



Fourth Quarter and Full Year 2016 Earnings Presentation

Delta Tucker Holdings, Inc.
Parent of DynCorp International Inc.
March 29, 2017

AVIATION ■ LOGISTICS ■ OPERATIONS ■ INTELLIGENCE ■ TRAINING



DYNCORP INTERNATIONAL

We Serve Today for a Better Tomorrow.

Forward-Looking Statements and Non-GAAP Measures

- This presentation includes forward-looking statements about the 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 and our ability to refinance our 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. The Company 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 March 29, 2017 filed with the SEC on Current Report on Form 8-K and posted on our website.

CEO's 2016 Retrospective

State of the Business and Priorities

- Fix Loss Programs
- Program Execution
- BD Focus – Robust Opportunity Funnel

Capitalized on Opportunities – New Wins and Extensions

Managed Controllable Factors

- Reorganization
- New Operating Segments: AOLC; AELS; DynLogistics

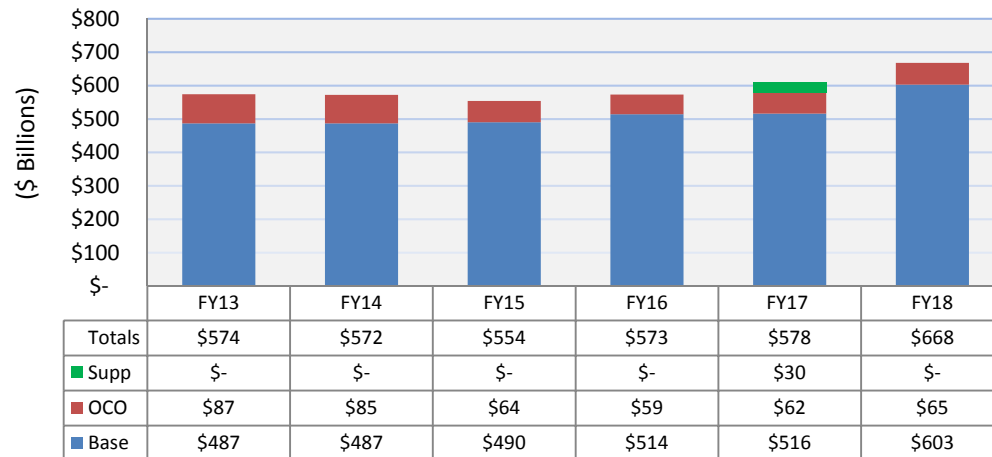
2016 Financial Results

- Revenue of \$1.836 Billion
- Adjusted EBITDA of \$101.0 Million
- Adjusted EBITDA Margin of 5.5%

People are Dedicated to their Missions and Customers

Budget Outlook

DEPARTMENT OF DEFENSE



\$578B – FY17 Defense Appropriations

\$516B Base – \$2B Above FY16

\$62B OCO – \$3B Above FY16

\$216B – FY17 O&M Appropriations

Readiness is an O&M Expense

\$168B Base – Flat with FY16

\$48B OCO – \$3.0B Above FY16

\$30B – FY17 Supplemental Defense Funding

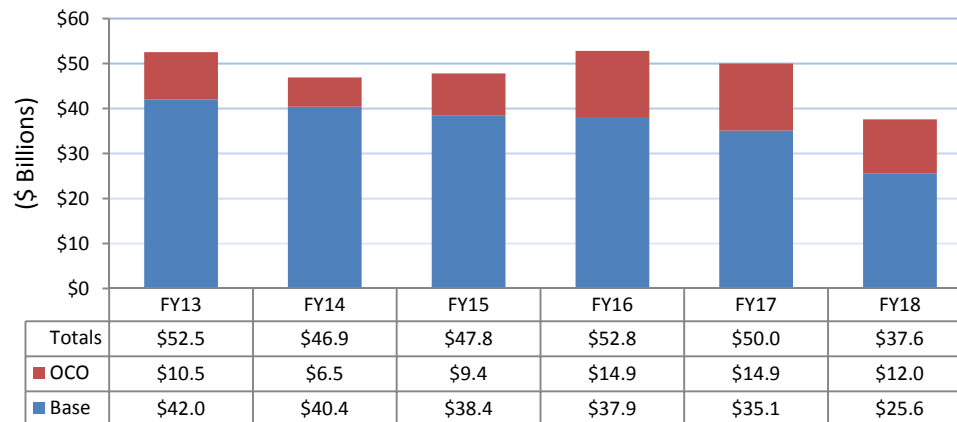
Funding Operations and Buying Readiness

\$7B – O&M Base Budget Activities

\$5B – OCO Requirements

- \$1.0B – Afghanistan Operations
- \$2.0B – Counter ISIS in Iraq and Syria
- \$2.0B – Flexible Counterterror Fund

