This presentation may contain a number of “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements about PAE’s possible or assumed future results of operations, financial results, business strategies, debt levels, competitive position, industry environment, potential growth opportunities, potential impact of COVID-19, effects of regulation, backlog, estimation of resources for contracts, risks related to IDIQ contracts, strategy for and management of growth, needs for additional capital, risks related to U.S. government contracting generally, including congressional approval of appropriations, and bid protests. These forward-looking statements are based on PAE’s management’s current expectations, estimates, projections and beliefs, as well as a number of assumptions concerning future events. When used in this presentation, the words “estimates,” “projected,” “expects,” “anticipates,” “forecasts,” “plans,” “intends,” “believes,” “seeks,” “may,” “will,” “should,” “future,” “propose” and variations of these words or similar expressions (or the negative versions of such words or expressions) are intended to identify forward-looking statements.

These forward-looking statements are not guarantees of future performance, conditions or results, and involve a number of known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside PAE’s management’s control, that could cause actual results to differ materially from the results discussed in the forward-looking statements.

Forward-looking statements included in this presentation speak only as of the date of this presentation. PAE does not undertake any obligation to update its forward-looking statements to reflect events or circumstances after the date of this presentation except as may be required by the federal securities laws.

This presentation contains non-GAAP financial measures. For more information about our use of non-GAAP financial measures see the appendix.

In this presentation, unless the context indicates otherwise, the terms “PAE” and the “company” refer to PAE Incorporated and its subsidiaries taken as a whole.
INVESTMENT HIGHLIGHTS

THIS IS PAE
Well-established platform and brand with a 65+ year history of success

DIVERSIFICATION
Significant customer and contract diversification creates a unique competitive advantage

STABILITY
End-markets provide resiliency and stability largely immune to business distribution

GROWTH
Growth story driven by strategic transformation and M&A pipeline

PRECISION
Proven BD program with focus on building breadth & depth in core markets

FINANCIAL
Strong financial profile, delivering acquisition capacity and rapid deleveraging
65 YEARS OF HISTORY

60 70 80 90 00 10 20

EST. 1955

DIVERSIFICATION

WE CHAMPION OUR HERITAGE OF SERVICE

GROWTH

DEVELOPMENT

ESTABLISHMENT

FUTURE FORWARD

20K GLOBAL WORKFORCE

60+ COUNTRIES

7 CONTINENTS

STABILITY

GROWTH

PRECISION

FINANCIAL

PAE PROPRIETARY

THIS IS PAE

STABILITY

GROWTH

PRECISION

FINANCIAL
WE KNOW WHAT IT TAKES TO DELIVER

Established platform delivering mission-critical services.

FINANCIAL SNAPSHOT

Revenue Full Year 2019

$2.8B

Adjusted EBITDA Full Year 2019

$167M*

* Adjusted EBITDA is a non-GAAP financial measure. For a reconciliation of this non-GAAP financial measure to its most directly comparable GAAP financial measure, please see the appendix.
DIVERSE BUSINESS PORTFOLIO

Creates a unique competitive advantage

CUSTOMER BREAKOUT

- 22% DOS
- 15% DOD Combined 60+ Years
- 10% NAVY
- 13% DHS
- 4% DOJ
- 11% CLASSIFIED
- 4% NASA
- 12% OTHER

GEOGRAPHIC DIVERSITY

- 63% U.S.
- 37% INTERNATIONAL

CONTRACT DIVERSITY

- 54% ALL OTHER CONTRACTS
- 8% 40+ Years
- 15+ Years
- 35+ Years
- 50+ Years
- 60+ Years
- 50+ Years
- 60+ Years
- 60+ Years
- 60+ Years
- 60+ Years
- 60+ Years

Source: PAE management; based on 2020 plan
GO-TO-MARKET CAPABILITIES
Proven capabilities with substantial market potential

TEST & TRAINING
RANGE OPERATIONS

HUMANITARIAN
& STABILITY OPERATIONS

BASE OPERATIONS
& INFRASTRUCTURE SUPPORT

SPACE
DEVELOPMENT OPERATIONS

AIRCRAFT
MAINTENANCE OPERATIONS

VEHICLE
MAINTENANCE OPERATIONS

LIFESTYLE
LOGISTICS OPERATIONS

INTELLIGENCE
ANALYTICS

PHYSICAL
ELECTRONIC SECURITY

INTELLIGENCE
MISSION SUPPORT

BUSINESS
PROCESS SOLUTIONS

COUNTER TERRORISM
SOLUTIONS

TRAINING
SUPPORT

GMS

NSS

PAE PROPRIETARY
DIFFERENTIATION

Significant growth opportunity – Dynamic, robust markets open up new market segments
STRATEGY TRANSFORMATION
Focus on increasing TAM, growth and margin expansion

