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DELTA TUCKER HOLDINGS, INC.

FORM 8-K
(Current report filing)

Filed 08/01/11 for the Period Ending 08/01/11

Address	13601 NORTH FREEWAY, SUITE 200 FORT WORTH, TX 76177
Telephone	571-722-0210
CIK	0001514226
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

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

August 1, 2011
(Date of Report (Date of earliest event reported))

Delta Tucker Holdings, Inc.
(Exact name of registrant as specified in its charter)

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)

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))

Item 2.02 Results of Operations and Financial Condition.

Item 7.01 Regulation FD Disclosure.

DynCorp International Inc. ("DynCorp"), a wholly owned subsidiary of Delta Tucker Holdings, Inc. ("Holdings" and together with DynCorp, the "Companies"), is currently in the process of seeking an amendment to its Credit Agreement, dated as of July 7, 2010 (as amended and restated, modified or supplemented from time to time, the " Credit Agreement "), among DynCorp, Holdings, the subsidiary guarantors party thereto, the lenders from time to time party thereto and Bank of America, N.A., as administrative agent and collateral agent, that, among other things, would amend the Credit Agreement to re-set leverage and interest covenant levels. Under the terms of the proposed amendment, the maximum total leverage ratio would step up to 5.50x through the period ending June 30, 2012 and would step down to 3.25x over time. The interest coverage covenant would also be amended. Additionally, the proposed amendment would increase the amount of unrestricted cash to be netted in testing covenants from $25.0 million to $50.0 million. The terms of the proposed amendment are preliminary and subject to review and approval by the requisite lenders and DynCorp and are therefore subject to further revision in connection with the amendment process.

In connection with the Companies' efforts to amend the Credit Agreement, they will make a presentation to the lenders under the Credit Agreement. The presentation materials are furnished as Exhibit 99.1 to this Current Report on Form 8-K and incorporated herein by reference. The Companies also intend to post such presentation on their website (http://www.dyn-intl.com).

The information related to Holding's consolidated financial results for the fiscal quarter ended July 1, 2011 is estimated, unaudited and subject to adjustment. Accordingly, this information should be considered forward-looking statements based on management's current expectations of Holding's financial results for the fiscal quarter ended July 1, 2011. While Holdings believes these expectations are reasonable, these forward-looking statements are inherently subject to risks and uncertainties, including, but not limited to, further review by Holding's audit committee of its board of directors and the results of a financial review to be conducted by Holding's independent registered public accounting firm. During the course of the preparation of the financial statements and related notes to the financial statements, additional items that would require material adjustments to the preliminary financial information presented above may be identified. Given these risks and uncertainties, Holding's actual results may differ materially from those suggested by the forward-looking statements, and you are cautioned not to place undue reliance on these forward-looking statements. These forward-looking statements are made only as of the date hereof, and Holdings does not undertake and specifically declines any obligation to publicly update or revise these forward-looking statements, whether as a result of new information, future events or developments, changed circumstances or otherwise.

Pursuant to General Instruction B-2 of Form 8-K and Securities and Exchange Commission ("SEC") Release No. 33-8176, the information contained under this Item 7.01 and in the lender presentation furnished as exhibit 99.1 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, is not subject to the liabilities of that section, and is not deemed to be incorporated by reference into any of the Companies' filings under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof and regardless of any general incorporation language in such filings, except to the extent expressly set forth by specific reference in such a filing.

Item 8.01 Other Events.

As previously disclosed in our Form S-4/A filed with the SEC on June 3, 2011 and declared effective on June 21, 2011, we have received several letters from the Defense Contract Audit Agency ("DCAA") with draft audit results related to their examination of certain incurred, invoiced and collected costs on our Civilian Police program for periods ranging from April 17, 2004 through April 2, 2010. The draft audit results identified multiple issues where the DCAA has asserted certain instances of potential deviations from the explicit terms of the contract or from certain provisions of government regulations. The draft audit results apply an extrapolation methodology to estimate a potential exposure amount for the issues which when aggregated for all letters totals approximately $138.4 million. Although the extrapolated amounts would be material to our results of operations, cash flows and financial condition, we do not believe the draft audit results and resulting extrapolation are an appropriate basis to determine a range of potential exposure. We have provided responses to the DCAA for each letter, in which we have articulated our position on each issue and have attempted to answer their questions and provide clarification of the facts to resolve the issues raised. In the few instances where we believe the issues identified were valid or represent a probable contingency, we have recorded a liability for approximately $0.2 million as of July 1, 2011. There are a number of issues raised by the DCAA for which we believe the DCAA did not consider all relevant facts. We strongly believe these issues will be resolved in our favor and thus represent loss contingencies that we consider remote. For the remaining issues, we believe the DCAA did not consider certain contractual provisions and long-standing patterns of dealing with the customer. Since we cannot predict the DCAA's acceptance of our initial responses and the ultimate outcome related to these remaining issues, we believe these items represent loss contingencies that we consider reasonably possible. At this

time, we do not have a basis to estimate a range of loss for these reasonably possible contingencies. We continue to work with the DCAA to resolve any remaining questions they may have and provide clarification of the facts and circumstances surrounding the issues.

Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits*

Exhibit Number	Description
99.1	Presentation Slides dated August 1, 2011, issued by DynCorp

SIGNATURES

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

DELTA TUCKER HOLDINGS, INC.

