

# DELTA TUCKER HOLDINGS, INC.

## FORM 8-K (Current report filing)

Filed 04/09/12 for the Period Ending 04/09/12

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

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**FORM 8-K**

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**CURRENT REPORT**

**PURSUANT TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**April 9, 2012  
(Date of Report (Date of earliest event reported))**

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**Delta Tucker Holdings, Inc.**

**(Exact name of registrant as specified in its charter)**

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**Delaware**  
(State or other jurisdiction  
of incorporation)

**333-173746**  
(Commission  
File Number)

**27-2525959**  
(IRS Employer  
Identification No.)

**3190 Fairview Park Drive, Suite 700**  
**Falls Church, VA**  
(Address of principal executive offices)

**22042**  
(Zip Code)

**(571) 722-0210**  
(Registrant's telephone number, including area code)

**N/A**  
(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02 Results of Operations and Financial Condition.**

On April 9, 2012, DynCorp International Inc. (“DynCorp International”), a wholly owned subsidiary of Delta Tucker Holdings, Inc. (“Holdings” and together with DynCorp, the “Companies”) issued a press release announcing the final results of the Companies’ financial performance for the quarter and year ended December 30, 2011. The press release is furnished herewith as Exhibit 99.1 to the Form 8-K. The Companies also posted the final earnings presentation, which is furnished herewith, as Exhibit 99.2 to the Form 8-K on the Company’s website at <http://www.dyn-intl.com>. As a result of the final press release filed herewith, readers should no longer rely on the prior press release filed on March 21, 2012.

The information in this Item 2.02 and the Exhibits attached hereto shall not be deemed “filed” for the purpose of Section 18 of the Securities Act of 1934, nor shall they be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Act of 1934, except to the extent as shall be expressly set forth by specific reference in such filing.

This Current Report on Form 8-K and Exhibit 99.1 and Exhibit 99.2 contain forward-looking statements within the meaning of the federal securities laws. These forward looking statements are based on current expectations and are not guarantees of future performance. Further, the forward-looking statements are subject to the limitations listed in Exhibit 99.1, Exhibit 99.2 and in the other SEC reports of Holdings, including that actual events or results may differ materially from those in the forward-looking statements.

Additionally, Exhibit 99.1 and Exhibit 99.2 contains various non-GAAP financial measures as defined by Regulation G. Reconciliations of each non-GAAP financial measure to its comparable GAAP financial measure can be found in the Exhibits.

**Item 9.01 Financial Statements and Exhibits.***(d) Exhibits:*

The following exhibits are furnished herewith:

- 99.1 Press Release issued by the Companies on April 9, 2012, furnished pursuant to Item 2.02 of this Form 8-K.
- 99.2 Final earnings presentation issued by the Companies on April 9, 2012, furnished pursuant to Item 2.02 of this Form 8-K

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Delta Tucker Holdings, Inc.

Date: April 9, 2012

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/s/ William T. Kansky  
William T. Kansky  
Senior Vice President and Chief Financial Officer

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**Exhibit Index**

<u>Exhibit No.</u>	<u>Description</u>
Exhibit-99.1	Press Release issued by the Companies on April 9, 2012, furnished pursuant to Item 2.02 of this Form 8-K.
Exhibit-99.2	Final earnings presentation issued by the Companies on April 9, 2012, furnished pursuant to Item 2.02 of this Form 8-K



**For more information contact**

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**DYNCORP INTERNATIONAL INC.'S PARENT REPORTS FINAL RESULTS FOR  
 THE FOURTH QUARTER AND FULL YEAR 2011**

- Fourth quarter Revenue of \$983 million, up 14.8%
- Fourth quarter Net loss attributable to Delta Tucker Holdings, Inc. of \$27.5 million, up \$3.5 million, excluding the impact of the fourth quarter goodwill impairment
- Fourth quarter Adjusted EBITDA of \$41.4 million, down \$5.3 million
- Total Backlog of \$5.7 billion, up \$959.0 million from year end 2010
- DSO of 69 days, down 7 days from third quarter and down 13 days from year end 2010
- Debt reduction of \$98.7 million during fourth quarter

FALLS CHURCH, Va. - (April 9, 2012) - Delta Tucker Holdings, Inc. ("Holdings"), the parent of DynCorp International Inc. ("DI", and together with Holdings, the "Company"), a global government services provider supporting the United States' national security and foreign policy objectives, today reported final fourth quarter revenue of \$983 million, an increase of 14.8% over fourth quarter 2010, and final full year 2011 revenue of \$3.7 billion, up \$334.4 million or 9.9% from calendar year 2010, when adjusting for the deconsolidation of the Global Linguist Solutions ("GLS") joint venture. Net income attributable to Holdings was \$19.8 million for the full year 2011, after adjusting for the \$49.1 million, net of tax, non-cash impairment of our GLS investment and the \$31.7 million, net of tax, non-cash goodwill impairment related to our GSDS reporting segment recorded during the third and fourth quarter, respectively. Net income of Holdings for 2010 was \$39.7 million after adjusting for the after tax \$45.1 million of merger related expenses associated with the merger with affiliates of Cerberus Capital Management, L.P. in 2010.

"Our team delivered a very solid year of performance in 2011," said Steven F. Gaffney, DI chairman and chief executive officer. "We focused on the right things - improving our processes, reorganizing our structure and upgrading our talent - to keep us on a path of growth. Our redesigned business development platform helped increase our backlog almost \$1 billion over the year and drove significant increases in our new business pipeline. Structural changes reduced our indirect cost structure, making us more competitive and responsive. And process improvements improved our working capital by reducing DSO by 13 days, allowing us to meet our deleveraging plan by paying down more than \$150 million on the term loan in 2011."

**Fourth Quarter Highlights**

- In October 2011, DI was awarded a task order under the Contract Field Team ("CFT") contract with the U.S. Army to provide aviation maintenance, modifications and logistics support for the Army rotary wing aircraft. The task order is for one base year and one option year and has a potential value of approximately \$80.0 million, if all options are exercised.
- In November and December 2011, DI received its most recent award fee determination related to Afghanistan and Kuwait operations on the Logistics Civil Augmentation Program ("LOGCAP IV") contract. These award fee determinations covered definitized costs from February 1, 2011 through July 31, 2011 and in total were lower than estimated award fee scores.

- The Company reduced Days Sales Outstanding (DSO) by 7 days during the fourth quarter to end at 69 days and reduced working capital as a percentage of revenue to 10.1%.
- In October and December 2011, DI made term loan principal payments of \$48.7 million and \$50.0 million, respectively. The October payment eliminated all future quarterly amortization payments until maturity. These payments caused the acceleration of unamortized deferred financing fees of \$4.9 million, which were recorded as a loss on extinguishment of debt within the Statement of Operations during the fourth quarter of 2011.
- As a result of our impairment test completed in October of 2011, it was determined that the fair value of our goodwill for two reporting units within our GSDS segment was in excess of its related carrying value. The second step of the impairment test determined that the implied goodwill for our Intelligence Training and Solutions (“ITS”) and Training and Mentoring (“TM”) reporting units was a total of \$33.8 million lower than the carrying value amount. A non-cash impairment charge was recorded for this amount for the two reporting units within our GSDS reporting segment, for the year ended December 30, 2011.

