Therefore, the Plan Sponsor is of the opinion that the Plan and the related trust were tax-exempt as of and for the year ended December 31, 2017.

GAAP requires plan management to evaluate tax positions taken by the Plan and to recognize a tax liability (or asset) if the Plan Sponsor has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan Administrator believes it has no uncertain tax positions as of December 31, 2017 and 2016 and for the year ended December 31, 2017.

8. Plan Termination:

While it is the intention of the Plan Sponsor to continue the Plan indefinitely, the Plan Sponsor reserves the right to terminate or amend the Plan at any time subject to the provisions of ERISA. In the event of termination, the rights of all Participants to benefits will become nonforfeitable to the extent funded or as guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a U.S. government agency. The priorities for determining the allocation of Plan assets would be governed by ERISA and regulations issued by the PBGC. First State Trust Company, the trustee, will make distributions to the Participants or their beneficiaries in accordance with the instructions of the Pension Committee, or in the absence of such instructions, as the trustee deems advisable.

9. Frozen Plan:

On December 11, 2001, the Board of Directors of the Plan Sponsor voted to freeze membership to the Plan and to amend the Plan's accrual of benefits as of June 30, 2002. Effective June 30, 2002, all Participants eligible for benefits will receive those earned benefits. Such benefits will be calculated as of June 30, 2002, based on each Participant's highest five consecutive years of earnings through that date. The calculated benefit was increased annually by 3%, for the plan years ended December 31, 2003 through December 31, 2006. Effective January 1, 2007, the 3% annual increase was discontinued.

From January 1, 2016 to January 1, 2018, the number of active participants declined due to general active participation attrition. The Plan provided notice to the PBGC of the decline in active participants as a reportable event.

10. Risks and Uncertainties:

The Participants invest in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect Participants' account balances and the amounts reported in the accompanying statements of net assets available for plan benefits.

11. Information Certified by the Trustee:

The Plan Administrator has elected the method of compliance, commonly referred to as the limited-scope audit exemption, permitted under 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Accordingly, no auditing procedures with respect to the information certified by the trustees of the Plan, were performed by the independent auditors except for comparing the information to the financial statements and supplemental schedule. Prudential Bank & Trust, FSB acted as trustee from August 1, 2017 to December 31, 2017. First State Trust Company acted as trustee as of December 31, 2016, and for the period January 1, 2016 to July 31, 2017. The trustees have certified as to the completeness and accuracy of the investments held by the Plan as of December 31, 2017 and 2016, the investment income and the investment-related transactions of the Plan for the year ended December 31, 2017, and the information contained in the accompanying supplemental schedules of assets (held at end of year) as of December 31, 2017, except for the assets held in the Millennium International, Ltd. Hedge Fund - Class SC-A - Series 01A. All of the investments were certified at fair value, with the exception of the contract with insurance entity, which was certified at contract value.

Schedule H, Line 4i Schedule of Assets (Held at
End of Year)

Dynamics Research Corporation Defined Benefit
Pension Plan
EIN#04-2393618/ Plan #002

As of December 31, 2017

(a)	(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
		<u>Mutual Funds:</u>		
	Neuberger Berman	Neuberger Berman Strategic Income I	\$ 10,429,009	\$ 10,396,175
	MFS	MFS International Diversification R4	8,824,989	9,173,652
*	Prudential	Prudential Total Return Bond Q	7,811,735	7,814,539
	American Funds	American Funds New World R6	5,285,156	5,434,270
	Pioneer	Pioneer Fundamental Growth Y	4,864,695	4,827,789
	Invesco	Invesco Diversified Dividends R6	3,824,881	3,892,623
	PIMCO	PIMCO All-Asset Institutional	3,639,090	3,646,037
	American Beacon	American Beacon Small Cap Value Inst	2,827,335	2,779,173
	Victory	Victory Sycamore Established Value I	2,661,216	2,768,182
		<u>Contract with Insurance Entity:</u>		
*	PRIAC	Guaranteed Deposit	2,577,730	2,577,730
		<u>Other - Hedge Funds:</u>		
	Millennium	Millennium International, Ltd. Hedge Fund - Class SC-A - Series 01A	549,230	549,230
		Total Investments	\$ 53,295,066	\$ 53,859,400
		Cash - Noninterest Bearing	\$ 549,230	\$ 549,230

(*) Represents a party-in-interest to the Plan.

Schedule H, Line 4j Schedule of Reportable Transactions

Dynamics Research Corporation Defined Benefit Pension Plan
EIN#04-2393618/ Plan #002

Reportable transactions for the year ended December 31, 2017 are summarized as follows:

(a) Identity of Party Involved	(b) Description of Asset	(c) Purchase Price	(d) Selling Price	(e) Lease Rental	(f) Expense Incurred with Transaction	(g) Cost of Assets	(h) Current Value of Assets on Transaction Date	(i) Net Gain (Loss)
Morgan Stanley	Morgan Stanley Bank Deposit							
	Purchases	\$55,110,929	\$ -	\$ -	\$ -	\$55,110,929	\$ 55,110,929	\$ -
	Sales	-	56,665,263	-	-	56,665,263	56,665,263	-
Morgan Stanley	Morgan Stanley Institutional Liquidity							
	Purchases	55,010,861	-	-	-	55,010,861	55,010,861	-
	Sales	-	55,010,861	-	-	55,010,861	55,010,861	-
Northern	Northern Institutional Government Select							
	Purchases	13,321,201	-	-	-	13,321,201	13,321,201	-
	Sales	-	13,420,365	-	-	13,420,365	13,420,365	-
SkyBridge	SkyBridge Multi Adviser							
	Purchases	72,438	-	-	-	72,438	72,438	-
	Sales	-	5,045,276	-	-	4,933,345	5,045,276	111,931
Vanguard	Vanguard Growth ETF							
	Purchases	53,125	-	-	-	53,125	53,125	-
	Sales	-	4,609,051	-	-	2,220,636	4,609,051	2,388,415
Vanguard	Vanguard Total International Stock Index Fund ETF							
	Purchases	331,502	-	-	-	331,502	331,502	-
	Sales	-	9,420,123	-	-	7,906,115	9,420,123	1,514,008
Vanguard	Vanguard Value ETF							
	Purchases	101,641	-	-	-	101,641	101,641	-
	Sales	-	3,014,785	-	-	1,958,485	3,014,785	1,056,300

(*) Represents a party-in-interest to the Plan.