FINANCIAL PROFILE
- 3X NET DEBT L/T TARGET
- EXPAND MARGINS TO 8%+
- CAPEX-LIGHT BUSINESS MODEL
- ACHIEVE SYNERGIES
- ACQUIRE HIGHER MARGIN BUSINESSES
- SHIFT BID PIPELINE
- LEAN SIX SIGMA

TOTAL ADDRESSABLE MARKET (TAM)

INCREASE
TAM via M&A

EXPAND
Strategic customer footprint

GROW
Campaigns into adjacent markets
SMART SERVICES
Our most advanced level of data-based digital service offerings

SMART WORKPLACE
Visual Management
Safety Management System
Lean Six Sigma 6S

SMART MAINTENANCE
Conditions Based Maintenance
Reliability Centered Maintenance
Additive Manufacturing
Tool Control/Tracking

SMART LOGISTICS
In-Transit Tracking/Visibility
Optimized Order Ship Time
Predictive Stockage

SMART BASING
Infrastructure
Security
Facilities

SMART WORKPLACE
Applying features from other smart processes and the Lean Six Sigma 6S Lean Workplace system, Smart Workplace implements visual and safety management innovations.

SMART MAINTENANCE
Smart Maintenance improves reliability and maintenance effectiveness through the application and integration of processes, technologies and knowledge-based capabilities.

SMART LOGISTICS
Through Smart Logistics, the customer can track and visualize shipping and transit of everything from parts and supplies to people across the full range of military operations.

SMART BASING
Real-time monitoring of data and sensors in facilities in Smart Basing operations allow for more robust management of infrastructure, barracks analytics, security and facilities.
Revenue growth driven by strong industry tailwinds, on-contract growth and expanded contract opportunities

Robust backlog of $6.4B supports long-term visibility into recurring and growing revenue base

Increased focus in NSS targeting faster-growing & higher margin areas of the U.S. government is driving growth

Augmented by stability and predictability of the GMS segment

Flexible cost structure and global scale drive consistent performance with an expanding margin profile
EXECUTING A MARGIN EXPANSION STRATEGY WITH A PROVEN TRACK RECORD

FOCUSED GROWTH INITIATIVES UNDERPIN MARGIN EXPANSION PLAN

A. Track record of year-over-year EBITDA growth on current contracts driven by strong program management with margin and operating efficiency improvements

B. Pipeline for faster-growing, higher-margin NSS business increased from $5B to $17B from 2016 to end of 1Q 2020

C. Numerous acquisition targets across NSS and GMS that we expect will be accretive to margin profile

D. Strong track record of successfully integrating acquisitions and achieving meaningful synergies

Source: PAE Management
FREE CASHFLOW CONVERSION

- High free cash flow conversion with an average historical yield of 96%+ ¹
- Predictable cash flows with strong visibility due to diverse portfolio of stable long-term contracts
- Minimal capex requirements to support continued growth
- Highly efficient cost structure

Source: PAE management

¹ PAE Management estimate

With respect to Non-GAAP financial measures, see slide "Use of Non-GAAP Financial Measures".

³ Historical period pro forma for acquisitions

² $3MM in Capex spent directly on programs
VALUATION BENCHMARKING

COMPELLING VALUATION ON EBITDA AND FREE CASH FLOW

Total Enterprise Value / 2020 Analyst Consensus Adj. EBITDA (1)

2020E Free Cash Flow Yield (1)

Source: Company filings and FactSet

(1) Adjusted EBITDA and Free Cash Flow based on Wall Street consensus estimates and stock prices as of 7/10/2020
### PAE CAPITAL STRUCTURE