### **Summary Operating Results**

Revenue for the fourth quarter of \$983.0 million was up 14.8% from the same quarter in 2010 based on: continued strong demand under the LOGCAP IV contract; a 35% increase under the Air Operations Business Area Team (“BAT”), primarily due to construction services and secure air transportation services in Iraq and Afghanistan; increased business from the Security Services BAT, primarily in Iraq; and a 19.9% top line growth in the Training and Mentoring BAT from additional services under the Afghan National Police MOI Development Program (“AMDP”) and Combined Security Transition Command- Afghanistan (“CSTC-A”) contracts. Revenue for the quarter was partially offset by the loss of the Life Cycle Contract Support (“LCCS”) contract under the Aviation BAT.

Revenue for the year ended December 30, 2011 was \$3.7 billion, up \$334.4 million or 9.9% from the comparable period in 2010, adjusted for the deconsolidation of GLS, which recorded \$309.1 million of revenue in 2010. Increased demand under the LOGCAP IV contract, the INL Air Wing contract and the Training and Mentoring BAT drove the increase.

Fourth quarter net income attributable to Holdings was \$4.1 million, adjusted for the \$31.7 million goodwill impairment related to GSDS reporting segment during the fourth quarter, net of tax, up \$3.5 million from the same quarter in 2010. The change in net income attributable to Holdings was due primarily to increased volume and lower selling, general and administrative expenses, lower interest and tax expense, partially offset by a reduction in profitability attributable to the GLS joint venture and a \$4.9 million loss on early extinguishment of debt.

Net income attributable to Holdings for the year ended 2011 was \$19.8 million, adjusted for the \$80.8 million, net of tax, impairment of the carrying value of DI’s investment in the Global Linguist Solutions (“GLS”) joint venture and the goodwill impairment related to the ITS and TM reporting unit during the fourth quarter, down \$19.9 million, from the comparable period in 2010, which is adjusted for the after tax \$45.1 million merger related expense. The change in net income attributable to Holdings was due primarily to increases in revenue resulting from higher demand under the LOGCAP IV, AMDP and INL Air Wing contracts; and improved profitability in the Aviation BAT. These increases in net income were more than offset by a decrease in earnings from equity method investees due primarily to the decrease in GLS’ earnings, a loss recognized on the early extinguishment of debt and the shift in mix from the Civilian Police (“CivPol”) Afghanistan program to AMDP. Lower volume levels and profitability on the Mine Resistant Ambush Protected Vehicles (“MRAP”) contracts as that program moves into the sustainment phase of its lifecycle also drove the negative comparison.

Adjusted EBITDA for fourth quarter 2011 was \$41.4 million or \$5.3 million lower than the comparable period in 2010. Adjusted EBITDA was negatively impacted by lower LCCS volumes, reduced demand for services of the GLS joint venture as a result of troop withdrawals in Iraq, lower volume on the CivPol contract, and a true-up under the Contingency Operations BAT for lower than anticipated award fee scores on the LOGCAP IV contract. Partially offsetting these decreases were increased demand under the LOGCAP IV contract, increased volume and profitability on the INL Air Wing contract for construction and secure aviation transportation in Iraq and Afghanistan, improved margins on the CFT contract, and higher volume and profitability under the Security Services BAT.

2011 full year adjusted EBITDA of \$193.6 million decreased \$26.2 million from the comparable 2010 period primarily due to the loss of the LCCS programs, lower earnings from GLS, lower profitability on the MRAP program as it transitioned to a sustainment mode, and lower margins on the AMDP program compared to the program it replaced, CivPol Afghanistan ("ACAS"). Additional volume on the LOGCAP IV program, new contracts under the Aviation BAT and improved performance on the CFT and Counter-Narcoterrorism Technology Program Office ("CNTPO") programs helped offset these declines.

#### **Reportable Segments Results:**

##### **Global Stabilization and Development Solutions (GSDS):**

The GSDS segment produced revenue of \$638.8 million for the fourth quarter representing a 17.7% increase from the same period in 2010 and full year revenue of \$2.4 billion, an increase of 15.1% over the calendar year 2010. GSDS represented 64.5% of total revenue for the year ended December 30, 2011. The performance was primarily driven by the following:

##### *Contingency Operations:*

- Strong continued demand from the LOGCAP IV program, increasing \$65.5 million and \$290.8 million from the fourth quarter and calendar year 2010, respectively, was the major contributor to the Contingency Operations revenue growth. Additional revenue growth under the AFCAP and AFRICAP programs during the year offset the loss of the APK Somalia Task order, which was active in 2010.

##### *Training and Mentoring:*

- Revenue of \$164.5 million and \$620.9 million, up 19.9% and 16.1%, compared to fourth quarter and calendar year 2010, respectively, in the Training and Mentoring BAT was driven primarily by the AMDP program, which became fully operational in the third quarter of 2011 along with the CSTC-A program. CivPol continued to contribute to revenue, although at reduced levels as the ACAS task order was replaced by AMDP during the year.

##### *Security:*

- Fourth quarter revenue increased \$9.8 million from the fourth quarter 2010 to \$23.5 million and was essentially flat for the year, compared to calendar year 2010, as a result of the WPS program replacing the WPPS program, which experienced reduced demand in late 2010 and ended during calendar year 2011. The WPS program was obtained in July 2011 and was fully operational during the fourth quarter.

##### *Operating income:*

- Operating income of \$57.9 million for the year ended December 30, 2011, adjusted for goodwill impairment charge of \$33.8 million for the ITS and TM reporting units. Operating income was primarily due to revenue contributions on such programs as LOGCAP IV, AMDP and CivPol. The LOGCAP IV program provided additional revenue through the related award fees and base fees earned during the year. Operating income was offset by non-routine severance costs within the ITS and Development BATs incurred in the first quarter of calendar year 2011 and an investment in the Contingency Operations BAT incurred to strategically enter additional service areas in Afghanistan. As a percentage of revenue, operating income was 2.4% of revenue primarily due to larger volume contracts LOGCAP IV, AMDP and CivPol carrying lower margins than firm fixed price contracts.

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**Global Platform Support Solutions (GPSS):**

The GPSS segment produced revenue of \$349.4 million for the fourth quarter representing an 11.6% increase from the same period in 2010 and full year revenue of \$1.3 billion, an increase of 1.3% over the calendar year 2010. GPSS represented 35.3% of total revenue for the year ended December 30, 2011. The performance was primarily driven by the following:

**Aviation:**

- Revenue was down \$8.8 million and \$56.8 million compared to the fourth quarter and full year 2010, respectively. The fourth quarter of 2011 saw the positive impact of recent wins as our Andrews VIPSAM, C21 CLS, and Pax River contracts all added to operations. Additionally, the CFT contract recognized improved revenue and profitability for the quarter and full year. These programs coupled with growth on the CNTPO contract in 2011 were not enough to offset the revenue headwind experienced with the loss of the LCCS-Army contract in late 2010 and the LCCS-Navy contract in first quarter 2011.