DEPARTMENT OF STATE



\$668B – FY18 President's Defense Request

Down Payment on Rebuilding the Military

\$54B – Increase in Base Budget

\$37.6 – FY18 Department of State request

Shifts Soft Power Funding to Hard Power

\$25.6B Base – \$12.3B Reduction

\$12.0B OCO -- \$3.0B Reduction

- Funds Core Diplomatic Activities: Operations, Maintenance, Logistics, Security, and IT Support

BCA remains Law – FY18 cap is \$1.064T

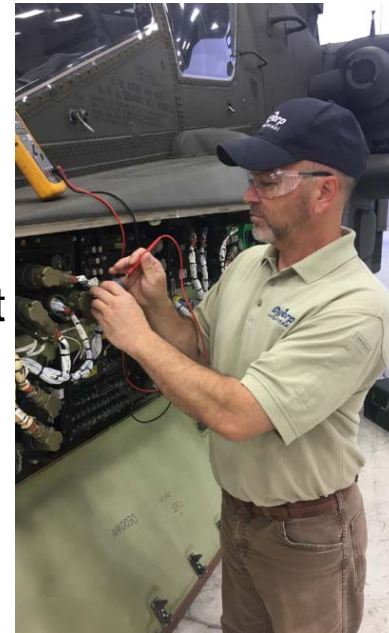
Sequestration Triggered if not Altered

Operational Highlights

Operational Highlights – New Business

Key Developments

- Naval Test Wing Atlantic
 - Extension – \$29M
 - Re-compete – \$546M
- Contract Field Teams Multiple Award Contract
 - IDIQ – \$11.4B
 - Davis-Monthan Task Order – \$23M
 - Little Rock Task Order – \$11.2M
- Navy Expeditionary Force – \$93.8M
- Theater Aviation Support Mission - \$125.5M
- LOGCAP IV
 - Task Order IV Afghanistan AOR Scope Growth
 - NORTHCOM Task Order
- War Reserve Materiel III – \$412M



Operational Highlights (Continued)

Performance Indicators

- Excellent CPARs
- FAA Diamond Awards
 - Very Important Person Special Air Mission (VIPSAM)
 - California Department of Forestry and Fire Protection (CALFIRE)
 - U.S. Forest Service Firewatch
 - U.S. Air Force Materiel Command T-6 program
- 7th Consecutive Incentive Award on Navy Contract

New Business In Evaluation

- \$4.6 Billion in Proposals Awaiting Award at Year End*

**Does not include amounts currently under protest.*



Financial Review

2016 Results


| <i>\$ millions</i> | Q4 2016 | CY 2016 | CY 2016 vs. CY 2015 | |
|-------------------------------|----------------|---------|---------------------|----------|
| | Revenue | \$461.8 | \$1,836.2 | (\$87.0) |
| Adjusted EBITDA | \$32.0 | \$101.0 | \$4.9 | 5.1% |
| Adjusted EBITDA Margin | 6.9% | 5.5% | 50 bps | |
| Total Backlog | \$3,716 | | \$674 | 22.2% |




Full Year Highlights

| Revenue | Adjusted EBITDA |
|---------------------|---------------------|
| ↑ T34/44/6 | ↑ ALISS |
| ↑ TAJI | ↑ TAJI |
| ↑ CIVPOL | ↑ CIVPOL |
| ↑ JPATS T6 COMBS | ↑ ANA/ANP |
| ↑ WRM I/II | ↑ INL |
| ↑ ALISS | ↑ WRM I/II |
| ↑ ANA/ANP | ↑ T34/44/6 |
| ↓ LOGCAP IV | ↓ JPATS T6 COMB |
| ↓ INL | ↓ UAE Consolidated |
| ↓ UAE Consolidated | ↓ LOGCAP IV |
| ↓ ACAS LMS/Security | ↓ ACAS LMS/Security |
| ↓ F2AST | ↓ F2AST |