**REFINANCING DEBT IS TOP PRIORITY**

<table>
<thead>
<tr>
<th>CAPITALIZATION</th>
<th>03/29/20</th>
<th>OBSERVATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset-Based Revolving Loan Credit Facility</td>
<td>$0</td>
<td>October 2021 Maturity; LIBOR + 175 to 225 bps</td>
</tr>
<tr>
<td>1&lt;sup&gt;st&lt;/sup&gt; Lien Term Loan</td>
<td>$507</td>
<td>October 2022 Maturity; LIBOR + 550 bps</td>
</tr>
<tr>
<td>2&lt;sup&gt;nd&lt;/sup&gt; Lien Term Loan</td>
<td>$129</td>
<td>October 2023 Maturity; LIBOR + 950 bps</td>
</tr>
<tr>
<td><strong>Total Debt</strong></td>
<td><strong>$636</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Less:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash &amp; Equivalents</td>
<td>$100</td>
<td>U.S. GAAP Cash Balance</td>
</tr>
<tr>
<td><strong>Net Debt</strong></td>
<td><strong>$536</strong></td>
<td></td>
</tr>
<tr>
<td>Market Capitalization (@$9.64/share as of 7/10/20)</td>
<td><strong>$887</strong></td>
<td></td>
</tr>
</tbody>
</table>
GROWTH AND CAPITAL DEPLOYMENT FRAMEWORK
FOCUSED ON VALUE CREATION AND BALANCE SHEET FLEXIBILITY

ORGANIC GROWTH FOCUS AREAS

Shift in bid pipeline to higher-margin opportunities

Large, complex contracts provide opportunities for scope expansion and on-contract growth

Leverage attractive IDIQ portfolio to drive growth

DISCIPLINED M&A STRATEGY

Improved capital structure and free cash flow generation provides acquisition capacity

Focus on expanding capabilities & addressable market and scaling the business

MAINTAIN FLEXIBLE BALANCE SHEET

Compelling free cash flow generation supports De-leveraging and incremental acquisition capacity

While leverage levels will fluctuate due to M&A, target net leverage of ~3x over the long term

Source: PAE management

1 Projections use PAE estimates. With respect to projections, see slide 1 "Forward-Looking Statements"
Appendix
The Company uses EBITDA, adjusted EBITDA, pro forma adjusted EBITDA, adjusted EBITDA margin, adjusted operating income per segment, adjusted operating income margin per segment, free cash flow, and free cash flow conversion as supplemental non-GAAP measures of performance and/or liquidity. PAE defines EBITDA as net income excluding (i) interest expense, (ii) provision for or benefit from income taxes and (iii) depreciation and amortization. Adjusted EBITDA and adjusted operating income per segment exclude certain amounts included in EBITDA as provided in the reconciliations provided herein. Adjusted EBITDA is equal to the sum of adjusted operating income for each segment. Adjusted EBITDA margin is calculated as adjusted EBITDA divided by revenues expressed as a percentage and adjusted operating income margin is calculated as adjusted operating income divided by revenues expressed as a percentage.

For 2019 and 2018, the Company's net income was impacted by certain events that do not reflect the cost of our operations and which may affect the period-over-period assessment of operating results. The non-GAAP financial measures demonstrate the impact of these events.

During 2019 substantially all the assets of ISR were sold. The Company believes that it is helpful for investors to be able to evaluate the revenue performance of PAE's underlying business based on excluding ISR's operations during the year. To calculate the loss without ISR, the Company removed ISR from its revenue and loss metrics for both presented years in calculating the adjusted EBITDA.

These non-GAAP measures of performance and/or liquidity are used by management to conduct and evaluate its business during its regular review of operating results for the periods presented. Management and the Company's Board utilize these non-GAAP measures to make decisions about the use of the Company's resources, analyze performance between periods, develop internal projections and measure management performance. PAE believes these non-GAAP measures are useful to investors in evaluating the Company's ongoing operating and financial results and liquidity and understanding how such results compare with the Company's historical performance and liquidity.

In addition to the above non-GAAP financial measures, the Company has included backlog, net bookings, and book-to-bill ratio in this presentation. Backlog is an operational measure representing the estimated amount of future revenues to be recognized under negotiated contracts and task orders as work is performed and excludes contract awards which have been protested by competitors until the protest is resolved in our favor. Net bookings are an operational measure representing the change in backlog between reporting periods plus reported revenue for the period and book-to-bill ratio is an operational measure representing net bookings divided by reported revenues for the same period. We believe backlog, net bookings and book-to-bill ratio are useful metrics for investors because they are an important measure of business development performance and revenue growth. These metrics are used by management to conduct and evaluate its business during its regular review of operating results for the periods presented.
## NON-GAAP ADJUSTED EBITDA RECONCILIATION