**Air Operations:**

- The Air Operations BAT experienced strong demand for construction services and secure aviation transportation in Iraq and Afghanistan with the INL Air Wing program during 2011, producing revenue of \$126.6 million in the fourth quarter, an increase of 35% compared to fourth quarter 2010, and \$465.3 million for the full year of 2011, up 25% compared to the calendar year 2010.

**Operations and Maintenance:**

- During the fourth quarter revenue increased approximately \$11.1 million, or 22.5% compared to the same period in 2010, to \$60.3 million driven primarily by the revenue earned on the War Reserve Materiel, Philippines Operations Support, and our MRAP programs. Revenue of \$208.7 million for the year ended December 30, 2011 was down 9.5% when compared to calendar year 2010 primarily driven by the change of MRAP programs to cost responsive versus fixed price type contracts.

**Operating income:**

- Operating income of \$111.3 million for the year ended December 30, 2011 represented 8.5% of revenues for the year and was primarily attributable to income produced by our INL Air Wing program from operations in Iraq, Afghanistan and other countries. Operating income was also impacted by increased profitability of our Aviation BAT, partially offset by first quarter events, such as \$2.2 million of severance expense related to certain German employees on the CFT program and a \$1.9 million write-down of LCCS inventory.

**Global Linguist Solutions (GLS):**

- The Company recorded zero Adjusted EBITDA for the fourth quarter of 2011, down approximately \$4.9 million from the comparable quarter in 2010, driven by the reduction in deployed linguists in support of U.S. troop levels in Iraq as the war came to an end. In the third quarter of 2011, the Company recorded an impairment of its investment in GLS in the amount of \$76.6 million and does not anticipate GLS to contribute to operations in 2012.

**Organizational Changes:**

Steve Schorer, president, commented on recent organizational changes, "To capitalize on the success we saw in 2011 and to continue the momentum into 2012, we analyzed the global markets that are most attractive to DI, made changes to align and size our businesses accordingly, and brought in new team members to help secure new opportunities."

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Under this new structure, the Company's organization is as follows:

**GPSS:**

- Aviation Group - Aviation BAT, Air Operations BAT
- Global Logistics & Development Solutions Group - Development, Operations and Maintenance, and Contingency Operations BATs (excluding the LOGCAP IV program)

**GSDS:**

- Security Services Group - Security BAT
- Training & Intelligence Group - Training & Mentoring BAT, Intelligence Training & Solutions BAT
- LOGCAP IV program - due to the size of this program, LOGCAP IV will operate as a standalone group to optimize management, oversight and performance of the team

**Liquidity**

Cash provided by Operating Activities of \$168.0 million for the year ended December 30, 2011 was driven from strong collections of receivables, reducing DSO to 69 days, as well as the collection of a \$46.0 million tax refund resulting from an approved change in accounting method with the IRS.

During the year, the Company made principal prepayments in the amount of \$151.3 million on its Term Loan facility to reduce gross debt outstanding by 14.8%. The principal prepayment made in October of 2011 satisfied the Company's responsibility to make quarterly principle payments through 2016.

**2012 Outlook**

The Company enters 2012 with a strong backlog of orders and market position and depth of services to meet the life-cycle of needs to support the national security and foreign policy objectives of the U.S. and its allies. Backlog ended the year at \$5.7 billion, up \$959 million from calendar year 2010, a 20.1% increase. Each of DI's BATS successfully won new contracts or re-competes during the year including significant wins in the Security Services and Aviation BATS and the extension of the first option year under the LOGCAP IV contract.

Bill Kansky, Chief Financial Officer stated, "We anticipate growth in both sales and profitability in 2012. The headwind from our GLS JV and lower CivPol volumes will be offset by continued gains on the AMDP contract, growth in our Aviation group and improved award fee scores on the LOGCAP IV program. This should result in overall margins remaining at current levels."

**About DynCorp International**

DynCorp International Inc., a wholly owned subsidiary of Delta Tucker Holdings, Inc., is a global government services provider working in support of U.S. national security and foreign policy objectives, delivering support solutions for defense, diplomacy, and international development. DynCorp International operates major programs in logistics, platform support, contingency operations, and training and mentoring to reinforce security, community stability, and the rule of law. DynCorp International is headquartered in Falls Church, Va. For more information, visit [www.dyn-intl.com](http://www.dyn-intl.com).

**Reconciliation to GAAP**

In addition to the Company's financial results reported in accordance with accounting principles generally accepted in the United States of America ("GAAP") included in this press release, the Company has provided certain financial measures that are not calculated according to GAAP, including EBITDA. We define EBITDA as GAAP net income attributable to the Company adjusted for interest, taxes, depreciation and amortization. Adjusted EBITDA is calculated by adjusting EBITDA for certain noncash items from operations and certain other items as defined in our 10.375% Senior Unsecured Notes and our Credit Facility. Management believes these non-GAAP

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financial measures are useful in evaluating operating performance and are regularly used by security analysts, institutional investors and other interested parties in reviewing the Company. Non-GAAP financial measures such as EBITDA and Adjusted EBITDA are not intended to be a substitute for any GAAP financial measure and, as calculated, may not be comparable to other similarly titled measures of the performance of other companies. We believe that Adjusted EBITDA is useful in assessing our ability to generate cash to cover our debt obligations including interest and principal payments. Non-GAAP financial measures are not intended to be a substitute for any GAAP financial measure and, as calculated, may not be comparable to other similarly titled measures of the performance of other companies.

For a reconciliation of non-GAAP financial measures to the comparable GAAP financial measures please see the financial schedules accompanying this release.

#### **Forward-looking Statements**

This announcement may contain forward-looking statements regarding future events and our future results that are subject to the safe harbors created by the Private Securities Litigation Reform Act of 1995 under the Securities Act of 1933 (the "Securities Act") and the Securities Exchange Act of 1934 (the "Exchange Act"). Without limiting the foregoing, the words "believes," "thinks," "anticipates," "plans," "expects" and similar expressions are intended to identify forward-looking statements. Forward-looking statements involve risks and uncertainties. Statements regarding the amount of our backlog, estimated total contract values, and 2012 outlook are other examples of forward-looking statements. We caution that these statements are further qualified by important economic, competitive, governmental, international and technological factors that could cause our business, strategy, projections or actual results or events to differ materially, or otherwise, from those in the forward-looking statements. These factors, risks and uncertainties include, among others, the following: the future impact of mergers acquisitions, joint ventures or teaming agreements; our substantial level of indebtedness and changes in availability of capital and cost of capital; the outcome of any material litigation, government investigation, audit or other regulatory matters; policy and/or spending changes implemented by the Obama Administration, any subsequent administration or Congress; termination or modification of key U.S. government or commercial contracts, including subcontracts; changes in the demand for services that we provide or work awarded under our contracts, including without limitation, the Civilian Police, International Narcotics and Law Enforcement, Worldwide Personal Protection Services and LOGCAP IV contracts; change in demand for services provided by our joint venture partners; pursuit of new commercial business in the U.S. and abroad; activities of competitors and the outcome of bid protests; changes in significant operating expenses; impact of lower than expected win rates for new business; general political, economic, regulatory and business conditions in the U.S. or in other countries in which we operate; acts of war or terrorist activities; variations in performance of financial markets; the inherent difficulties of estimating future contract revenue and changes in anticipated revenue from indefinite delivery, indefinite quantity contracts; the timing or magnitude of any award fee granted under our government contracts, including, but not limited to, LOGCAP IV; changes in expected percentages of future revenue represented by fixed-price and time-and-materials contracts, including increased competition with respect to task orders subject to such contracts; termination or modification of key subcontractor performance or delivery; and statements covering our business strategy, those described in "Risk Factors" in our Annual Report on Form 10-K for the year ended December 30, 2011 filed with the SEC on April 9, 2012 and other risks detailed from time to time in our reports filed with the SEC. Accordingly, such forward-looking statements do not purport to be predictions of future events or circumstances and therefore, there can be no assurance that any forward-looking statement contained herein will prove to be accurate. We assume no obligation to update the forward-looking statements. Given these risk and uncertainties, you are cautioned not to place undue reliance on forward-looking statements. The Company's actual results could differ materially from those contained in the forward-looking statements.