MOODY, FAMIGLIETTI & ANDRONICO
Certified Public Accountants & Consultants

**DYNAMICS RESEARCH CORPORATION DEFINED
BENEFIT PENSION PLAN**

FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016



MOODY, FAMIGLIETTI & ANDRONICO
Certified Public Accountants & Consultants

To the Plan Administrator
Dynamics Research Corporation Defined Benefit Pension Plan
Chantilly, Virginia

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Dynamics Research Corporation Defined Benefit Pension Plan (the "Plan"), which comprise the statements of net assets available for plan benefits as of December 31, 2017 and 2016, and the related statement of changes in net assets available for plan benefits for the year ended December 31, 2017, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 11, which was certified by Prudential Bank & Trust, FSB and First State Trust Company, the trustees of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the Plan Administrator that Prudential Bank & Trust, FSB held the Plan's investment assets and executed investment transactions from August 1, 2017 to December 31, 2017, and that First State Trust Company held the Plan's investment assets and executed investment transactions as of December 31, 2016, and for the period January 1, 2017 to July 31, 2017. The Plan Administrator has obtained a certification from the trustee as of and for the years ended December 31, 2017 and 2016, that the information provided to the Plan Administrator by the trustees is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.



Other Matter

The supplemental schedules of assets (held at end of year) as of December 31, 2017 and reportable transactions for the year ended December 31, 2017 are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not required parts of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on these supplemental schedules.

Report on Form and Content in Compliance with the Department of Labor's Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustees, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

A handwritten signature in cursive script that reads "Moody, Famiglietti & Andronico, LLP".

Moody, Famiglietti & Andronico, LLP
Tewksbury, Massachusetts
October 3, 2018

Statements of Net Assets Available for Plan Benefits
**Dynamics Research Corporation Defined Benefit
Pension Plan**

December 31	2017	2016
Assets		
Investments at Fair Value:		
Mutual Funds	\$ 50,732,440	\$ 17,627,578
Hedge Funds	549,230	1,523,086
Corporate and Foreign Bonds	-	15,101,268
Common Equity Securities	-	7,339,866
Partnerships	-	4,899,636
Money Market Funds	-	1,653,498
Real Estate Investment Trusts	-	42,662
Contract with Insurance Entity, at Contract Value	2,577,730	-
Total Investments	53,859,400	48,187,594
Receivables:		
Interest Income	-	320,225
Plan Sponsor Contributions	-	1,156,305
Amounts Due from Broker	-	5,141
Total Receivables	-	1,481,671
Cash - Noninterest Bearing	549,230	10,929
Net Assets Available for Plan Benefits	\$ 54,408,630	\$ 49,680,194

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

**Statement of Changes in Net Assets Available for
Plan Benefits**

**Dynamics Research Corporation Defined Benefit
Pension Plan**

For the Year Ended December 31

2017

Additions to Net Assets:

Investment Income:

Net Appreciation in Fair Value of Investments \$ 4,369,573

Interest and Dividend Income from Investments 1,332,430

Total Investment Income 5,702,003

Contributions:

Plan Sponsor Contributions 4,591,312

Total Additions 10,293,315

Deductions from Net Assets:

Benefits Paid to Participants 4,488,383

Administrative Expenses 1,076,496

Total Deductions 5,564,879

Net Increase in Net Assets Available for Plan Benefits 4,728,436

Net Assets Available for Plan Benefits, Beginning of Year 49,680,194

Net Assets Available for Plan Benefits, End of Year \$ 54,408,630

1. Description of the Plan:

The following description of Dynamics Research Corporation Defined Benefit Pension Plan (the "Plan") provides only general information. Participants should refer to the Plan agreement for more complete information regarding the terms of the Plan.

General: The Plan is a noncontributory defined benefit plan maintained for the purpose of providing retirement benefits to eligible employees of Dynamics Research Corporation (the "Plan Sponsor"), a wholly-owned subsidiary of Engility Holdings, Inc. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Board of Directors governing the Plan Sponsor is responsible for oversight of the Plan. The Board of Directors of the Plan Sponsor determines the appropriateness of the Plan's investment offerings and monitors investment performance.

Effective June 30, 2002, the Board of Directors of the Plan Sponsor voted to freeze participation in the Plan and to amend the Plan's accrual of future benefits.

Effective August 1, 2017, the Plan changed its trustee from First State Bank and Trust to Prudential Bank & Trust, FSB.

Amendments: Effective December 31, 2017, Dynamics Research Corporation merged with Engility Corporation and the Plan amended the name of the Plan Sponsor to Engility Corporation.

Eligibility: Through June 30, 2002, generally, all employees of the Plan Sponsor who had completed 12 consecutive months of service and at least 1,000 hours and who did not make a special election to the contrary were considered Participants in the Plan (the "Participants").

Funding Policy: The Plan Sponsor makes contributions to the Plan to meet or exceed the annual ERISA minimum funding requirements as determined by the Plan's independent actuary. No voluntary employee contributions are permitted. For the year ended December 31, 2017, the minimum funding requirement was met.

During the year ended December 31, 2017, contributions were made to the Plan in the amount of \$4,591,312.

Vesting: As of June 30, 2007, all Participants were fully vested.

Pension Benefits: The Plan provides for retirement benefits in the form of a life annuity to be paid to Participants who have reached the age of 65 and who have retired from active service with the Plan Sponsor. In addition, the Plan provides for benefits upon early retirement, vested termination and pre-retirement death and disability. The annual normal retirement benefit is the greatest of:

- 0.6833% of average annual compensation plus 0.65% of average annual compensation in excess of Social Security Covered Compensation multiplied by years of benefit service up to 30 years;
- the benefit accrued as of December 31, 1987 under the former plans;
- \$60 multiplied by years of benefit service.

Effective October 1, 2007, the Board of Directors of the Plan Sponsor approved plan participants age 65 or older, to continue working at their current schedule and be eligible to begin receiving their full pension payments. Plan participants who do not choose to commence pension payments will receive an actuarial adjustment when they do decide to start receiving pension benefits, to reflect their delayed retirement beyond age 65.

2. Significant Accounting Policies:

Basis of Accounting: The financial statements of the Plan are prepared under the accrual method of accounting.

Investment Valuation and Income Recognition: Investments are reported at fair value, except for the Plan's contract with insurance entity, which is reported at contract value (see Note 5). Fair value is 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. The Pension Committee, serving as the Plan Administrator, determines the Plan's valuation policies utilizing information provided by the investment advisers, trustee, and insurance company. See Note 4 for further discussion of fair value measurements. Contract value represents deposits made to the contract, plus earnings at guaranteed crediting rates, less withdrawals and

2. Significant Accounting Policies (Continued):

administrative expenses charged by the contract issuer. Funds under the contract that have been allocated and applied to purchase annuities (that is, the contract issuer is obligated to pay the related pension benefits) are excluded from the Plan's assets.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Payment of Benefits: Benefits are recorded when paid.