Date: August 1, 2011

By: /s/ William T. Kansky
Name: William T. Kansky
Title: Senior Vice President and Chief Financial Officer

Exhibit 99.1

DynCorp INTERNATIONAL

Public Lender's Presentation

August 1, 2011

We serve today for a safe tomorrow.™

Safe Harbor

This presentation contains statements that may be considered forward looking within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, such as estimates of contract values, anticipated revenues from indefinite delivery, indefinite quantity contracts; expected percentages of future revenues represented by fixed-price contracts; and statements covering the Company's business strategy. These statements speak of DynCorp International's plans, goals, beliefs, or expectations, refer to estimates or use similar terms. Actual results could differ materially, because the realization of those results is subject to many uncertainties.

All forward looking statements included in this presentation are based upon information presently available. DynCorp International undertakes no obligation to publicly update or revise any forward-looking statement. 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" in Delta Tucker Holdings Inc., DynCorp International's parent, Registration Statement on form S-4 which was declared effective on June 21, 2011.

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. A quantitative reconciliation of non-GAAP information to the most directly comparable GAAP financial measures has been included in this presentation.

We serve today for a safe tomorrow.™

Presenters

- **DynCorp International**
  - Steve Gaffney, Chairman and CEO
  - Bill Kansky, Senior Vice President & CFO
  - Chris Porter, Vice President & Treasurer

- **Bank of America Merrill Lynch**

Agenda

1. Business Summary and Update
2. Financial Review
3. Amendment Review
4. Questions & Answers

We serve today for a safe tomorrow.™

Business Summary and Update

With a heritage extending from 1951, DI is a leading provider of specialized, mission-critical outsourced professional and technical support services

Delta Tucker Holdings, Inc

DynCorp International, Inc.

- CY 2010 Revenue: $3.4B*
- CY 2010 Adjusted EBITDA: $219.7M
- Personnel: ~23,000 in 36 countries

Global Stabilization & Development Solutions (GSDS)

Business Strategies

- Leverage LOGCAP IV to become the leading defense contingency services provider
- Diversify portfolio into intelligence and international capacity building
- Leverage experience in Training and Mentoring into other rule of law/governance/mentoring customers

Global Platform Support Solutions (GPSS)

Business Strategies

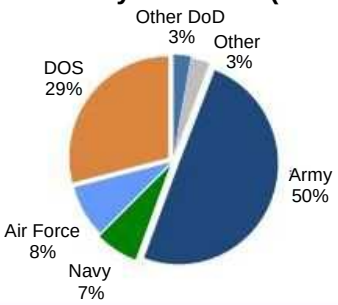
- Consolidate and expand leading position in aviation maintenance
- Leverage DoS Air Wing and APPS Aviation Task Orders into new aviation services customers
- Become a leading defense land equipment O&M provider

Global Linguist Solutions (GLS)

Business Strategies

- Continue to support INSCOM translator needs throughout he complete draw down of troops in Iraq
- Expand capabilities to focus on higher-value intelligence and mentoring requirements

Revenue By Customer (CY10)



- **DI Facts:**
  - 97% of Revenue Generated as Prime Contractor
  - Contract Mix:
    - 61% - Cost Reimbursement
    - 27% - Fixed Price
    - 12% - Time & Material
  - 98% of Revenue Generated from U.S. Government

Historical Revenue*

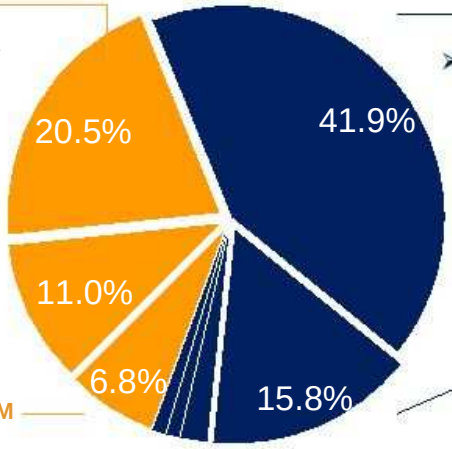
*Excludes GLS Revenue

DI Business Area Team Offering

Total Revenue by Business Area Team CY 2010

Global Platform Support Solutions (GPSS)
$1.3B (38.3%)

Global Stabilization & Development Solutions (GSDS)
$2.1B (61.7%)



Aviation: $695.1M

- Aircraft maintenance and logistical support services for 200 U.S. Army and Navy C-12/RC-12/UC-35 reconnaissance aircraft
- Life cycle support for USG VIP aircraft
- Aerial firefighting in California
- Various CONUS/OCONUS fleet support programs

Air Operations: $372.2M

- Aircraft maintenance and operations support services to DoS including; support to drug eradication missions in South America through INL contract; Colombian National Police ARAVI air service support
- Secure Aviation Transport in Iraq & Afghanistan

Operations and Maintenance: $230.5M

- Maintenance of in-theater vehicles and support equipment including NAVISTAR MRAPs
- Maintenance support to UAE armed forces
- Reset/Recap services through Army FIRST
- Base operations support

Contingency Operations: $1,423.5M

- Provides in-theater logistical support to government personnel through LOGCAP IV and AFCAP

Training & Mentoring : $534.7M

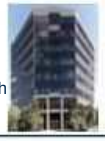
- Mentoring of local military, Intel, justice and law enforcement personnel
- Training of indigenous police forces through CIVPOL

Security Services: $67.9M

- Security services for DoS through WPPS

Intel Training & Solutions: $33.8M

- Intelligence technical, analytical and HUMINT training and operations services, enabled through Phoenix Consulting acquisition in 2009



Development: $32.5M

- Rule of law, anti-corruption and post-conflict resolution support through recent purchase of Casals & Associates