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*(Financial tables follow)*

**DELTA TUCKER HOLDINGS, INC. (DTH, Inc.)**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Amounts in thousands)

	DTH, Inc.			Predecessor & DTH, Inc.
	Three Months Ended December 30,	Three Months Ended December 31,	Year Ended December 30, 2011	Calendar Year Ended December 31, 2010
	2011 (unaudited)	2010 (unaudited)	(unaudited)	(unaudited)
Revenue	\$ 983,024	\$ 856,660	\$ 3,721,465	\$ 3,696,210
Cost of services	(908,810)	(785,158)	(3,409,222)	(3,374,977)
Selling, general and administrative expenses	(32,546)	(37,550)	(149,551)	(135,846)
Merger expenses	—	—	—	(51,722)
Depreciation and amortization expense	(12,544)	(13,431)	(50,773)	(46,765)
Earnings from equity method investees	970	5,211	12,800	10,337
Impairment of equity method investment	—	—	(76,647)	—
Impairment of goodwill	(33,768)	—	(33,768)	—
Operating (loss) income	(3,674)	25,732	14,304	97,237
Interest expense	(22,215)	(24,436)	(91,752)	(73,124)
Bridge commitment fees	—	—	—	(7,963)
Loss on early extinguishment of debt	(4,870)	—	(7,267)	—
Interest income	37	140	205	504
Other income, net	1,279	1,410	6,071	4,317
Income before income taxes	(29,443)	2,846	(78,439)	20,971
Provision for income taxes	2,335	(1,463)	20,122	(14,065)
Net income	(27,108)	1,383	(58,317)	6,906
Noncontrolling interests	(440)	(807)	(2,625)	(12,293)
Net income/(loss) attributable to DTH, Inc. / Predecessor	\$ (27,548)	\$ 576	\$ (60,942)	\$ (5,387)
Income tax (benefit)/provision	(2,335)	1,463	(20,122)	14,065
Interest expense, net of interest income	22,178	24,296	91,547	72,620
Depreciation and amortization <sup>(1)</sup>	13,008	13,643	52,494	47,592
EBITDA	\$ 5,303	\$ 39,978	\$ 62,977	\$ 128,890
Non-recurring or unusual gains or losses or income or expenses and non-cash impairments <sup>(2)</sup>	37,059	—	122,151	(1,838)
Equity-based compensation	—	—	—	3,845
Changes due to fluctuation in foreign exchange rates	(195)	63	(210)	(90)
Earnings from affiliates not received in cash <sup>(3)</sup>	(1,584)	(605)	(1,297)	(77)
Employee non-cash compensation, severance, and retention expense	(221)	1,191	8,483	4,649
Management fees <sup>(4)</sup>	(621)	384	777	667
Acquisition accounting and Merger-related items <sup>(5)</sup>	1,722	5,743	(2,171)	77,429
Other	(22)	—	2,011	—
Annualized operational efficiencies <sup>(6)</sup>	—	—	855	6,271
Adjusted EBITDA	<u>\$ 41,441</u>	<u>\$ 46,754</u>	<u>\$ 193,576</u>	<u>\$ 219,746</u>

- (1) Amount includes certain depreciation and amortization amounts which are classified as Cost of services in our Unaudited Condensed Consolidated Statements of Income.
- (2) Amount includes the impairment of our investment in the GLS joint venture and the impairment of goodwill, as well as our unusual income and expense items.
- (3) Includes our unconsolidated affiliates.
- (4) Amount presented relates to the DTH, Inc. management fees, we excluded the Predecessor management fees from the EBITDA adjustments above.
- (5) The DTH, Inc. amount includes the amortization of intangibles arising pursuant to FASB ASC 805.
- (6) Represents a defined EBITDA adjustment under our debt agreement for the amount of cost savings, operating expense reductions and synergies projected as a result of specified actions taken or with respect to which substantial steps have been taken during the period.

**DELTA TUCKER HOLDINGS, INC. (DTH, Inc.)**  
**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Amounts in thousands)

	<u>December 30, 2011</u>	<u>December 31, 2010</u>
	(unaudited)	(unaudited)
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 70,205	\$ 52,537
Restricted cash	10,773	9,342
Accounts receivable, net of allowances of \$1,947 and \$558, respectively	752,756	782,095
Other current assets	88,877	150,613
Total current assets	<u>922,611</u>	<u>994,587</u>
Non-current assets	1,091,810	1,268,768
Total assets	<u>\$ 2,014,421</u>	<u>\$ 2,263,355</u>
<b>LIABILITIES AND EQUITY</b>		
Current portion of long-term debt	\$ —	\$ 5,700
Other current liabilities	633,259	639,172
Total current liabilities	<u>633,259</u>	<u>644,872</u>
Long-term debt, less current portion	872,909	1,018,512
Other long-term liabilities	50,768	82,645
Total equity attributable to Delta Tucker Holdings, Inc.	452,299	512,975
Noncontrolling interest	5,186	4,351
Total equity	<u>457,485</u>	<u>517,326</u>
Total liabilities and equity	<u>\$ 2,014,421</u>	<u>\$ 2,263,355</u>