Expenses: Certain expenses of maintaining the Plan are paid directly by the Plan Sponsor and are excluded from these financial statements. Investment-related expenses are included in net appreciation in fair value of investments.

Use of Estimates: The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

Subsequent Events: The Plan Administrator has evaluated subsequent events through October 3, 2018, the date the financial statements were available to be issued.

3. Actuarial Present Value of Accumulated Benefits:

Accumulated plan benefits are those future periodic payments, including lump sum distributions that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits under the Plan are accumulated based on employees' compensation during each year of credited service. The

accumulated plan benefits for active employees will equal the accumulation, with interest, of the annual benefit accruals as of the benefit information date. Benefits payable under all circumstances—retirement, death, disability, and termination of employment—are included, to the extent they are deemed attributable to employee service rendered to the valuation date. Benefits to be provided via annuity contracts excluded from plan assets are excluded from accumulated plan benefits. The actuarial present value of accumulated plan benefits is determined by an independent actuary and is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

The significant actuarial assumptions used in the valuations as of December 31, 2017 and 2016, were (a) life expectancy of participants, (b) retirement age assumptions, and (c) investment return. The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated Plan benefits. The computations of the actuarial present value of accumulated plan benefits were made as of January 1, 2018 and 2017. Had the valuations been performed as of December 31, there would be no material differences. Willis Towers Watson was the Plan's actuarial consultant and performed the January 1, 2017 actuarial valuation. Prudential is the Plan's current actuarial consultant and performed the January 1, 2018 actuarial valuation.

During 2017, the actuarial assumptions were changed to better reflect expected plan experience. The ASC 960 mortality assumption has been changed from the RP-2014 Adjusted to 2006 Total Dataset Mortality Table with projection scale MP-2015 to the RP-2014 Adjusted to 2006 Total Dataset Mortality Table with projection scale MP-2017. In addition, the investment return was changed from 7.86% to 7.50%. The effect of changes in assumptions on the calculation of actuarial present value of accumulated plan benefits during the year ended December 31, 2017, amounted to \$494,346.

3. Actuarial Present Value of Accumulated Benefits (Continued):

The significant assumptions used in the actuarial valuation as of December 31, 2017 and 2016 are as follows:

	2017	2016
Investment Return	7.50% compounded annually	7.86% compounded annually
Mortality Table	RP-2014 Mortality Tables with separate rates for males and females with generational projection back to 2006 using scale MP-2014 and then projected forward generationally from 2006 using scale MP-2017.	RP-2014 Mortality Tables with separate rates for males and females with generational projection back to 2006 using scale MP-2014 and then projected forward generationally from 2006 using scale MP-2015.
Normal Retirement Age	It is assumed Participants will retire based on the following rates: 55-59: 5%; 60-61: 10%, 62-64: 15%; and 65: 100%	It is assumed Participants will retire based on the following rates: 55-59: 5%; 60-61: 10%, 62-64: 15%; and 65: 100%

The actuarial present value of accumulated plan benefits at December 31, 2017 and 2016 is as follows:

	2017	2016
Actuarial Present Value of Vested Accumulated Plan Benefits:		
Participants Currently Receiving Benefits	\$ 42,775,690	\$ 43,712,314
Other Participants	11,313,356	10,618,004
	<u>54,089,046</u>	<u>54,330,318</u>
Actuarial Present Value of Nonvested Accumulated Plan Benefits	3,446	9,416
	<u>\$ 54,092,492</u>	<u>\$ 54,339,734</u>

The changes in the actuarial present value of accumulated plan benefits for the year ended December 31, 2017 consist of the following:

Actuarial Present Value of Accumulated Plan Benefits, Beginning of Year	<u>\$ 54,339,734</u>
Increase (Decrease) During the Year Attributable to:	
Increase for Interest	4,059,312
Benefits Paid	(4,488,383)
Change in Actuarial Assumptions	494,346
Actuarial Losses (Gains)	<u>(312,517)</u>
Net Decrease	<u>(247,242)</u>
Actuarial Present Value of Accumulated Plan Benefits, End of Year	<u>\$ 54,092,492</u>

4. Fair Value Measurements:

The framework for measuring fair value provides 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 prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used for the years ended December 31, 2017 and 2016.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Corporate and Foreign Bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote if available.

Money Market Funds: Valued at NAV based on information reported by the custodian and/or trustee with reference to the market value of funds underlying assets at end of year.

Real Estate Investment Trusts: Valued at the closing price reported on the active market on which the individual real estate investment trusts are traded.

Partnerships and Hedge Funds: Valued based on the NAV per share, without further adjustment. The NAV is used as a practical expedient to estimate fair value. NAV is based upon the fair value of the underlying investments.

Common Equity Securities: Valued at the closing price reported on the security's respective stock exchange.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan 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.

4. Fair Value Measurements (Continued):

The following table sets forth, by level within the fair value hierarchy, the Plan's fair value measurements as of December 31, 2017 and 2016:

		Assets at Fair Value as of December 31, 2017			
		Total	Level 1	Level 2	Level 3
Investments:					
Mutual Funds		\$ 50,732,440	\$ 50,732,440	\$ -	\$ -
Total Assets in the Fair Value Hierarchy		50,732,440	\$ 50,732,440	\$ -	\$ -
Investments Measured at Net Asset Value		549,230			
Investments at Fair Value		\$ 51,281,670			
		Assets at Fair Value as of December 31, 2016			
		Total	Level 1	Level 2	Level 3
Investments:					
Mutual Funds		\$ 17,627,578	\$ 17,627,578	\$ -	\$ -
Corporate and Foreign Bonds		15,101,268	-	15,101,268	-
Common Equity Securities		7,339,866	7,339,866	-	-
Money Market Funds		1,653,498	1,653,498	-	-
Real Estate Investment Trusts		42,662	42,662	-	-
Total Assets in the Fair Value Hierarchy		41,764,872	\$ 26,663,604	\$ 15,101,268	\$ -
Investments Measured at Net Asset Value		6,422,722			
Investments at Fair Value		\$ 48,187,594			

Investment strategies relating to investments measured at fair value based on NAV used as a practical expedient are as follows:

Partnerships:

- The investment objective of the SkyBridge Multi-Advisor Fund is to seek capital appreciation. The fund seeks to implement its objective principally through investing in investment funds managed by third-party investment managers that employ a variety of alternative investment strategies. The investment program of the fund can be referred to as a fund of hedge funds.

4. Fair Value Measurements (Continued):*Hedge Funds:*

- The investment objective of the Millennium International, Ltd. Fund is to achieve above-average appreciation by opportunistically trading and investing in a wide variety of securities, instruments, and other investment opportunities and engaging in a broad array of trading and investment strategies.