- **Global Linguist Solutions (GLS): $594.9M** **(Deconsolidated and not reported as part of DI revenues as of Q2 CY 10)**

CEO View

- **Strong Leadership Team in Place**
  - Operations aligned to meet the needs of the customer
  - Centers of Excellence drive efficiency and accountability
- **High Confidence in ability to achieve 2011 results**
  - MRAP contracts will experience lower profit levels as program moves to sustainment phase
  - Expect lower margins as ACAS transitions to AMDP
    - ⇒ T&M dominated contract migrates to cost responsive contract
  - Favorable to budget, award fee on LOGCAP significantly de-risks plan
- **De-leverage Plan Remains Focus**
  - Debt reduction ahead of original plan
  - $50M term loan reduction achieved in March
  - $100+M term loan reduction anticipated in 2H 2011-primarily through working capital improvements and earnings
  - Focus remains on freeing up working capital
- **Market Dynamics Evolving - Revenue Opportunities Identified**

Market Environment

Business Area		Description	Key Customers	Size & Outlook	DI Differentiators
Contingency Operations		• Provide Responsive Support to Large Numbers of Deployed Government Personnel		~$8B →	• Long-term Position on LOGCAP (10 Year Award) • Expanding Global Footprint
Training and Mentoring		• Law Enforcement and Security Capacity Building • Mentor and Advise Foreign Ministries		~$8B →	• Largest Int'l Police Trainer • Mentoring in Support of U.S. Foreign Policy
Aviation		• Aircraft Upgrades and Maintenance • Depot and Ground Support	UAE SA	~$8B ↑	• Strong Legacy Position and Past Performance • 59 Years of Experience in CFT Program
Air Operations		• Support Full Flight Operations • Counter Narcotics Air Support • Diplomatic Air Transport		~$2B ↑	• Good Contract Positions • Demonstrated Ability to Transfer Knowledge
Operations and Maintenance		• Manage & Support Gov't Facilities • Operations and Maintenance Support for Ground Fleets	UAE Kuwait	~$9B ↑	• Ability to Leverage Strong Legacy O&M Capabilities • Best Value to Gov't • Broad OCONUS Operations Capabilities
Intelligence Training Solutions		• Provide Sophisticated HUMINT Training Services and Intelligence, Technical and Analytical Services		~$8B ↓	• Strong Customer Intimacy with IC Agencies • Strong Contract Positions
Development		• Provide Post-conflict Development Expertise • Rule of Law and Nation Building		~$2B ↑	• Growing USAID Footprint • Full Global Reach
Security Services		• Provide Comprehensive Protective SS to Support U.S. Department of State Operations Around the World		~$0.5B →	• Strong Legacy Position • Global Footprint and Capabilities

Big Drivers in US Defense and Foreign Policy

Afghanistan

"What we can do, and will do, is build a partnership with the Afghan people that endures—one that ensures that we will be able to continue targeting terrorists and supporting a sovereign Afghan government . " President Obama, 6/22/11

- **President Obama** provided military commanders maximum flexibility by leaving the surge force in place through the 2011 fighting season.

- **10,000 surge troops will be withdrawn end of 2011.** Remaining 23,000 will depart by summer of 2012, 70K forces left in country.

- Increased Emphasis on building and sustaining long-term Afghan National Security Forces capabilities.

- **A long-term strategic framework agreement is actively being negotiated.** Will include the "non permanent" basing of 25,000 US troops in Afghanistan at 3 major bases and multiple FOBs.

- **Civilian Advisors from DoS and USAID will consolidate** at 4 major consulates and at the Embassy in Kabul.

- **Civilian advisors will continue to grow throughout 2014; funding through DoS likely to shrink.** The Admin has lowered its FY12 request from $4.3B to $3.2B.

Iraq

"Iraq is considering the possibility of making a request for some kind of presence to remain there. I have every confidence a request…will be forthcoming at some point."- Secretary of Defense designate Leon Panetta

- **U.S. troops to stay after 2011 ?** Political pressure to make agreement on permanent troop presence – but Panetta upbeat in Senate Confirmation hearing.

- The Administration request for State Department funding in Iraq for Fiscal Year 2012 is $6.2 Billion.

- **Civilian footprint ?** State presence will be driven by Congressional budget.

- **Four former US Ambassadors to Iraq sent a letter to Congress urging full funding:** John Negroponte, Zal Khalilzad, Ryan Crocker and Chris Hill.

- **Short/Medium-term stability :** Embassy concerns focus on Kurdish/Shia strains over oil, border, and population. Bets are that conflict won't erupt; Kurds won't risk current semi-autonomous status.

DOD Budget

"I want to emphasize that while America is at war and confronts a range of future security threats, it is important to not repeat the mistakes of the past by making drastic and ill-conceived cuts to the overall defense budget." Secretary of Defense Robert Gates

- **FY 11 DOD Budget** (enacted in CR) $670B
  - Fully funds OCO

- **FY12 DOD Budget Request –** $671B
  - OCO request – $119B
  - O&M budget request is $204B – up $15B from FY08
  - Procurement request $111B – down $13B from FY08

- **O& M up plus Procurement down equals reset and refurbishment of existing assets;** focus on maintaining and upgrading existing platforms and systems.