**DELTA TUCKER HOLDINGS, INC. (DTH, Inc.)**  
**UNAUDITED ADJUSTED EBITDA BY SEGMENT**  
(Amounts in thousands)

	DTH, Inc. CY11 Q4 <sup>(1)</sup>						DTH, Inc. / Predecessor CY10 Q4 <sup>(1)</sup>					
	Headquarters	GSDS	GPSS	GLS	Eliminations <sup>(2)</sup>	Consolidated	Headquarters	GSDS	GPSS	GLS	Eliminations <sup>(2)</sup>	Consolidated
Operating income	\$ (10,276)	\$(23,999)	\$30,601	\$ 3,453	\$ (3,453)	\$ (3,674)	\$ (12,942)	\$18,376	\$20,298	\$9,704	\$ (9,704)	\$ 25,732
Depreciation and amortization expense	12,469	376	163	—	—	13,008	13,320	149	174	—	—	13,643
Loss on extinguishment of debt	(4,870)	—	—	—	—	(4,870)	—	—	—	—	—	—
Noncontrolling interests	(440)	—	—	—	—	(440)	(807)	—	—	—	—	(807)
Other income, net	1,316	(73)	36	—	—	1,279	1,411	27	(28)	—	—	1,410
EBITDA	\$ (1,801)	\$(23,696)	\$30,800	\$ 3,453	\$ (3,453)	\$ 5,303	\$ 982	\$18,552	\$20,444	\$9,704	\$ (9,704)	\$ 39,978
Non-recurring or unusual gains or losses or income or expenses and non-cash impairments	4,870	32,304	(115)	—	—	37,059	—	—	—	—	—	—
Changes due to fluctuation in foreign exchange rates	—	—	(195)	—	—	(195)	—	—	63	—	—	63
Earnings from affiliates not received in cash <sup>(3)</sup>	(1,584)	—	—	(3,453)	3,453	(1,584)	(605)	—	—	—	—	(605)
Employee non-cash compensation, severance, and retention expense	(1,390)	448	721	—	—	(221)	453	764	(26)	—	—	1,191
Management fees	(1,084)	183	280	—	—	(621)	384	—	—	—	—	384
Acquisition accounting and Merger-related items <sup>(4)</sup>	—	3,240	(1,518)	—	—	1,722	(21)	7,772	(2,008)	—	—	5,743
Other	(22)	—	—	—	—	(22)	—	—	—	—	—	—
Adjusted EBITDA	\$ (1,011)	\$ 12,479	\$29,973	\$ —	\$ —	\$ 41,441	\$ 1,193	\$27,088	\$18,473	\$9,704	\$ (9,704)	\$ 46,754

- (1) We have three reportable segments, Global Stabilization and Development Solutions (“GSDS”), Global Platform Support Solutions (“GPSS”), and Global Linguist Solutions (“GLS”). Two of our segments, GSDS and GPSS, are wholly-owned. Our third segment, GLS, is a 51% owned joint venture. We account for our investment in GLS using the equity method of accounting.
- (2) GLS was deconsolidated as of July 7, 2010, as such this column represents the elimination of GLS’ operating income.
- (3) Includes our unconsolidated affiliates.
- (4) Amount includes the amortization of intangibles arising pursuant to FASB ASC 805.

DELTA TUCKER HOLDINGS, INC. (DTH, Inc.)  
OTHER CONTRACT DATA  
(Amounts in millions)

	<u>December 30, 2011</u> (unaudited)	<u>December 31, 2010</u> (unaudited)
Backlog: <sup>(1)</sup>		
Funded backlog	\$ 1,480	\$ 1,823
Unfunded backlog	4,261	2,959
Total Backlog	<u>\$ 5,741</u>	<u>\$ 4,782</u>

- (1) Backlog consists of funded and unfunded amounts under contracts. Funded backlog is equal to the amounts appropriated by a customer for payment of goods and services less actual revenue recognized as of the measurement date under that appropriation. Unfunded backlog is the dollar value of unexercised, priced contract options, and the unfunded portion of exercised contract options. Most of our U.S. government contracts allow the customer the option to extend the period of performance of a contract for a period of one or more years. These priced options may or may not be exercised at the sole discretion of the customer. It has been our experience that the customer has typically exercised contract options.



Delta Tucker Holdings, Inc.  
Parent of DynCorp International, Inc.  
4th Quarter 2011 Final Earnings  
Presentation

April 9, 2012

We Serve Today for a Better Tomorrow.

# Forward-Looking Statements and Non-GAAP Measures

- This presentation includes forward-looking statements about Company's future business and financial performance, plans, goals, beliefs, or expectations. All of these forward-looking statements are based on estimates and assumptions made by the Company's management that, although believed by the Company to be reasonable, are inherently uncertain. Forward-looking statements involve risks and uncertainties, including, but not limited to, our substantial level of indebtedness; the outcome of any litigation, government investigation, audit or other regulatory matters; award fee determination; termination or modification of key contracts; changes in the demand for services; acts of war or terrorist activities; changes in significant operating expenses; and other economic, competitive, governmental, political and technological factors outside of the Company's control. These risks and uncertainties may cause the Company's business, strategy or actual results or events to differ materially from the statements made herein.
- All forward looking statements included in this presentation are based upon information presently available. DynCorp International undertakes no obligation to update or revise any forward-looking statement it makes to reflect events or circumstances after the date of this presentation or to reflect the occurrence of unanticipated events. The risks and uncertainties relating to the forward-looking statements in this presentation include those described under the caption "Risk Factors" and "Forward-Looking Statements" detailed from time to time in our reports filed with the SEC.
- This presentation includes non-GAAP financial measures, including Adjusted EBITDA, that are different from financial measures calculated in accordance with GAAP and may be different from non-GAAP calculations made by other companies. Management believes these non-GAAP financial measures are useful in evaluating operating performance and are regularly used by investors, lenders and other interested parties in reviewing the Company. For a reconciliation of these non-GAAP financial measures to the most comparable GAAP financial measures, see the earnings press release dated April 9, 2012 filed with the SEC on Current Report on Form 8-K and posted on our website.

# DI Year in Review

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## ➤ 2011 Initiatives Made an Impact

- ❑ **Reorganized Business & COEs**
  - Win Rate Above 40% / Booked Over \$5.1B of Orders
- ❑ **Stood Up a Supply Chain Organization**
  - Leveraged \$75M in Annual Savings
- ❑ **Implemented a Working Capital Improvement Plan**
  - DSO Improves 13 Days from 2010 Levels
- ❑ **Focused on Leadership**
  - Developed and Aligned the Team

## ➤ Achieved Solid Financial Performance

- ❑ Revenue of \$3.7B – Up 9.9% From 2010 Levels
- ❑ Recorded \$193.6M in Adjusted EBITDA – Margins at 5.2%
- ❑ Reduced Term Loan by \$151M