Company

Reconciliation of GAAP net income to Adjusted EBITDA, a non-GAAP Measure – Company

*(in thousands)*

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
<th>Twelve Months Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>December 31, 2019</td>
<td>December 31, 2018</td>
</tr>
<tr>
<td>Net loss attributed to Shay Holding Corp.</td>
<td>$(14,593)</td>
<td>$(13,113)</td>
</tr>
<tr>
<td>Interest expense, net</td>
<td>20,752</td>
<td>22,144</td>
</tr>
<tr>
<td>Provision for taxes</td>
<td>(7,254)</td>
<td>2,249</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>11,584</td>
<td>12,181</td>
</tr>
<tr>
<td>M&amp;A costs</td>
<td>5,209</td>
<td>403</td>
</tr>
<tr>
<td>Disposal of ISR</td>
<td>1,774</td>
<td>5,454</td>
</tr>
<tr>
<td>Non-core expenses (1)</td>
<td>2,086</td>
<td>1,233</td>
</tr>
<tr>
<td>Non-cash items (2)</td>
<td>6,649</td>
<td>(977)</td>
</tr>
<tr>
<td>Forward loss accruals (3)</td>
<td>9,615</td>
<td>6,776</td>
</tr>
<tr>
<td>Sponsor fees (4)</td>
<td>1,315</td>
<td>1,250</td>
</tr>
<tr>
<td>Other (5)</td>
<td>327</td>
<td>(530)</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$ 37,464</td>
<td>$ 37,070</td>
</tr>
<tr>
<td>Adjusted EBITDA margin</td>
<td>5.4%</td>
<td>5.5%</td>
</tr>
</tbody>
</table>
## NON-GAAP ADJUSTED EBITDA RECONCILIATION

Company

Reconciliation of GAAP net income to Adjusted EBITDA, a non-GAAP Measure – Company
(in Thousands)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (in Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net loss attributed to PAE Incorporated</td>
<td>(52,802.0)</td>
</tr>
<tr>
<td>Interest expense, net</td>
<td>74,666.0</td>
</tr>
<tr>
<td>Provision for taxes</td>
<td>(39,578.0)</td>
</tr>
<tr>
<td>Depreciation and amortization &amp; Goodwill Impairment</td>
<td>131,642.0</td>
</tr>
<tr>
<td>M&amp;A costs</td>
<td>7,055.0</td>
</tr>
<tr>
<td>Disposal of assets</td>
<td>9,285.0</td>
</tr>
<tr>
<td>Non-core expenses (1)</td>
<td>1,873.0</td>
</tr>
<tr>
<td>Non-cash items (2)</td>
<td>(10,051.0)</td>
</tr>
<tr>
<td>Forward loss accruals (3)</td>
<td>17,301.0</td>
</tr>
<tr>
<td>Sponsor fees (4)</td>
<td>5,866.0</td>
</tr>
<tr>
<td>Other (5)</td>
<td>(3,111.0)</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td><strong>142,146.0</strong></td>
</tr>
</tbody>
</table>

Adjusted EBITDA margin 5.8%
REPORTABLE SEGMENTS NON-GAAP ADJUSTED EBITDA RECONCILIATION
GMS Segment

Reconciliation of GAAP operating income to Adjusted operating income a non-GAAP Measure – GMS
(in thousands)