The following table summarizes investments measured at fair value based on NAV used as a practical expedient as of December 31, 2017 and 2016, respectively:

Financial Asset	Fair Value as of December 31, 2017	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Hedge Funds				
Millennium International, Ltd. Fund	\$ 549,230	None	Quarterly**	90 Days
Financial Asset	Fair Value as of December 31, 2016	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Partnerships				
SkyBridge Multi- Advisor Fund	\$ 4,899,636	None	N/A*	N/A*
Hedge Funds				
Millennium International, Ltd. Fund	<u>1,523,086</u>	None	Quarterly**	90 Days
	<u><u>\$ 6,422,722</u></u>			

*Investments in the SkyBridge Multi-Advisor Hedge Fund cannot be redeemed at the discretion of the Plan Sponsor. The SkyBridge MultiAdvisor Hedge Fund investment committee expects that it typically will recommend to its Board of Directors that the fund offer to repurchase units from unitholders quarterly. This investment was fully redeemed during the year ended December 31, 2017.

**Investments in the Millennium International, Ltd. Fund may be redeemed, in whole or in part, upon at least 90 days' prior written notice to Millennium International and to the fund administrator. A holder may not redeem more than 25% of such holder's shares in any one quarter, except that the holder may, upon at least 90 days' prior written notice, elect to redeem a specified amount or percentage of such shares then held over the next succeeding quarterly redemption dates.

5. Contract with Insurance Entity:

During 2017, the Plan entered into a deposit administration contract with Prudential Retirement Insurance and Annuity Company (PRIAC). Amounts contributed to the contract are merged with the general assets of PRIAC and earn a guaranteed crediting rate, as defined, which is established on an annual basis by PRIAC. The guaranteed crediting rate as of December 31, 2017 is 2.2%. At the direction of the Plan, a single premium to buy an annuity for a retiring employee is withdrawn by PRIAC from the unallocated fund. Purchased annuities are contracts under which PRIAC is obligated to pay benefits to named employees or their beneficiaries. Payment obligations and the fulfillment of any guarantees specified in the group annuity contract are insurance claims supported by the assets in the investment and, if such assets are not sufficient, by the full faith and credit of PRIAC for which the Plan Sponsor is obligated to make a contribution in the amount of the insufficiency. In the event of termination of the contract, the Plan's trustee may elect to receive (i) a payment of book value of the contract, as defined, which may be payable over a period of up to five years, (ii) a single sum payment, which may be adjusted to reflect the market value of the contract, as defined, or (iii) a payment of book value, as defined, in annual installments over a period of ten years.

6. Party-in-Interest Transactions:

Certain Plan investments are managed by Prudential Bank & Trust, FSB, and First State Trust Company, trustees of the Plan, and by PRIAC and, therefore, these transactions qualify as party-in-interest transactions. Fees incurred by the Plan for the investment management services and audit fees are included in net appreciation in fair value of investments, as they are paid through revenue sharing, rather than direct payment, in the accompanying statement of changes in net assets available for plan benefits for the year ended December 31, 2017.

7. Tax Status:

The Internal Revenue Service has determined and informed the Plan Sponsor by a letter dated September 24, 2015, that the Plan and related trust are designed in accordance with the applicable provisions of the IRC. The Plan has been amended since receiving the determination letter; however, the Plan Administrator believes that the Plan and the related trust are currently being operated in compliance with the applicable provisions of the IRC. Therefore, the Plan Sponsor is of the opinion that the Plan and the related trust were tax-exempt as of and for the year ended December 31, 2017.

GAAP requires plan management to evaluate tax positions taken by the Plan and to recognize a tax liability (or asset) if the Plan Sponsor has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan Administrator believes it has no uncertain tax positions as of December 31, 2017 and 2016 and for the year ended December 31, 2017.

8. Plan Termination:

While it is the intention of the Plan Sponsor to continue the Plan indefinitely, the Plan Sponsor reserves the right to terminate or amend the Plan at any time subject to the provisions of ERISA. In the event of termination, the rights of all Participants to benefits will become nonforfeitable to the extent funded or as guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a U.S. government agency. The priorities for determining the allocation of Plan assets would be governed by ERISA and regulations issued by the PBGC. First State Trust Company, the trustee, will make distributions to the Participants or their beneficiaries in accordance with the instructions of the Pension Committee, or in the absence of such instructions, as the trustee deems advisable.

9. Frozen Plan:

On December 11, 2001, the Board of Directors of the Plan Sponsor voted to freeze membership to the Plan and to amend the Plan's accrual of benefits as of June 30, 2002. Effective June 30, 2002, all Participants eligible for benefits will receive those earned benefits. Such benefits will be calculated as of June 30, 2002, based on each Participant's highest five consecutive years of earnings through that date. The calculated benefit was increased annually by 3%, for the plan years ended December 31, 2003 through December 31, 2006. Effective January 1, 2007, the 3% annual increase was discontinued.

From January 1, 2016 to January 1, 2018, the number of active participants declined due to general active participation attrition. The Plan provided notice to the PBGC of the decline in active participants as a reportable event.

10. Risks and Uncertainties:

The Participants invest in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect Participants' account balances and the amounts reported in the accompanying statements of net assets available for plan benefits.

11. Information Certified by the Trustee:

The Plan Administrator has elected the method of compliance, commonly referred to as the limited-scope audit exemption, permitted under 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Accordingly, no auditing procedures with respect to the information certified by the trustees of the Plan, were performed by the independent auditors except for comparing the information to the financial statements and supplemental schedule. Prudential Bank & Trust, FSB acted as trustee from August 1, 2017 to December 31, 2017. First State Trust Company acted as trustee as of December 31, 2016, and for the period January 1, 2016 to July 31, 2017. The trustees have certified as to the completeness and accuracy of the investments held by the Plan as of December 31, 2017 and 2016, the investment income and the investment-related transactions of the Plan for the year ended December 31, 2017, and the information contained in the accompanying supplemental schedules of assets (held at end of year) as of December 31, 2017, except for the assets held in the Millennium International, Ltd. Hedge Fund - Class SC-A - Series 01A. All of the investments were certified at fair value, with the exception of the contract with insurance entity, which was certified at contract value.