- **Continued DOD Growth Areas vs. New Efficiencies:**
  - Continued growth of rotary-wing systems—Army/Air Force
  - Reduce non-combat headcount—return to outsourcing?
  - Divest assets—public/private depot partnerships? ***Permanent and Expanded Authority for Army Industrial Facilities to Enter into Certain Cooperative Arrangements with Non-Army Entities*** *– 2012 HASC Bill*

Latin America Drug War

More than 90 percent of the South American cocaine that reaches the United States funnels through Guatemala and across Mexico's southern border, according to the latest intelligence from the U.S. Drug Enforcement Agency.

- **US Assistance to Mexico for Fiscal Year 2012 is $335M.** Focus is capacity building.

- **US officials concede that only about $20M of the $1.6B** Merida initiative aid package to Mexico has been assigned to security for Mexico's southern border

- **The Obama Administration has promised to spend $200M in FY12, double FY11 spending,** to help Central American countries fight the cartels and regain control of lawless territories.

- **In the Caribbean Basin, $75M in FY12 ;** up from $45M in FY11.

- **According to the Washington Post :** *"A 2010 cable from US diplomats made public by WikiLeaks reveals Guatemala has only a single helicopter and five pickup trucks to patrol its entire border with Mexico."*

- **The US Embassy in Mexico** states that only 125 Mexican immigration officials monitor the country's 540 mile border with Guatemala.

Integrated Life-Cycle of Services

Defense

Support Military Readiness

- ❑ LOGCAP IV
- ❑ Linguistics & Translation
- ❑ Fleet Management
- ❑ Aviation Services

Development

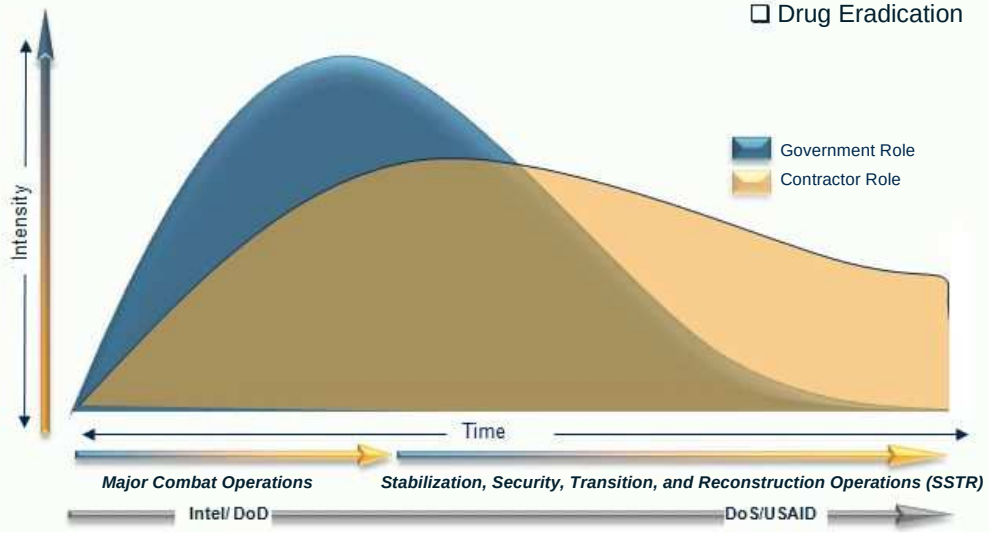
Host Nation Capacity Building

- ❑ Conflict Resolution
- ❑ Peacekeeping Operations
- ❑ Drill Wells to be used by Villages

Diplomacy

Enabling the Rule Of Law

- ❑ Civilian Police Training
- ❑ Training & Mentoring at Foreign Ministries
- ❑ De-Mining
- ❑ Drug Eradication

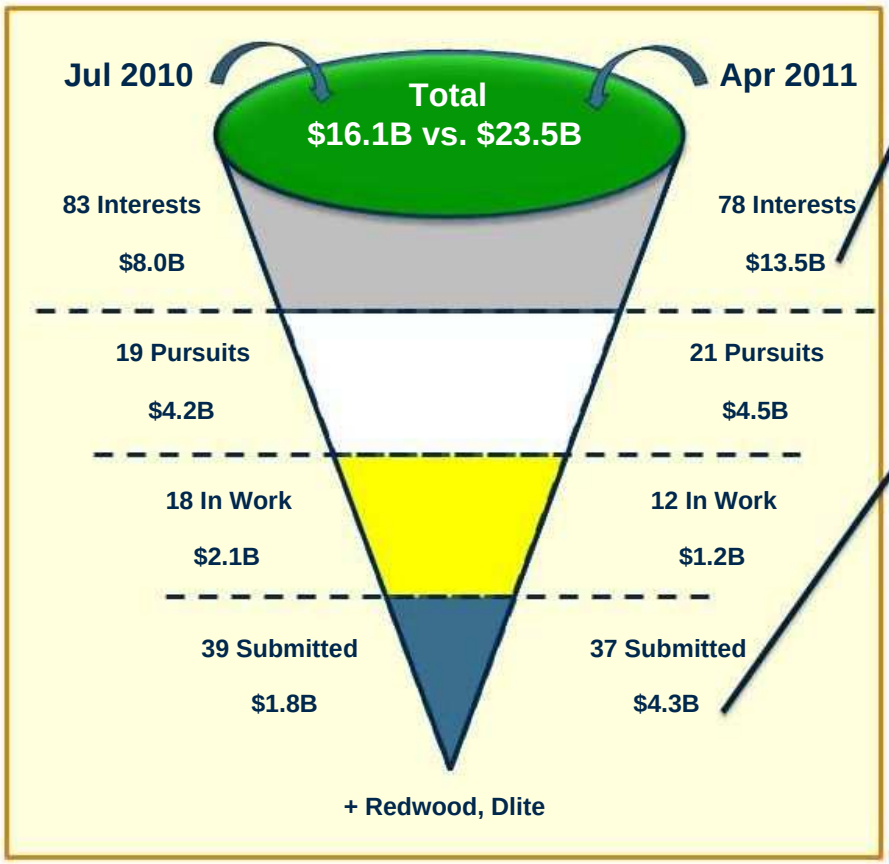


Lead Agency

Improvement Opportunities (Critical Action Plan)