AELS Results



| | <i>\$ millions</i> | Q4 2016 | CY 2016 | CY 2016 vs. CY 2015 | |
|---|-------------------------------|---------|----------|---------------------|----------|
| | | | | | |
|  | Revenue | \$141.4 | \$585.2 | \$39.3 | 7.2% |
| | Adjusted EBITDA | (\$3.0) | (\$16.8) | (\$12.0) | (249.3%) |
| | Adjusted EBITDA Margin | (2.1%) | (2.9%) | (199 bps) | |
| | Total Backlog | \$1,424 | | \$318 | 28.8% |



Full Year Highlights

| Revenue | Adjusted EBITDA |
|---|--|
| <ul style="list-style-type: none"> ↑ T34/44/6 ↑ NAWDC ↑ PAX River ↑ JPATS T6 COMBS ↓ UAE Consolidated ↓ CFT ↓ Sheppard | <ul style="list-style-type: none"> ↑ T34/44/6 ↑ PAX River ↑ NAWDC ↓ JPATS T6 COMBS ↓ Sheppard ↓ UAE Consolidated |
| Total Backlog | |
| <ul style="list-style-type: none"> ↑ PAX River ↑ CFT ↑ NAWDC ↑ UAE Consolidated | <ul style="list-style-type: none"> ↓ Sheppard ↓ Andrews ↓ JPATS T6 COMBS ↓ T34/44/6 |

AOLC Results

|  | <i>\$ millions</i> | Q4 2016 | CY 2016 | CY 2016 vs. CY 2015 | |  |
|---|--------------------|---------|---------|---------------------|---------|---|
| | | | | | | |
| Revenue | | \$147.5 | \$617.3 | (\$112.9) | (15.5%) | |
| Adjusted EBITDA | | \$17.1 | \$56.8 | \$6.5 | 13.0% | |
| Adjusted EBITDA Margin | | 11.6% | 9.2% | 232 bps | | |
| Total Backlog | | \$1,052 | | (\$24) | (2.2%) | |

Full Year Highlights

| Revenue | Adjusted EBITDA |
|--|---|
| <ul style="list-style-type: none"> ↑ MD530 ↑ IMSS SANG ↓ INL ↓ MAISR ↓ AFM RASM/TASM ↓ Saudi AWACS | <ul style="list-style-type: none"> ↑ INL ↑ AFM RASM/TASM ↑ IMSS SANG ↓ MAISR ↓ F2AST |
| Total Backlog | |
| <ul style="list-style-type: none"> ↑ AFM RASM/TASM ↑ INL ↑ Kuwait METCAL | <ul style="list-style-type: none"> ↓ F2AST ↓ IMSS SANG ↓ Saudi MSS |

DynLogistics Results

| <i>\$ millions</i> | Q4 2016 | CY 2016 | CY 2016 vs. CY 2015 | |
|-------------------------------|----------------|---------|---------------------|----------|
| | Revenue | \$172.5 | \$633.6 | (\$13.5) |
| Adjusted EBITDA | \$22.0 | \$71.5 | \$15.7 | 28.0% |
| Adjusted EBITDA Margin | 12.8% | 11.3% | 266 bps | |
| Total Backlog | \$1,240 | | \$380 | 44.2% |



Full Year Highlights

| Revenue | Adjusted EBITDA |
|---------------------|-----------------|
| ↑ ALISS | ↑ ALISS |
| ↑ Taji | ↑ ANA/ANP |
| ↑ WRM I | ↑ WRM I |
| ↑ ANA/ANP | ↑ AFRICAP MALI |
| ↑ AFRICAP MALI | ↑ CivPol |
| ↓ LOGCAP IV | ↓ LOGCAP IV |
| ↓ ACAS LMS/Security | ↓ Al Taif |

| Total Backlog | |
|------------------|-------------|
| ↑ AFCAP IV | ↓ AFCAP III |
| ↑ ANA/ANP | ↓ CJPS |
| ↑ GISS G4 INSCOM | ↓ Eagle |
| ↑ NEFRSC | ↓ POS II |
| ↑ TACOM | ↓ Taji |
| | ↓ WRM II |