Schedule H, Line 4i Schedule of Assets (Held at
End of Year)

Dynamics Research Corporation Defined Benefit
Pension Plan
EIN#04-2393618/ Plan #002

As of December 31, 2017

(a)	(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
		<u>Mutual Funds:</u>		
	Neuberger Berman	Neuberger Berman Strategic Income I	\$ 10,429,009	\$ 10,396,175
	MFS	MFS International Diversification R4	8,824,989	9,173,652
*	Prudential	Prudential Total Return Bond Q	7,811,735	7,814,539
	American Funds	American Funds New World R6	5,285,156	5,434,270
	Pioneer	Pioneer Fundamental Growth Y	4,864,695	4,827,789
	Invesco	Invesco Diversified Dividends R6	3,824,881	3,892,623
	PIMCO	PIMCO All-Asset Institutional	3,639,090	3,646,037
	American Beacon	American Beacon Small Cap Value Inst	2,827,335	2,779,173
	Victory	Victory Sycamore Established Value I	2,661,216	2,768,182
		<u>Contract with Insurance Entity:</u>		
*	PRIAC	Guaranteed Deposit	2,577,730	2,577,730
		<u>Other - Hedge Funds:</u>		
	Millennium	Millennium International, Ltd. Hedge Fund - Class SC-A - Series 01A	549,230	549,230
		Total Investments	<u>\$ 53,295,066</u>	<u>\$ 53,859,400</u>
		Cash - Noninterest Bearing	<u>\$ 549,230</u>	<u>\$ 549,230</u>

(*) Represents a party-in-interest to the Plan.

Schedule H, Line 4j Schedule of Reportable Transactions

Dynamics Research Corporation Defined Benefit Pension Plan
EIN#04-2393618/ Plan #002

Reportable transactions for the year ended December 31, 2017 are summarized as follows:

(a) Identity of Party Involved	(b) Description of Asset	(c) Purchase Price	(d) Selling Price	(e) Lease Rental	(f) Expense Incurred with Transaction	(g) Cost of Assets	(h) Current Value of Assets on Transaction Date	(i) Net Gain (Loss)
Morgan Stanley	Morgan Stanley Bank Deposit							
	Purchases	\$55,110,929	\$ -	\$ -	\$ -	\$55,110,929	\$ 55,110,929	\$ -
	Sales	-	56,665,263	-	-	56,665,263	56,665,263	-
Morgan Stanley	Morgan Stanley Institutional Liquidity							
	Purchases	55,010,861	-	-	-	55,010,861	55,010,861	-
	Sales	-	55,010,861	-	-	55,010,861	55,010,861	-
Northern	Northern Institutional Government Select							
	Purchases	13,321,201	-	-	-	13,321,201	13,321,201	-
	Sales	-	13,420,365	-	-	13,420,365	13,420,365	-
SkyBridge	SkyBridge Multi Adviser							
	Purchases	72,438	-	-	-	72,438	72,438	-
	Sales	-	5,045,276	-	-	4,933,345	5,045,276	111,931
Vanguard	Vanguard Growth ETF							
	Purchases	53,125	-	-	-	53,125	53,125	-
	Sales	-	4,609,051	-	-	2,220,636	4,609,051	2,388,415
Vanguard	Vanguard Total International Stock Index Fund ETF							
	Purchases	331,502	-	-	-	331,502	331,502	-
	Sales	-	9,420,123	-	-	7,906,115	9,420,123	1,514,008
Vanguard	Vanguard Value ETF							
	Purchases	101,641	-	-	-	101,641	101,641	-
	Sales	-	3,014,785	-	-	1,958,485	3,014,785	1,056,300

(*) Represents a party-in-interest to the Plan.



MOODY, FAMIGLIETTI & ANDRONICO
Certified Public Accountants & Consultants

**DYNAMICS RESEARCH CORPORATION DEFINED
BENEFIT PENSION PLAN**

FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016



MOODY, FAMIGLIETTI & ANDRONICO
Certified Public Accountants & Consultants

To the Plan Administrator
Dynamics Research Corporation Defined Benefit Pension Plan
Chantilly, Virginia

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Dynamics Research Corporation Defined Benefit Pension Plan (the "Plan"), which comprise the statements of net assets available for plan benefits as of December 31, 2017 and 2016, and the related statement of changes in net assets available for plan benefits for the year ended December 31, 2017, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 11, which was certified by Prudential Bank & Trust, FSB and First State Trust Company, the trustees of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the Plan Administrator that Prudential Bank & Trust, FSB held the Plan's investment assets and executed investment transactions from August 1, 2017 to December 31, 2017, and that First State Trust Company held the Plan's investment assets and executed investment transactions as of December 31, 2016, and for the period January 1, 2017 to July 31, 2017. The Plan Administrator has obtained a certification from the trustee as of and for the years ended December 31, 2017 and 2016, that the information provided to the Plan Administrator by the trustees is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.



Other Matter

The supplemental schedules of assets (held at end of year) as of December 31, 2017 and reportable transactions for the year ended December 31, 2017 are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not required parts of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on these supplemental schedules.

Report on Form and Content in Compliance with the Department of Labor's Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustees, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

A handwritten signature in cursive script that reads "Moody, Famiglietti & Andronico, LLP".

Moody, Famiglietti & Andronico, LLP
Tewksbury, Massachusetts
October 3, 2018

Statements of Net Assets Available for Plan Benefits
**Dynamics Research Corporation Defined Benefit
Pension Plan**

December 31	2017	2016
Assets		
Investments at Fair Value:		
Mutual Funds	\$ 50,732,440	\$ 17,627,578
Hedge Funds	549,230	1,523,086
Corporate and Foreign Bonds	-	15,101,268
Common Equity Securities	-	7,339,866
Partnerships	-	4,899,636
Money Market Funds	-	1,653,498
Real Estate Investment Trusts	-	42,662
Contract with Insurance Entity, at Contract Value	2,577,730	-
Total Investments	53,859,400	48,187,594
Receivables:		
Interest Income	-	320,225
Plan Sponsor Contributions	-	1,156,305
Amounts Due from Broker	-	5,141
Total Receivables	-	1,481,671
Cash - Noninterest Bearing	549,230	10,929
Net Assets Available for Plan Benefits	\$ 54,408,630	\$ 49,680,194

**Statement of Changes in Net Assets Available for
Plan Benefits**

**Dynamics Research Corporation Defined Benefit
Pension Plan**

For the Year Ended December 31

2017

Additions to Net Assets:

Investment Income:

Net Appreciation in Fair Value of Investments \$ 4,369,573

Interest and Dividend Income from Investments 1,332,430

Total Investment Income 5,702,003

Contributions:

Plan Sponsor Contributions 4,591,312

Total Additions 10,293,315

Deductions from Net Assets:

Benefits Paid to Participants 4,488,383

Administrative Expenses 1,076,496

Total Deductions 5,564,879

Net Increase in Net Assets Available for Plan Benefits 4,728,436

Net Assets Available for Plan Benefits, Beginning of Year 49,680,194

Net Assets Available for Plan Benefits, End of Year \$ 54,408,630

1. Description of the Plan:

The following description of Dynamics Research Corporation Defined Benefit Pension Plan (the "Plan") provides only general information. Participants should refer to the Plan agreement for more complete information regarding the terms of the Plan.