Initiative	Change	Mar '11	June '11
• **Business Development Redesign**	+		
– Develop Marketing Department		●	●
– Capture Process Enhancement		●	●
– Pricing Function Aligned Within BD (Accountability and Impact)		●	●
• **Reduce Indirect Cost Structure**	+		
– Delayer and Develop Market Focus		●	●
– Optimize Business Processes		●	●
• **Supply Chain Redesign**	+		
– Identify the Right Leaders		●	●
– Develop Second and Third Tier Leaders to Support Growth		●	●
• **Focus on Talent Development**	+		
– Employee Assessments Complete –All Level 1 & 2 Employees		●	●
– Leadership Training and Talent Framework Defined – Courses in Development		●	●
• **Deleverage the Company**	+		
– $50 million Debt Reduction in March 2011		●	●
– $100+ million Additional Reduction Expected in 2H 2011		●	●

New Business Opportunity Funnel



- **$5B Increase in Opportunities Identified ($13.5B vs $8.0B)**
  - Aviation - $6.5B (AMCOM Aviation Field Maint - $2B), CNTPO - $1B, USAF C-20/37 CLS - $.8B)
  - Contingency Operations - $4B (UK Opportunities >$3B)
  - Training and Mentoring up $1.6B (CJPS TO $1B, Law Enforcement Professional Program - $.5B)
- **$2.5B Increase in Submitted Proposals**
  - Security Services – WPS Pursuit - $1.35B
  - Aviation - $1.4B (VIPSAM - $.4B, NTW Pax - $.5B, JPATS - $.5B)
  - ITS – Adventure - $.2B
  - Contingency Operations - $.8B (LOGCAP BLS - $.6B, UK AFGHAN ISP - $.2B)
  - Training and Mentoring - $.5B (Conventional Weapons Destruction $.1B)

Operational Highlights

- **LOGCAP IV Overall Performance is Very Good**
  - Award Fee Score (improved) is in-line with original expectations
  - Submitted proposal for DoS Baghdad Life Support (BLS)

- **Afghan National Police (AMDP) Program is Transitioned**
  - $1.25B/2.5yr DoD program awarded 30 Dec 2010
  - 750 Mentors/Trainers and 3,400 support personnel
  - Principal Training program for the Afghan Security Force

- **Recent Win of the DoS Criminal Justice Police Services (CJPS) program**

- **MRAP Up-Armor Installation Kit Win**
  - In-theater upgrade of 10,000+ vehicles
  - Strengthens DI's capabilities across the MRAP fleet

- **DoS Iraq Air Wing Expansion**
  - Transfer of Authority from DoD to DoS by 31 Dec 2011
  - Build-out of 41 aircraft, infrastructure, and 800 personnel
  - Anticipated Afghanistan/MENA expansion

Operational Highlights - Continued

- **Multiple Wins in Aviation**
  - Regional Aviation Support Management – West (RASM-W) $185M potential value
  - Fort Drum Directorate of Logistics (DOL) Aviation Logistics Management Division (ALMD) - $59.8M potential value

- **Four Recent Task Order on Under the Air Force Contract Augmentation Program (AFCAP)**
  - $48M value
  - Includes Power production in Qatar and the Kyrgyz Republic, Vehicle Fleet Management in Afghanistan and Engineering Services in the Kyrgyz Republic

- **Worldwide Protective Services (WPS) Security Support in Irbil**
  - $550M potential value

- **GLS Joint Venture**
  - One of Six Providers selected to compete for Task Orders on Defense Language Interpretation Translation Enterprise (DLITE) Contract

Summary

- **Improvement Initiatives Already Yielding Results**
- **Military, Diplomatic & Development Tools All Needed to Achieve Global Stability**
  - **Aligns with DI's Integrated Life Cycle Offering**
- **International Partners Will Need Our Support**
- **Markets are Dynamic – O&M Funding is Stable**
  - **2011 O&M Funding Greater than Procurement and RDT&E Combined**
  - **DoS Funding Up 33% Since 2008**
  - **Business Development pipeline up 46% since July 2010**
- **Highly Confident in 2011 Targets and Strongly Committed to Longer-Term De-Leveraging Plan**

Financial Review

Note: FY = LTM as of Friday closest to March 31st
CY = LTM as of Friday closest to December 31st

First Quarter 2011 Results

Dollars in millions

	Q1 2011	vs Q1 2010	
Revenue*	**$884.3**	**$894.0**	**(1.1%)**
Adjusted EBITDA	**$55.6**	**$55.6**	**–**
Adjusted EBITDA Margin	**6.3%**	**6.2%**	**10 bps**
		vs. Q4 2010	
Total Backlog	**$4,294.3**	**$4,782.2**	**(10.2%)**

Highlights

Revenue

LOGCAP IV
Secure Air Transportation
Ft. Campbell 101st
CSTC-A, MNSTC-I, AMDP

CivPol Lower Content
MRAP Program to Sustainment
Program Losses-APK Somalia,
LCCS-Army, Qatar Guards