Financial Review – Q4 Miscellaneous Items

Working Capital⁽¹⁾ of \$153.5 Million

- Down (\$57.8) Million from Prior Year-end; 8.4% of Revenue
- DSO at 56 Days – Decrease of 17 Days from Prior Year-end

2016 Free Cash Flow \$34.0 Million

Current Net Debt Position of \$514.2 Million

- Balance Sheet Cash Position of \$118.2 Million
- No Revolver Borrowings Outstanding At Quarter-end

Redemption of Remaining \$39.3 Million Sr. Unsecured Notes Launched

2017 Financial Guidance Unchanged

⁽¹⁾ Working Capital = Accounts Receivable + Inventory + Work in Progress – Accounts Payable – Accrued Payroll and Employee Cost

Closing Remarks

Delivered the Year

- Exceeded Earnings
- Backlog at Three Year High
- Restructure Results in SG&A Improvement

Readiness

- Customer Priority
- Company Focus

BD Emphasis

Operational Excellence

Q & A

Appendix

Unaudited Consolidated Statement of Operations

| <i>(Amounts in thousands)</i> | Year Ended December 31, 2016 | Year Ended December 31, 2015 |
|---|---------------------------------|---------------------------------|
| Revenue | \$ 1,836,154 | \$ 1,923,177 |
| Cost of services | (1,636,331) | (1,721,679) |
| Selling, general and administrative expenses | (139,531) | (144,675) |
| Depreciation and amortization expense | (34,889) | (34,986) |
| Earnings from equity method investees | 1,066 | 140 |
| Impairment of goodwill, intangibles and long lived assets | (1,782) | (96,696) |
| Operating income (loss) | 24,687 | (74,719) |
| Interest expense | (72,361) | (68,824) |
| Loss on early extinguishment of debt | (328) | — |
| Interest income | 212 | 110 |
| Other income, net | 4,935 | 3,968 |
| Loss before income taxes | (42,855) | (139,465) |
| (Provision) benefit for income taxes | (10,138) | 8,672 |
| Net loss | (52,993) | (130,793) |
| Noncontrolling interests | (1,071) | (1,809) |
| Net loss attributable to DTH, Inc. | \$ (54,064) | \$ (132,602) |
| Provision (benefit) for income taxes | 10,138 | (8,672) |
| Interest expense, net of interest income | 72,149 | 68,714 |
| Depreciation and amortization ⁽¹⁾ | 35,954 | 37,254 |
| EBITDA ⁽²⁾ | \$ 64,177 | \$ (35,306) |
| Certain income/expense or gain/loss adjustments per our credit agreements ⁽³⁾ | 9,561 | 119,406 |
| Employee share based compensation, severance, relocation and retention expense ⁽⁴⁾ | 1,756 | 7,026 |
| Cerberus fees ⁽⁵⁾ | 3,053 | 4,062 |
| Global Advisory Group expenses ⁽⁶⁾ | 23,057 | — |
| Annualized operational efficiencies ⁽⁷⁾ | — | 2,094 |
| Other ⁽⁸⁾ | (581) | (1,139) |
| Adjusted EBITDA | \$ 101,023 | \$ 96,143 |

- (1) Includes certain depreciation and amortization amounts which are classified as Cost of services in the consolidated statements of operations of Delta Tucker Holdings, Inc. included in the Annual Report on Form 10-K.
- (2) We define EBITDA as GAAP net loss attributable to DTH, Inc. 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 the \$1.8 million impairment of investment in affiliates and certain costs associated with the Refinancing Transactions in 2016, \$86.8 million impairment of goodwill and the impairment of certain intangibles, indefinite-lived tradename and assets held for sale of \$9.9 million in 2015, as well as certain unusual income and expense items, as defined in the Indenture and New Senior Credit Facility.
- (4) Includes post-employment benefit expense related to severance in accordance with ASC 712 - *Compensation*, relocation expenses, retention expense and share based compensation expense.
- (5) Includes Cerberus Operations and Advisory Company expenses, net of recovery.
- (6) Reflects Global Advisory Group cost incurred during the year ended December 31, 2016 which we are able to add back to Adjusted EBITDA under the Indenture and New Senior Credit Facility in an aggregate amount up to a total of \$30 million.
- (7) Represents a defined EBITDA adjustment under the Indenture and Senior Credit Facility 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. Per the Indenture and New Senior Credit Facility, annualized operational efficiencies are no longer defined as EBITDA adjustments as of the year ended December 31, 2016.
- (8) Includes changes due to fluctuations in foreign exchange rates, earnings from affiliates not received in cash, costs incurred pursuant to ASC 805 - *Business Combination* and other immaterial items.