# 2011 Critical Action Plan - Status

Area of Concern	Priority Actions	Status	Comments
Business Development Redesign	<ul style="list-style-type: none"> <li>• Develop Marketing Department</li> <li>• Enhance Capture Process</li> <li>• Align Pricing Function</li> </ul>		<ul style="list-style-type: none"> <li>✓ Redesigned Business Development Function</li> <li>✓ Created Marketing Function</li> <li>✓ Increased Funnel by \$6.2 Billion (38% Increase)</li> </ul>
Business System Redesign	<ul style="list-style-type: none"> <li>• Leverage Company spend</li> <li>• Strategize Terms and Conditions (T/Cs)</li> <li>• Develop Strategic Discriminator</li> </ul>		<ul style="list-style-type: none"> <li>✓ Prior Corrective Action Plans Scrubbed</li> <li>✓ Enhanced Focus on Business Systems</li> <li>✓ Launched 3-Phase Business System Remediation Plan</li> </ul>
Cost Structure	<ul style="list-style-type: none"> <li>• Delayer</li> <li>• Develop Market Focus</li> <li>• Optimize Business Processes</li> </ul>		<ul style="list-style-type: none"> <li>✓ De-layered: Introduced Business Area Teams ("BAT") and Centers of Excellence ("COE")</li> </ul>
Supply Chain Redesign	<ul style="list-style-type: none"> <li>• Identify the Right Leaders</li> <li>• Develop Second and Third Tier Leaders to Support Growth</li> </ul>		<ul style="list-style-type: none"> <li>✓ Organization Redesign Completed</li> <li>✓ Spend Analysis Underway</li> <li>✓ Master Service Agreements Being Developed</li> </ul>
Compliance	<ul style="list-style-type: none"> <li>• Identify and Develop Brand Identity</li> <li>• Educate External Audiences (Media, Administration, Congress, Customers, Partners, Oversight, decision Makers and Opinion leaders)</li> </ul>		<ul style="list-style-type: none"> <li>✓ Formalized Investigation and Adjudication Process</li> <li>✓ Code of Ethics and Business Conduct Rollout</li> <li>✓ Compliance Newsletter</li> <li>✓ Re-vamped Training</li> </ul>
Leadership Development	<ul style="list-style-type: none"> <li>• Who Are We Training?</li> <li>• When Do We Reach Them?</li> <li>• With What Information?</li> </ul>		<ul style="list-style-type: none"> <li>✓ Talent Review Conducted</li> <li>✓ New Organization Formed</li> <li>✓ Training Framework Defined; Courses in Development</li> </ul>
Brand and Communications	<ul style="list-style-type: none"> <li>• Focus on Employees</li> <li>• Build a Foundation of Public Understanding</li> <li>• Take a Strategic Approach to Proactive Communications</li> </ul>		<ul style="list-style-type: none"> <li>✓ Launched Advertising and Online Reputation Management Campaigns</li> <li>✓ Launched Employee Spotlight for Internal/External Use</li> <li>✓ Increased Proactive Outreach Around BAT Teams</li> </ul>

# CEO View on 2012

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## ➤ Environment Remains Uncertain

- ❑ The U.S. Afghan Strategy Under a Microscope
- ❑ Middle East Remains Unstable
- ❑ U.S. Presidential Election

## ➤ 2012 DoD Budget Still Robust

- ❑ 2012 O&M Budget at \$197B

## ➤ Continue to Make Progress on Strategic Initiatives

- ❑ Large IDIQs
- ❑ Diversify Offering

## ➤ Focus on Program and Operational Excellence

- ❑ LOGCAP Award Fee Scores

**Reorganized into Strategic Groups to Fit the Changing Environment**

## 2012 New Business Construct – Strategic Groups

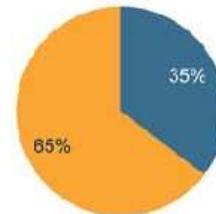
### GPSS:

- ❑ Aviation Group –Aviation BAT, Air Ops BAT
- ❑ Global Logistics & Development Solutions Group –Development, O&M and Contingency Operations BATs (excluding LOGCAP IV)

### GSDS:

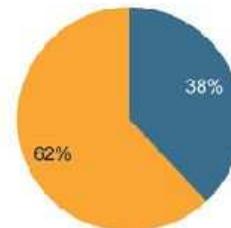
- ❑ Security Services Group Security BAT
- ❑ Training & Intelligence Group T&M BAT, Intelligence Training & Solutions BAT
- ❑ LOGCAP IV program Standalone Group to Optimize Management, Oversight and Performance of the Program

2011 Revenue



■ GPSS ■ GSDS

2011 Revenue Post Reorganization



■ GPSS ■ GSDS

# Big Drivers in U.S. Defense and Foreign Policy

<p><b>Budget Season</b>  <i>Sequester would "Automatically hollow out the force!"</i>          Secretary Leon Panetta</p> <p><b>FY12 DOD Enacted</b>          • \$646B</p> <p><b>FY13 DOD Request</b>          • \$613.9B</p> <p><b>FY13 DOD Budget Winners/Losers</b>          • FY13 Modernization cut 53%          • O&amp;M Base -- \$209B (+\$11.7B)</p> <p><b>FY12 State Enacted</b>          • \$54B</p> <p><b>FY13 State Request</b>          • \$51.6B</p> <p><b>FY13 State Winners/Losers</b>          • Topline down \$2.4B          • OCO -- up in Afghanistan, down in Iraq          • State funding is Obama priority</p> <p><b>Sequester</b>          • "Goofy!" Secretary Panetta</p>	<p><b>War with Iran</b>  <i>"We will take every step available to prevent Iran from obtaining a nuclear weapon."</i> President Barack Obama</p> <p><b>"Zone of Immunity"</b>          • Israeli strike?          • <i>"Iran will have nuclear capability of a dozen weapons within 60 months."</i> General Barry McCaffrey</p> <p><b>Iranian Military Capable</b>          • Submarines          • Modern missile boats          • Capable of significant damage to Saudi and GCC oil shipping and production</p> <p><b>Worldwide Economic Impact</b>          • Iran is 4<sup>th</sup> largest oil producer          • Massive oil market disruptions</p> <p><b>Policy Options</b>          • Acquiescence          • Diplomacy          • Containment / Deterrence /SPECOPS          • Military Action</p>	<p><b>Afghanistan: Transition not Withdrawal</b>  <i>"Our forces will still be fighting on the ground, before, during and after 2014."</i> Ambassador Neumann</p> <p><b>Derailing the Strategy?</b>          • Green on Blue          • Quran Burning          • Civilian Shootings</p> <p><b>Transition to Afghan Lead</b>          • Advisory teams embedded</p> <p><b>Afghan Security Forces Strategy</b></p> <p><b>State Department Transition</b>          • "Early phases of military-to-civilian transition"          • Embassy branches in Kandahar, Mazar-i-Sharif, Herat, and Jalalabad</p> <p><b>Long Term Presence</b>          • Strategic Partnership          • De-scope vs. MILCON          • Special Operations lead</p>	<p><b>Interesting Times</b>  <i>"The United States should lead an international effort to protect key population centers in Syria."</i>          Senator John McCain</p> <p><b>Syrian Crisis</b>          • Civil War</p> <p><b>Pakistan</b>          • Secret cable warns about havens</p> <p><b>Iraq</b>          • Stabilizing or not?</p> <p><b>African Contingency</b>          • <i>Washington Post</i> : "Constellation of secret bases"</p> <p><b>Latin American Drug Wars</b>          • Mexico: Merida Initiative          • Central America Security Initiative          • Caribbean Basin Security Initiative</p> <p><b>Pivot to Asia</b>          • Philippine Base Access          • Australia hosts American troops</p>
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# 2013 Budget Request Outlook

## Defense



## Operations and Maintenance (FY12 Constant Dollars, Millions)



## State



- OCO Declines as Wars Wind Down
- Base Requirement Continues
- O&M Base Adjusting – Big Requirement Moving Forward
- Fundamental Shift in how DoS Funds Global Demands