Adj. EBITDA

LOGCAP IV Volume, Award Scores
New Contracts
Operational Efficiencies

CivPol Volume & Mix
MRAP Lower Profitability
Iraq Construction
GLS Lower Troop Levels in Iraq

* Adjusted for deconsolidation of GLS

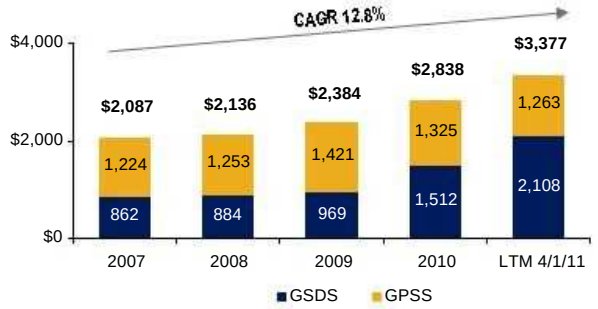
2011 Guidance – Second Quarter & YTD

- **Q2 2011 Revenue – Range $885M to $895M**
  - Up 12% at Mid-Point from Q2 2010 (Excluding GLS Revenue)
- **Q2 2011 Adjusted EBITDA – Range $43M to $45M**
  - Down $8.5M at Mid-Point from Q2 2010
- **6M YTD Revenue – Range $1.77B to $1.78B**
  - Up 5.1% at Mid-Point from 6M YTD 2010 (Excluding GLS Revenue)
- **6M YTD Adjusted EBITDA – Range $99M to $101M**
  - Down $8.1M at Mid-Point from 6M YTD 2010
  - Resulting 2011 YTD Margins of 5.6%

Summary Historical Financials

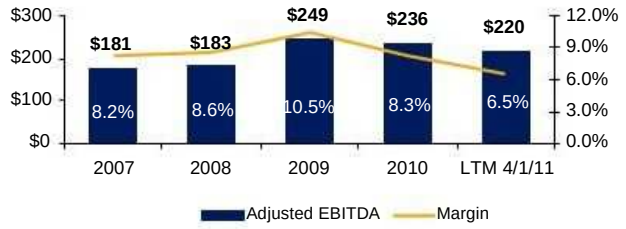
Segment Revenue FY 2007-LTM 4/1/11[1]

($ in Millions)



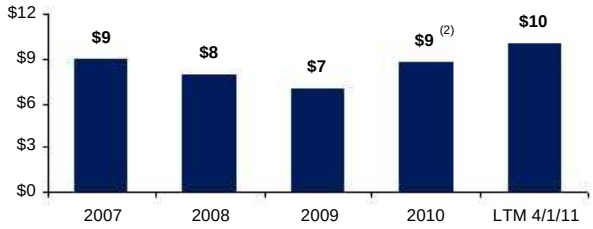
Adjusted EBITDA FY 2007-LTM 4/1/11

($ in Millions)



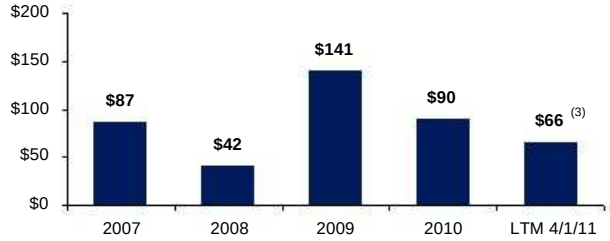
Capital Expenditures FY 2007-LTM 4/1/11

($ in Millions)