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
<th></th>
<th>Twelve Months Ended</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>December 31, 2019</td>
<td>December 31, 2018</td>
<td>Change</td>
<td>December 31, 2019</td>
</tr>
<tr>
<td>Operating income</td>
<td>$15,407</td>
<td>$21,167</td>
<td>($5,760)</td>
<td>$92,386</td>
</tr>
<tr>
<td>Corp operating loss allocation</td>
<td>(3,709)</td>
<td>(3,020)</td>
<td>(689)</td>
<td>(21,746)</td>
</tr>
<tr>
<td>Corporate NCI allocation</td>
<td>1,973</td>
<td>(821)</td>
<td>2,794</td>
<td>(51)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>6,847</td>
<td>7,286</td>
<td>(439)</td>
<td>26,934</td>
</tr>
<tr>
<td>M&amp;A costs</td>
<td>3,987</td>
<td>331</td>
<td>3,656</td>
<td>10,004</td>
</tr>
<tr>
<td>Disposal of ISR</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Non-core expenses (1)</td>
<td>108</td>
<td>2,371</td>
<td>(2,263)</td>
<td>5,371</td>
</tr>
<tr>
<td>Non-cash items (2)</td>
<td>2,262</td>
<td>(759)</td>
<td>3,021</td>
<td>3,153</td>
</tr>
<tr>
<td>Forward loss accruals (3)</td>
<td>5,384</td>
<td>1,492</td>
<td>3,892</td>
<td>4,349</td>
</tr>
<tr>
<td>Sponsor fees (4)</td>
<td>1,007</td>
<td>971</td>
<td>36</td>
<td>3,857</td>
</tr>
<tr>
<td>Other (5)</td>
<td>250</td>
<td>(413)</td>
<td>663</td>
<td>1,842</td>
</tr>
<tr>
<td>Adjusted operating income</td>
<td>$33,516</td>
<td>$28,605</td>
<td>$4,911</td>
<td>$126,099</td>
</tr>
<tr>
<td>Adjusted operating income margin</td>
<td>6.3%</td>
<td>5.5%</td>
<td>6.0%</td>
<td>5.8%</td>
</tr>
</tbody>
</table>
# REPORTABLE SEGMENTS NON-GAAP ADJUSTED EBITDA RECONCILIATION

NSS Segment

Reconciliation of GAAP operating income to Adjusted operating income a non-GAAP Measure – NSS

<table>
<thead>
<tr>
<th>(in thousands)</th>
<th>Three Months Ended</th>
<th>Twelve Months Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>December 31, 2019</td>
<td>December 31, 2018</td>
</tr>
<tr>
<td>Operating loss</td>
<td>$ (13,729)</td>
<td>$ (5,221)</td>
</tr>
<tr>
<td>Corp operating loss allocation</td>
<td>(1,136)</td>
<td>(866)</td>
</tr>
<tr>
<td>Corporate NCI allocation</td>
<td>94</td>
<td>40</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>4,738</td>
<td>4,895</td>
</tr>
<tr>
<td>M&amp;A costs</td>
<td>1,222</td>
<td>72</td>
</tr>
<tr>
<td>Disposal of ISR</td>
<td>1,774</td>
<td>5,454</td>
</tr>
<tr>
<td>Non-core expenses (1)</td>
<td>1,978</td>
<td>(1,137)</td>
</tr>
<tr>
<td>Non-cash items (2)</td>
<td>4,389</td>
<td>(218)</td>
</tr>
<tr>
<td>Forward loss accruals (3)</td>
<td>4,232</td>
<td>5,264</td>
</tr>
<tr>
<td>Sponsor fees (4)</td>
<td>308</td>
<td>278</td>
</tr>
<tr>
<td>Other (5)</td>
<td>77</td>
<td>(117)</td>
</tr>
<tr>
<td>Adjusted operating income</td>
<td>$ 3,947</td>
<td>$ 8,464</td>
</tr>
<tr>
<td>Adjusted operating income margin</td>
<td>2.4%</td>
<td>5.7%</td>
</tr>
</tbody>
</table>

---

1. Non-core expenses include certain professional fees, gain/loss on disposal of fixed assets, settlements and certain severance costs.
2. Non-cash items include idle facilities charges for facilities the Company no longer occupies, pension curtailment costs and unrealized FX gains/losses.
3. Forward loss accruals include adjustments related to future expected losses recognized in the current period.
4. Sponsor fees include management fees and out of pocket expenses paid to the Company’s private equity sponsor for general management, transactional, financial and other corporate advisory services.
5. Other costs include adjustments related to adjustments to offset capitalized internal labor and state income taxes that were not captured in reported income tax expense.
# FREE CASH FLOW CONVERSION RECONCILIATION

Free Cash Flow Conversion is the ratio of free cash flow to Adjusted EBITDA and is expressed as a percentage.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted EBITDA</td>
<td>$142,146</td>
<td>$157,393</td>
<td>$166,731</td>
<td>$41,645</td>
</tr>
<tr>
<td>Expenditures for property and equipment</td>
<td>6,025</td>
<td>5,702</td>
<td>9,436</td>
<td>404</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>136,121</td>
<td>151,691</td>
<td>157,295</td>
<td>41,241</td>
</tr>
<tr>
<td>Free Cash Flow Conversion</td>
<td>95.8%</td>
<td>96.4%</td>
<td>94.3%</td>
<td>99.0%</td>
</tr>
</tbody>
</table>