# Strategy to Market Alignment

## Market Dynamics / Customer Actions

- Cut Procurement & RDT&E Funding
- Reduce Force Structure
- Increase O&M Funding
- Enterprise IDIQs



## DI Strategies and Actions

- ✓ MRAP Sustainment and Support \$2B+
- ✓ Aviation Field Maintenance (AFM) \$2B+
- ✓ CNTPO \$3B+
- ✓ Eagle (Follow on to First) IDIQ \$30B

## Market Dynamics / Geopolitics

- Arab Awakening
- GCC Customers Spending
- Increased Opportunity in Africa
- Spending + Central/South America



## DI Strategies and Actions

- ✓ Established KSA Office
- ✓ U.K. Opportunities
- ✓ LOGCAP Africa
- ✓ ARAVI Win
- ✓ Egypt PSS Win

## Market Dynamics / Pivot to Asia

- Region Rife with Tension
- U.S. Repositioning Forces
- Maritime & Aviation Focus
- Increased SOCOM Activity



## DI Strategies and Actions

- ✓ Partnering for Australian Opportunities
- ✓ Expand in the Philippines
- ✓ Align with U.S. Asia/Pacific BOS Expansion

# Financial Review

# 2011 Results

Dollars in millions

	Q4 2011	CY 2011	2011 vs. 2010	
	Revenue	\$983.0	\$3,721.5	\$334.4
Adjusted EBITDA	\$41.4	\$193.6	(\$26.2)	(11.9%)
Adjusted EBITDA Margin	4.2%	5.2%	(129 bps)	
Total Backlog	\$5,741		\$959	20.1%



## Full Year Highlights

### Revenue



LOGCAP IV  
INL Air Wing  
CSTC-A, AMDP  
CNTPO, CFT Aviation

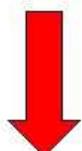


CivPol Afghanistan and Iraq  
Program Losses-APK Somalia,  
LCCS

### Adjusted EBITDA



LOGCAP IV Volume  
INL Air Wing  
CFT Margins  
CNTPO  
Aviation New Contracts



CivPol Volume & Mix  
MRAP Lower Profitability  
Program Losses  
GLS (JV) Lower Troop Levels in Iraq

# Global Stabilization and Development Solutions

Dollars in millions

	Q4 2011	CY 2011	2011 vs. 2010	
Revenue	\$638.8	\$2,402.1	\$315.3	15.1%
Adjusted EBITDA	\$12.5	\$77.2	(\$22.3)	(22.4%)
Adjusted EBITDA Margin	2.0%	3.2%	(155 bps)	
Total Backlog	\$2,940		\$184	6.7%



## 4Q-Highlights

### Revenue

- ↑ Contingency Operations – LOGCAP IV, AFRICAP
- ↑ Training and Mentoring – AMDP, CSTC-A
- ↑ Security Services – WPS
- ↓ CivPol

### Adjusted EBITDA

- ↑ Training and Mentoring – CSTC-A, AMDP, CivPol
- ↑ Security Services
- ↓ Contingency Operations – LOGCAP IV AF Score

### Total Backlog

- ↑ LOGCAP IV, Security Services, ITS
- ↓ CivPol, CSTC-A, Development, APK, MNSTC-I

# Global Platform Support Solutions

Dollars in millions



	Q4 2011	CY 2011	2011 vs. 2010	
Revenue	\$349.4	\$1,313.6	\$17.5	1.3%
Adjusted EBITDA	\$30.0	\$104.8	\$5.7	5.8%
Adjusted EBITDA Margin	8.6%	8.0%	(33 bps)	
Total Backlog	\$2,801		\$775	38.3%



## 4Q-Highlights

### Revenue

- ↑ Air Operations – INL Air Wing
- ↑ Aviation – CFT, VIPSAM, CNTPO, Ft. Campbell, Pax River
- ↑ O&M-MRAP Programs
- ↓ Aviation – LCCS Loss

### Adjusted EBITDA

- ↑ Air Operations – INL Air Wing
- ↑ Aviation – CNTPO Volume, CFT Margins, VIPSAM, Pax River
- ↓ O&M – MRAP – Lower Profit on New Contract
- ↓ Aviation – LCCS Loss

### Total Backlog

- ↑ CFT, Andrews, C21, Pax River, International
- ↓ INL Air Wing, Columbus, Sheppard

# Global Linguist Solutions Joint Venture (GLS)

*Dollars in millions*



Adjusted EBITDA	Q4 2011	CY 2011	2011 vs. 2010	
	\$0.0	\$11.8	(\$8.4)	(41.5%)

- EBITDA Down on Lower Troop Levels in Iraq
- Represents DI's 51% Share of Joint Venture
- Investment in GLS Written Down in 3Q

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## Financial Review – CY11

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### ➤ **2011 Free Cash Flow of \$163.1M**

- ❑ Cash From Operating Activities – \$168M
- ❑ Purchase of Property, Equipment and Software – (\$4.9M)

### ➤ **Working Capital of \$376M – 10.1%**

- ❑ Improved Substantially from Q3 levels of 11.5 %
- ❑ DSO at 69 – Improved 7 Days from Q3 & 13 Days from 2010

### ➤ **Current Net Debt Position of \$802.7M**

- ❑ Improved \$83.4M from Q3 2011
- ❑ Improved \$169.0M from December 2010
- ❑ Net Cash Position of \$70.2M at December 2011
- ❑ \$151.3M of Total Debt Reduction in 2011

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## 2012 Guidance

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### ➤ **Internal Plan Forecasts Growth**

- ❑ Revenue Growth Expected in Mid-Single Digit Range
- ❑ Adjusted EBITDA to Grow as Well

### ➤ **Margins to Remain Flat**

- ❑ Profitability & Margins to Expand in Aviation Group
- ❑ Final Year of Headwind from CivPol / AMDP Transition
- ❑ Loss of GLS Profitability in Iraq also a Headwind

### ➤ **Cash Flows to Remain Strong**

- ❑ Continued Liquidation of Investment in Working Capital

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## CEO Summary

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- **Proud of the Team's Accomplishments In 2011**
- **Foreign Policy Environment Remains Uncertain**
- **Reorganized the Business to Align with New Realities**
- **Strong Backlog Provides Momentum for 2012**
- **Must Focus On Program and Operational Excellence**
  - ❑ Increase LOGCAP Award fee Scores
- **Continue to Execute our Strategies**
  - ❑ Enterprise IDIQs
  - ❑ Diversify Our Offering
- **Continue the Momentum**
- **Make Our Commitments in 2012**

# Q&A

# Appendix

# Condensed Consolidated Statement of Operations

(Amounts in thousands)