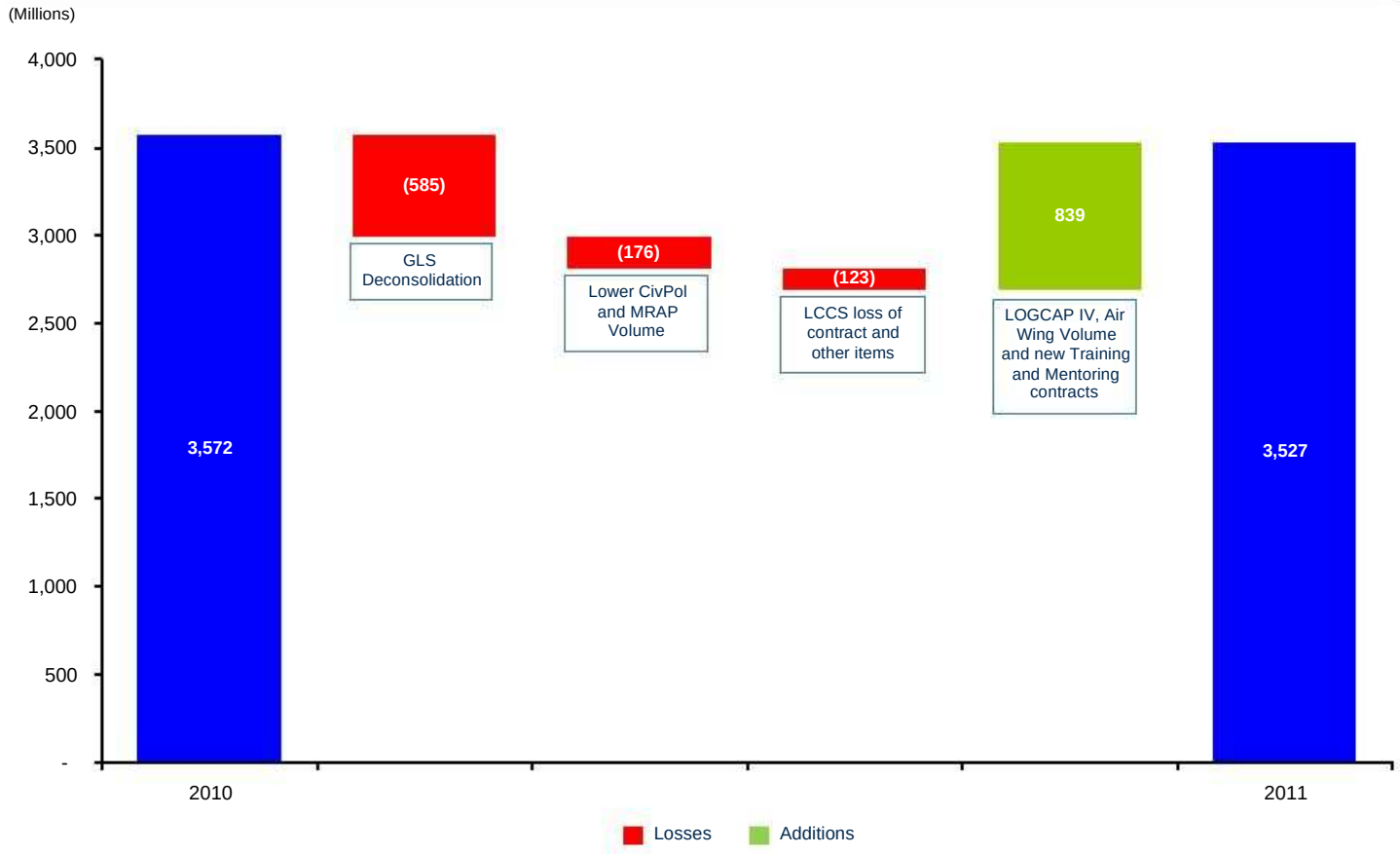
Operating Cash Flow FY 2007-LTM 4/1/11

($ in Millions)

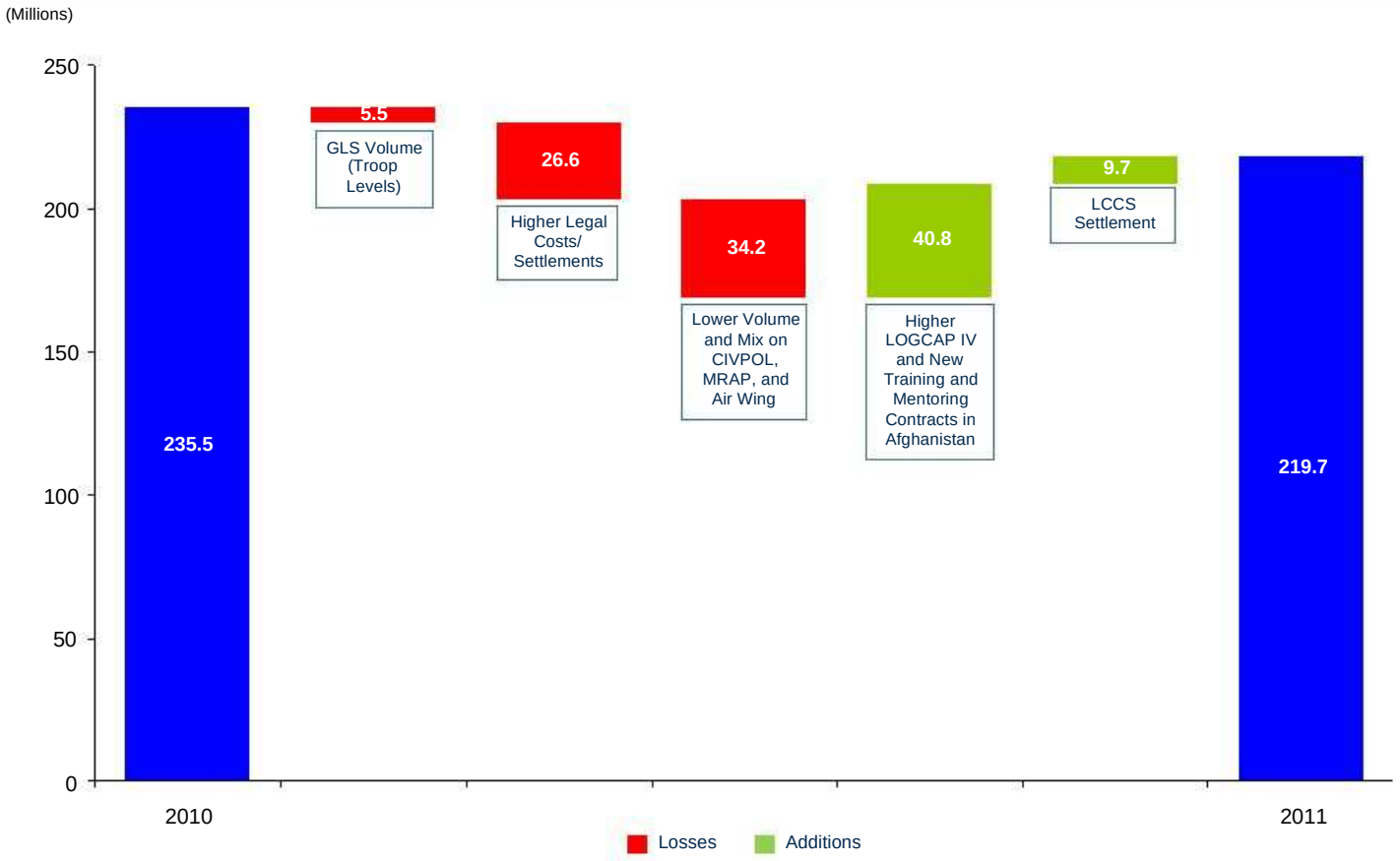


Note: FY = LTM as of Friday closest to March 31st.
(1) Excludes GLS and other corporate revenue
(2) Capex calculated as total Capex less purchase of helicopter assets.
(3) Excludes expenses related to merger.