General: The Plan is a noncontributory defined benefit plan maintained for the purpose of providing retirement benefits to eligible employees of Dynamics Research Corporation (the "Plan Sponsor"), a wholly-owned subsidiary of Engility Holdings, Inc. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Board of Directors governing the Plan Sponsor is responsible for oversight of the Plan. The Board of Directors of the Plan Sponsor determines the appropriateness of the Plan's investment offerings and monitors investment performance.

Effective June 30, 2002, the Board of Directors of the Plan Sponsor voted to freeze participation in the Plan and to amend the Plan's accrual of future benefits.

Effective August 1, 2017, the Plan changed its trustee from First State Bank and Trust to Prudential Bank & Trust, FSB.

Amendments: Effective December 31, 2017, Dynamics Research Corporation merged with Engility Corporation and the Plan amended the name of the Plan Sponsor to Engility Corporation.

Eligibility: Through June 30, 2002, generally, all employees of the Plan Sponsor who had completed 12 consecutive months of service and at least 1,000 hours and who did not make a special election to the contrary were considered Participants in the Plan (the "Participants").

Funding Policy: The Plan Sponsor makes contributions to the Plan to meet or exceed the annual ERISA minimum funding requirements as determined by the Plan's independent actuary. No voluntary employee contributions are permitted. For the year ended December 31, 2017, the minimum funding requirement was met.

During the year ended December 31, 2017, contributions were made to the Plan in the amount of \$4,591,312.

Vesting: As of June 30, 2007, all Participants were fully vested.

Pension Benefits: The Plan provides for retirement benefits in the form of a life annuity to be paid to Participants who have reached the age of 65 and who have retired from active service with the Plan Sponsor. In addition, the Plan provides for benefits upon early retirement, vested termination and pre-retirement death and disability. The annual normal retirement benefit is the greatest of:

- 0.6833% of average annual compensation plus 0.65% of average annual compensation in excess of Social Security Covered Compensation multiplied by years of benefit service up to 30 years;
- the benefit accrued as of December 31, 1987 under the former plans;
- \$60 multiplied by years of benefit service.

Effective October 1, 2007, the Board of Directors of the Plan Sponsor approved plan participants age 65 or older, to continue working at their current schedule and be eligible to begin receiving their full pension payments. Plan participants who do not choose to commence pension payments will receive an actuarial adjustment when they do decide to start receiving pension benefits, to reflect their delayed retirement beyond age 65.

2. Significant Accounting Policies:

Basis of Accounting: The financial statements of the Plan are prepared under the accrual method of accounting.

Investment Valuation and Income Recognition: Investments are reported at fair value, except for the Plan's contract with insurance entity, which is reported at contract value (see Note 5). Fair value is 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. The Pension Committee, serving as the Plan Administrator, determines the Plan's valuation policies utilizing information provided by the investment advisers, trustee, and insurance company. See Note 4 for further discussion of fair value measurements. Contract value represents deposits made to the contract, plus earnings at guaranteed crediting rates, less withdrawals and

2. Significant Accounting Policies (Continued):

administrative expenses charged by the contract issuer. Funds under the contract that have been allocated and applied to purchase annuities (that is, the contract issuer is obligated to pay the related pension benefits) are excluded from the Plan's assets.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Payment of Benefits: Benefits are recorded when paid.

Expenses: Certain expenses of maintaining the Plan are paid directly by the Plan Sponsor and are excluded from these financial statements. Investment-related expenses are included in net appreciation in fair value of investments.

Use of Estimates: The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

Subsequent Events: The Plan Administrator has evaluated subsequent events through October 3, 2018, the date the financial statements were available to be issued.

3. Actuarial Present Value of Accumulated Benefits:

Accumulated plan benefits are those future periodic payments, including lump sum distributions that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits under the Plan are accumulated based on employees' compensation during each year of credited service. The

accumulated plan benefits for active employees will equal the accumulation, with interest, of the annual benefit accruals as of the benefit information date. Benefits payable under all circumstances—retirement, death, disability, and termination of employment—are included, to the extent they are deemed attributable to employee service rendered to the valuation date. Benefits to be provided via annuity contracts excluded from plan assets are excluded from accumulated plan benefits. The actuarial present value of accumulated plan benefits is determined by an independent actuary and is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

The significant actuarial assumptions used in the valuations as of December 31, 2017 and 2016, were (a) life expectancy of participants, (b) retirement age assumptions, and (c) investment return. The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated Plan benefits. The computations of the actuarial present value of accumulated plan benefits were made as of January 1, 2018 and 2017. Had the valuations been performed as of December 31, there would be no material differences. Willis Towers Watson was the Plan's actuarial consultant and performed the January 1, 2017 actuarial valuation. Prudential is the Plan's current actuarial consultant and performed the January 1, 2018 actuarial valuation.

During 2017, the actuarial assumptions were changed to better reflect expected plan experience. The ASC 960 mortality assumption has been changed from the RP-2014 Adjusted to 2006 Total Dataset Mortality Table with projection scale MP-2015 to the RP-2014 Adjusted to 2006 Total Dataset Mortality Table with projection scale MP-2017. In addition, the investment return was changed from 7.86% to 7.50%. The effect of changes in assumptions on the calculation of actuarial present value of accumulated plan benefits during the year ended December 31, 2017, amounted to \$494,346.

3. Actuarial Present Value of Accumulated Benefits (Continued):

The significant assumptions used in the actuarial valuation as of December 31, 2017 and 2016 are as follows:

	2017	2016
Investment Return	7.50% compounded annually	7.86% compounded annually
Mortality Table	RP-2014 Mortality Tables with separate rates for males and females with generational projection back to 2006 using scale MP-2014 and then projected forward generationally from 2006 using scale MP-2017.	RP-2014 Mortality Tables with separate rates for males and females with generational projection back to 2006 using scale MP-2014 and then projected forward generationally from 2006 using scale MP-2015.
Normal Retirement Age	It is assumed Participants will retire based on the following rates: 55-59: 5%; 60-61: 10%, 62-64: 15%; and 65: 100%	It is assumed Participants will retire based on the following rates: 55-59: 5%; 60-61: 10%, 62-64: 15%; and 65: 100%

The actuarial present value of accumulated plan benefits at December 31, 2017 and 2016 is as follows:

	2017	2016
Actuarial Present Value of Vested Accumulated Plan Benefits:		
Participants Currently Receiving Benefits	\$ 42,775,690	\$ 43,712,314
Other Participants	11,313,356	10,618,004
	<u>54,089,046</u>	<u>54,330,318</u>
Actuarial Present Value of Nonvested Accumulated Plan Benefits	3,446	9,416
	<u>\$ 54,092,492</u>	<u>\$ 54,339,734</u>

The changes in the actuarial present value of accumulated plan benefits for the year ended December 31, 2017 consist of the following:

Actuarial Present Value of Accumulated Plan Benefits, Beginning of Year	<u>\$ 54,339,734</u>
Increase (Decrease) During the Year Attributable to:	
Increase for Interest	4,059,312
Benefits Paid	(4,488,383)
Change in Actuarial Assumptions	494,346
Actuarial Losses (Gains)	<u>(312,517)</u>
Net Decrease	<u>(247,242)</u>
Actuarial Present Value of Accumulated Plan Benefits, End of Year	<u>\$ 54,092,492</u>

4. Fair Value Measurements:

The framework for measuring fair value provides 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 prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used for the years ended December 31, 2017 and 2016.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Corporate and Foreign Bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote if available.

Money Market Funds: Valued at NAV based on information reported by the custodian and/or trustee with reference to the market value of funds underlying assets at end of year.

Real Estate Investment Trusts: Valued at the closing price reported on the active market on which the individual real estate investment trusts are traded.

Partnerships and Hedge Funds: Valued based on the NAV per share, without further adjustment. The NAV is used as a practical expedient to estimate fair value. NAV is based upon the fair value of the underlying investments.

Common Equity Securities: Valued at the closing price reported on the security's respective stock exchange.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan 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.

4. Fair Value Measurements (Continued):

The following table sets forth, by level within the fair value hierarchy, the Plan's fair value measurements as of December 31, 2017 and 2016:

		Assets at Fair Value as of December 31, 2017			
		Total	Level 1	Level 2	Level 3
Investments:					
Mutual Funds		\$ 50,732,440	\$ 50,732,440	\$ -	\$ -
Total Assets in the Fair Value Hierarchy		50,732,440	\$ 50,732,440	\$ -	\$ -
Investments Measured at Net Asset Value		549,230			
Investments at Fair Value		\$ 51,281,670			
		Assets at Fair Value as of December 31, 2016			
		Total	Level 1	Level 2	Level 3
Investments:					
Mutual Funds		\$ 17,627,578	\$ 17,627,578	\$ -	\$ -
Corporate and Foreign Bonds		15,101,268	-	15,101,268	-
Common Equity Securities		7,339,866	7,339,866	-	-
Money Market Funds		1,653,498	1,653,498	-	-
Real Estate Investment Trusts		42,662	42,662	-	-
Total Assets in the Fair Value Hierarchy		41,764,872	\$ 26,663,604	\$ 15,101,268	\$ -
Investments Measured at Net Asset Value		6,422,722			
Investments at Fair Value		\$ 48,187,594			

Investment strategies relating to investments measured at fair value based on NAV used as a practical expedient are as follows:

Partnerships:

- The investment objective of the SkyBridge Multi-Advisor Fund is to seek capital appreciation. The fund seeks to implement its objective principally through investing in investment funds managed by third-party investment managers that employ a variety of alternative investment strategies. The investment program of the fund can be referred to as a fund of hedge funds.

4. Fair Value Measurements (Continued):*Hedge Funds:*

- The investment objective of the Millennium International, Ltd. Fund is to achieve above-average appreciation by opportunistically trading and investing in a wide variety of securities, instruments, and other investment opportunities and engaging in a broad array of trading and investment strategies.

The following table summarizes investments measured at fair value based on NAV used as a practical expedient as of December 31, 2017 and 2016, respectively:

Financial Asset	Fair Value as of December 31, 2017	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Hedge Funds				
Millennium International, Ltd. Fund	\$ 549,230	None	Quarterly**	90 Days
Financial Asset	Fair Value as of December 31, 2016	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Partnerships				
SkyBridge Multi- Advisor Fund	\$ 4,899,636	None	N/A*	N/A*
Hedge Funds				
Millennium International, Ltd. Fund	<u>1,523,086</u>	None	Quarterly**	90 Days
	<u>\$ 6,422,722</u>			

*Investments in the SkyBridge Multi-Advisor Hedge Fund cannot be redeemed at the discretion of the Plan Sponsor. The SkyBridge MultiAdvisor Hedge Fund investment committee expects that it typically will recommend to its Board of Directors that the fund offer to repurchase units from unitholders quarterly. This investment was fully redeemed during the year ended December 31, 2017.

**Investments in the Millennium International, Ltd. Fund may be redeemed, in whole or in part, upon at least 90 days' prior written notice to Millennium International and to the fund administrator. A holder may not redeem more than 25% of such holder's shares in any one quarter, except that the holder may, upon at least 90 days' prior written notice, elect to redeem a specified amount or percentage of such shares then held over the next succeeding quarterly redemption dates.

5. Contract with Insurance Entity:

During 2017, the Plan entered into a deposit administration contract with Prudential Retirement Insurance and Annuity Company (PRIAC). Amounts contributed to the contract are merged with the general assets of PRIAC and earn a guaranteed crediting rate, as defined, which is established on an annual basis by PRIAC. The guaranteed crediting rate as of December 31, 2017 is 2.2%. At the direction of the Plan, a single premium to buy an annuity for a retiring employee is withdrawn by PRIAC from the unallocated fund. Purchased annuities are contracts under which PRIAC is obligated to pay benefits to named employees or their beneficiaries. Payment obligations and the fulfillment of any guarantees specified in the group annuity contract are insurance claims supported by the assets in the investment and, if such assets are not sufficient, by the full faith and credit of PRIAC for which the Plan Sponsor is obligated to make a contribution in the amount of the insufficiency. In the event of termination of the contract, the Plan's trustee may elect to receive (i) a payment of book value of the contract, as defined, which may be payable over a period of up to five years, (ii) a single sum payment, which may be adjusted to reflect the market value of the contract, as defined, or (iii) a payment of book value, as defined, in annual installments over a period of ten years.

6. Party-in-Interest Transactions:

Certain Plan investments are managed by Prudential Bank & Trust, FSB, and First State Trust Company, trustees of the Plan, and by PRIAC and, therefore, these transactions qualify as party-in-interest transactions. Fees incurred by the Plan for the investment management services and audit fees are included in net appreciation in fair value of investments, as they are paid through revenue sharing, rather than direct payment, in the accompanying statement of changes in net assets available for plan benefits for the year ended December 31, 2017.