	DTH, Inc.			Predecessor & DTH, Inc.
	Three Months Ended December 30, 2011 (unaudited)	Three Months Ended December 31, 2010 (unaudited)	Year Ended December 30, 2011 (unaudited)	Calendar Year Ended December 31, 2010 (unaudited)
Revenue	\$ 983,024	\$ 856,660	\$ 3,721,465	\$ 3,696,210
Cost of services	(908,810)	(785,158)	(3,409,222)	(3,374,977)
Selling, general and administrative expenses	(32,546)	(37,550)	(149,551)	(135,846)
Merger expenses	—	—	—	(51,722)
Depreciation and amortization expense	(12,544)	(13,451)	(50,773)	(46,765)
Earnings from equity method investees	970	5,211	12,800	10,337
Impairment of equity method investment	—	—	(76,647)	—
Impairment of goodwill	(33,768)	—	(33,768)	—
Operating (loss) income	(3,674)	25,732	14,304	97,237
Interest expense	(22,215)	(24,436)	(91,752)	(73,124)
Bridge commitment fees	—	—	—	(7,963)
Loss on early extinguishment of debt	(4,870)	—	(7,267)	—
Interest income	17	140	205	504
Other income, net	1,279	1,410	6,071	4,317
Income before income taxes	(29,443)	2,846	(78,439)	20,971
Provision for income taxes	2,334	(1,463)	20,122	(14,065)
Net income	(27,108)	1,383	(58,317)	6,906
Noncontrolling interests	(440)	(807)	(2,625)	(12,293)
Net income/(loss) attributable to DTH, Inc. / Predecessor	\$ (27,548)	\$ 576	\$ (60,942)	\$ (5,387)
Income tax (benefit)/provision	(2,335)	1,463	(20,122)	14,065
Interest expense, net of interest income	22,178	24,296	91,547	72,620
Depreciation and amortization <sup>(1)</sup>	13,008	13,643	52,494	47,592
EBITDA	\$ 5,303	\$ 39,978	\$ 62,977	\$ 128,890
Non-recurring or unusual gains or losses or income or expenses <sup>(2)</sup>	37,059	—	122,151	(1,838)
Equity-based compensation	—	—	—	3,845
Changes due to fluctuation in foreign exchange rates	(195)	63	(210)	(90)
Earnings from affiliates not received in cash <sup>(3)</sup>	(1,584)	(605)	(1,297)	(77)
Employee non-cash compensation, severance, and retention expense	(221)	1,191	8,483	4,649
Management fees <sup>(4)</sup>	(621)	384	777	667
Acquisition accounting and Merger-related items <sup>(5)</sup>	1,722	5,743	(2,171)	77,429
Other	(22)	—	2,011	—
Annualized operational efficiencies <sup>(6)</sup>	—	—	855	6,271
Adjusted EBITDA	\$ 41,441	\$ 46,754	\$ 193,536	\$ 219,746

(1) Amount includes certain depreciation and amortization amounts which are classified as Cost of services in our Unaudited Condensed Consolidated Statements of Income.

(2) Amount includes the impairment of our investment in the GLS joint venture and the impairment of goodwill, as well as our unusual income and expense items.

(3) Includes our unconsolidated affiliates.

(4) Amount presented relates to the DTH, Inc. management fees, we excluded the Predecessor management fees from the EBITDA adjustments above.

(5) The DTH, Inc. amount includes the amortization of intangibles arising pursuant to FASB ASC 805.

(6) Represents a defined EBITDA adjustment under our debt agreement for the amount of cost savings, operating expense reductions and synergies projected as a result of specified actions taken or with respect to which substantial steps have been taken during the period.

# Adjusted EBITDA by Segment

(Amounts in thousands)

	DTH, Inc. CY11 Q4 <sup>(1)</sup>						DTH, Inc. / Predecessor CY10 Q4 <sup>(1)</sup>					
	Headquarters	GSDS	GPSS	GLS	Eliminations <sup>(2)</sup>	Consolidated	Headquarters	GSDS	GPSS	GLS	Eliminations <sup>(2)</sup>	Consolidated
Operating income	\$ (10,276)	\$ (23,999)	\$30,601	\$3,453	\$ (3,453)	\$ (3,674)	\$ (12,942)	\$18,376	\$20,298	\$9,704	\$ (9,704)	\$ 25,732
Depreciation and amortization expense	12,469	376	163	-	-	13,008	13,320	149	174	-	-	13,643
Loss on extinguishment of debt	(4,870)	-	-	-	-	(4,870)	-	-	-	-	-	-
Noncontrolling interests	(440)	-	-	-	-	(440)	(807)	-	-	-	-	(807)
Other income, net	1,316	(73)	36	-	-	1,279	1,411	27	(28)	-	-	1,410
EBITDA	\$ (1,801)	\$ (23,696)	\$30,800	\$3,453	\$ (3,453)	\$ 2,303	\$ 982	\$18,532	\$20,444	\$9,704	\$ (9,704)	\$ 39,978
Non-recurring or unusual gains or losses or income or expenses	4,870	32,304	(115)	-	-	37,059	-	-	-	-	-	-
Changes due to fluctuation in foreign exchange rates	-	-	(195)	-	-	(195)	-	-	63	-	-	63
Earnings from affiliates not received in cash <sup>(3)</sup>	(1,584)	-	-	(3,453)	3,453	(1,584)	(605)	-	-	-	-	(605)
Employee non-cash compensation, severance, and retention expense	(1,390)	448	721	-	-	(221)	453	764	(26)	-	-	1,191
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Acquisition accounting and Merger-related items <sup>(4)</sup>	-	3,240	(1,518)	-	-	1,722	(21)	7,772	(2,008)	-	-	5,743
Other	(22)	-	-	-	-	(22)	-	-	-	-	-	-
Adjusted EBITDA	\$ (1,011)	\$ 12,479	\$ 29,973	\$ -	\$ -	\$ 41,441	\$ 1,193	\$ 27,088	\$ 18,473	\$ 9,704	\$ (9,704)	\$ 46,754

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(2) GLS was deconsolidated as of July 7, 2010, as such this column represents the elimination of GLS' operating income.

(3) Includes our unconsolidated affiliates.

(4) Amount includes the amortization of intangibles arising pursuant to FASB ASC 805.

# Condensed Consolidated Balance Sheets

(Amounts in thousands)

	December 30, 2011 (unaudited)	December 31, 2010 (unaudited)
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 70,205	\$ 52,537
Restricted cash	10,773	9,342
Accounts receivable, net of allowances of \$1,947 and \$558, respectively	752,756	782,095
Other current assets	88,877	150,613
Total current assets	<u>922,611</u>	<u>994,587</u>
Non-current assets	1,091,810	1,268,768
Total assets	<u>\$ 2,014,421</u>	<u>\$ 2,263,355</u>
<b>LIABILITIES AND EQUITY</b>		
Current portion of long-term debt	\$ -	\$ 5,700
Other current liabilities	633,259	639,172
Total current liabilities	<u>633,259</u>	<u>644,872</u>
Long-term debt, less current portion	872,909	1,018,512
Other long-term liabilities	50,768	82,645
Total equity attributable to Delta Tucker Holdings, Inc.	452,299	512,975
Noncontrolling interest	5,186	4,351
Total equity	<u>457,485</u>	<u>517,326</u>
Total liabilities and equity	<u>\$ 2,014,421</u>	<u>\$ 2,263,355</u>