LTM 4/2/10 to LTM 4/1/11 Revenue



LTM 4/2/10 to LTM 4/1/11 Adjusted EBITDA



Summary

- **Company on Plan Through June 2011**
  - **$1.775B of Revenue at Mid-Point**
  - **$100M of Adjusted EBITDA at Mid-Point**
  - **YTD Margins of 5.6% In-Line with Previous Guidance**
- **Deleveraging Strategy On-Track**
  - **$50M Debt Pre-Payment in March 2011**
  - **Targeting $100M of Additional Pre-Payment in 2nd Half of 2011**
- **Second LOGCAP Award Fee Score Higher**
  - **Score in the Very Good Category**
  - **De-Risks 2nd Half Plan**
- **Requesting Credit Facility Amendment**

Credit Facilities Amendment Request

Amendment Summary

- **DynCorp is seeking an amendment to improve Leverage and Interest Coverage cushions**

- **Financial Covenants**
  - Increase Total Leverage covenant to 5.5x over the next 4 quarters, stepping down to 3.25x over time
    - Existing covenant steps down to 4.5x at year end
  - Improve interest coverage covenant so as not to be more restrictive than total leverage
  - Permit up to $50 million of unrestricted cash to be netted in testing covenants (currently capped at $25 million)

- **Amendment Rationale**
  - Seeking modest flexibility on covenant levels
  - No other material changes to be made to the credit agreement

- **Offer to lenders will consist of:**
  - A 50 bps Amendment Fee to consenting lenders
  - Extension of the 101 soft call provision for an additional 6 months

Timeline

August 2011						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

Date	Event
August 1st	Lender's Call & Post Revised Model and Amendment Doc
August 8th	Consents Due by 5pm ET
August 10th	Close Amendment

Q&A

Adjusted EBITDA Reconciliation

(Amounts in thousands)	2011 Three Months Ended July 1, 2011 Forecast - Midpoint	2011 Six Months Ended July 1, 2011 Forecast - Midpoint	2011 Twelve Months Ended April 1, 2011 Actual	2010 Fiscal Year Ended April 2, 2010 Actual	2009 Fiscal Year Ended April 3, 2009 Actual	2008 Fiscal Year Ended March 28, 2008 Actual	2007 Fiscal Year Ended March 30, 2007 Actual
RECONCILIATION OF NET INCOME/ (LOSS) ATTRIBUTABLE TO DELTA TUCKER HOLDINGS, INC./PREDECESSOR TO EBITDA AND ADJUSTED EBITDA:							
Net (loss)/income attributable to Delta Tucker Holdings, Inc./Predecessor	$ 3,250	$ 8,200	$ (19,947)	$ 77,444	$ 65,818	$ 48,722	$ 29,415
Income tax provision	2,450	6,000	4,973	47,035	39,756	28,434	21,904
Interest expense, net of interest income	23,250	46,750	82,390	55,108	56,587	51,832	68,898
Depreciation and amortization [1]	13,300	26,700	50,273	42,578	41,634	43,492	45,251
EBITDA[2]	$ 42,250	$ 87,650	$ 117,689	$ 222,165	$ 203,795	$ 172,480	$ 165,468
Equity-based compensation	-	-	3,518	2,863	1,883	4,599	2,400
Loss on early extinguishment of debt and swap ineffectiveness	1,850	5,000	3,062	648	5,376	-	9,201
Loss on Afghanistan contracts	-	250	1,974	16,501	40,511	(2,640)	-
(Gains)/Losses due to fluctuation in foreign exchange rates	150	200	(145)	(353)	(400)	-	-
Earnings from affiliates not received in cash [3]	250	300	(618)	(1,863)	(2,413)	(2,072)	(1,191)
Retention bonuses, severance and acquisition earnouts	600	8,000	12,880	1,959	-	-	4,800
Management fees [4]	700	1,200	1,145	-	-	-	-
WWNS	-	-	-	(10,000)	-	10,967	-
Acquisition accounting and Merger-related items[5]	(1,800)	(2,600)	73,950	3,622	-	-	-
Annualized operational efficiencies[6]	-	-	6,271	-	-	-	-
Adjusted EBITDA[7]	$ 44,000	$ 100,000	$ 219,726	$ 235,542	$ 248,752	$ 183,334	$ 180,678

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

(2) We define EBITDA as GAAP net income attributable to the Company. adjusted for interest, taxes, depreciation and amortization. We believe these non-GAAP 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 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.

(3) Includes our unconsolidated affiliates, except GLS.

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

(5) Amount includes acquisition accounting fair market value adjustments, Merger-related and other acquisition expenses and changes in certain accruals and reserves required by GAAP.

(6) Per the terms of our Credit Agreement, 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 should be an adjustment to EBITDA to arrive at Adjusted EBITDA.

(7) We believe that Adjusted EBITDA is useful in assessing our ability to generate cash to cover our debt obligations including interest and principal payments. As such, we add back certain non-cash items from operations and certain other items as defined in our 10.375% Senior Unsecured Notes and our Credit Facility. 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.