7. Tax Status:

The Internal Revenue Service has determined and informed the Plan Sponsor by a letter dated September 24, 2015, that the Plan and related trust are designed in accordance with the applicable provisions of the IRC. The Plan has been amended since receiving the determination letter; however, the Plan Administrator believes that the Plan and the related trust are currently being operated in compliance with the applicable provisions of the IRC. Therefore, the Plan Sponsor is of the opinion that the Plan and the related trust were tax-exempt as of and for the year ended December 31, 2017.

GAAP requires plan management to evaluate tax positions taken by the Plan and to recognize a tax liability (or asset) if the Plan Sponsor has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan Administrator believes it has no uncertain tax positions as of December 31, 2017 and 2016 and for the year ended December 31, 2017.

8. Plan Termination:

While it is the intention of the Plan Sponsor to continue the Plan indefinitely, the Plan Sponsor reserves the right to terminate or amend the Plan at any time subject to the provisions of ERISA. In the event of termination, the rights of all Participants to benefits will become nonforfeitable to the extent funded or as guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a U.S. government agency. The priorities for determining the allocation of Plan assets would be governed by ERISA and regulations issued by the PBGC. First State Trust Company, the trustee, will make distributions to the Participants or their beneficiaries in accordance with the instructions of the Pension Committee, or in the absence of such instructions, as the trustee deems advisable.

9. Frozen Plan:

On December 11, 2001, the Board of Directors of the Plan Sponsor voted to freeze membership to the Plan and to amend the Plan's accrual of benefits as of June 30, 2002. Effective June 30, 2002, all Participants eligible for benefits will receive those earned benefits. Such benefits will be calculated as of June 30, 2002, based on each Participant's highest five consecutive years of earnings through that date. The calculated benefit was increased annually by 3%, for the plan years ended December 31, 2003 through December 31, 2006. Effective January 1, 2007, the 3% annual increase was discontinued.

From January 1, 2016 to January 1, 2018, the number of active participants declined due to general active participation attrition. The Plan provided notice to the PBGC of the decline in active participants as a reportable event.

10. Risks and Uncertainties:

The Participants invest in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect Participants' account balances and the amounts reported in the accompanying statements of net assets available for plan benefits.

11. Information Certified by the Trustee:

The Plan Administrator has elected the method of compliance, commonly referred to as the limited-scope audit exemption, permitted under 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Accordingly, no auditing procedures with respect to the information certified by the trustees of the Plan, were performed by the independent auditors except for comparing the information to the financial statements and supplemental schedule. Prudential Bank & Trust, FSB acted as trustee from August 1, 2017 to December 31, 2017. First State Trust Company acted as trustee as of December 31, 2016, and for the period January 1, 2016 to July 31, 2017. The trustees have certified as to the completeness and accuracy of the investments held by the Plan as of December 31, 2017 and 2016, the investment income and the investment-related transactions of the Plan for the year ended December 31, 2017, and the information contained in the accompanying supplemental schedules of assets (held at end of year) as of December 31, 2017, except for the assets held in the Millennium International, Ltd. Hedge Fund - Class SC-A - Series 01A. All of the investments were certified at fair value, with the exception of the contract with insurance entity, which was certified at contract value.

Schedule H, Line 4i Schedule of Assets (Held at
End of Year)

Dynamics Research Corporation Defined Benefit
Pension Plan
EIN#04-2393618/ Plan #002

As of December 31, 2017

(a)	(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
		<u>Mutual Funds:</u>		
	Neuberger Berman	Neuberger Berman Strategic Income I	\$ 10,429,009	\$ 10,396,175
	MFS	MFS International Diversification R4	8,824,989	9,173,652
*	Prudential	Prudential Total Return Bond Q	7,811,735	7,814,539
	American Funds	American Funds New World R6	5,285,156	5,434,270
	Pioneer	Pioneer Fundamental Growth Y	4,864,695	4,827,789
	Invesco	Invesco Diversified Dividends R6	3,824,881	3,892,623
	PIMCO	PIMCO All-Asset Institutional	3,639,090	3,646,037
	American Beacon	American Beacon Small Cap Value Inst	2,827,335	2,779,173
	Victory	Victory Sycamore Established Value I	2,661,216	2,768,182
		<u>Contract with Insurance Entity:</u>		
*	PRIAC	Guaranteed Deposit	2,577,730	2,577,730
		<u>Other - Hedge Funds:</u>		
	Millennium	Millennium International, Ltd. Hedge Fund - Class SC-A - Series 01A	549,230	549,230
		Total Investments	\$ 53,295,066	\$ 53,859,400
		Cash - Noninterest Bearing	\$ 549,230	\$ 549,230

(*) Represents a party-in-interest to the Plan.

Schedule H, Line 4j Schedule of Reportable Transactions

Dynamics Research Corporation Defined Benefit Pension Plan
EIN#04-2393618/ Plan #002

Reportable transactions for the year ended December 31, 2017 are summarized as follows:

(a) Identity of Party Involved	(b) Description of Asset	(c) Purchase Price	(d) Selling Price	(e) Lease Rental	(f) Expense Incurred with Transaction	(g) Cost of Assets	(h) Current Value of Assets on Transaction Date	(i) Net Gain (Loss)
Morgan Stanley	Morgan Stanley Bank Deposit							
	Purchases	\$55,110,929	\$ -	\$ -	\$ -	\$55,110,929	\$ 55,110,929	\$ -
	Sales	-	56,665,263	-	-	56,665,263	56,665,263	-
Morgan Stanley	Morgan Stanley Institutional Liquidity							
	Purchases	55,010,861	-	-	-	55,010,861	55,010,861	-
	Sales	-	55,010,861	-	-	55,010,861	55,010,861	-
Northern	Northern Institutional Government Select							
	Purchases	13,321,201	-	-	-	13,321,201	13,321,201	-
	Sales	-	13,420,365	-	-	13,420,365	13,420,365	-
SkyBridge	SkyBridge Multi Adviser							
	Purchases	72,438	-	-	-	72,438	72,438	-
	Sales	-	5,045,276	-	-	4,933,345	5,045,276	111,931
Vanguard	Vanguard Growth ETF							
	Purchases	53,125	-	-	-	53,125	53,125	-
	Sales	-	4,609,051	-	-	2,220,636	4,609,051	2,388,415
Vanguard	Vanguard Total International Stock Index Fund ETF							
	Purchases	331,502	-	-	-	331,502	331,502	-
	Sales	-	9,420,123	-	-	7,906,115	9,420,123	1,514,008
Vanguard	Vanguard Value ETF							
	Purchases	101,641	-	-	-	101,641	101,641	-
	Sales	-	3,014,785	-	-	1,958,485	3,014,785	1,056,300

(*) Represents a party-in-interest to the Plan.