Credit Agreement Adjusted EBITDA Calculation by Segment

| DTH, Inc. CY16 YTD | | | | | |
|---|--------------------|------------------|------------------|-------------------------|-------------------|
| <i>(Amounts in thousands)</i> | AELS | AOLC | DynLogistics | Headquarters/ Others | Consolidated |
| Operating (loss) income | \$ (19,213) | \$ 49,334 | \$ 70,402 | \$ (75,836) | \$ 24,687 |
| Depreciation and amortization expense ⁽¹⁾ | 675 | 541 | 388 | 34,350 | 35,954 |
| Loss on early extinguishment of debt | — | — | — | (328) | (328) |
| Noncontrolling interests | — | — | — | (1,071) | (1,071) |
| Other income (loss), net | 71 | 4,261 | (161) | 764 | 4,935 |
| EBITDA ⁽²⁾ | <u>\$ (18,467)</u> | <u>\$ 54,136</u> | <u>\$ 70,629</u> | <u>\$ (42,121)</u> | <u>\$ 64,177</u> |
| Certain income/expense or gain/loss adjustments per our credit agreements ⁽³⁾ | — | 1,436 | (482) | 8,607 | 9,561 |
| Employee share based compensation, severance, relocation and retention expense ⁽⁴⁾ | 758 | 343 | 356 | 299 | 1,756 |
| Cerberus fees ⁽⁵⁾ | 935 | 883 | 847 | 388 | 3,053 |
| Global Advisory Group expenses ⁽⁶⁾ | — | — | — | 23,057 | 23,057 |
| Other ⁽⁷⁾ | 7 | 6 | 188 | (782) | (581) |
| Adjusted EBITDA | <u>\$ (16,767)</u> | <u>\$ 56,804</u> | <u>\$ 71,538</u> | <u>\$ (10,552)</u> | <u>\$ 101,023</u> |

- (1) Includes certain depreciation and amortization amounts which are classified as Cost of services in the consolidated statements of operations of Delta Tucker Holdings, Inc. included in the Annual Report on Form 10-K.
- (2) We define EBITDA as GAAP net income (loss) attributable to DTH, Inc. 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 the \$1.8 million impairment of investment in affiliates and certain costs associated with the Refinancing Transactions, as well as certain unusual income and expense items, as defined in the Indenture and New Senior Credit Facility.
- (4) Includes post-employment benefit expense related to severance in accordance with ASC 712 - *Compensation*, relocation expenses, retention expense and share based compensation expense.
- (5) Includes Cerberus Operations and Advisory Company expenses, net of recovery.
- (6) Reflects Global Advisory Group cost incurred during the year ended December 31, 2016 which we are able to add back to Adjusted EBITDA under the Indenture and New Senior Credit Facility in an aggregate amount up to a total of \$30 million.
- (7) Includes changes due to fluctuations in foreign exchange rates, earnings from affiliates not received in cash, costs incurred pursuant to ASC 805 - *Business Combination* and other immaterial items.

Credit Agreement Adjusted EBITDA Calculation by Segment

| DTH, Inc. CY15 YTD | | | | | |
|---|--------------------|------------------|------------------|-------------------------|--------------------|
| <i>(Amounts in thousands)</i> | AELS | AOLC | DynLogistics | Headquarters/ Others | Consolidated |
| Operating (loss) income | \$ (97,400) | \$ 28,160 | \$ 42,496 | \$ (47,975) | \$ (74,719) |
| Depreciation and amortization expense ⁽¹⁾ | 1,400 | 1,073 | 250 | 34,531 | 37,254 |
| Noncontrolling interests | — | — | — | (1,809) | (1,809) |
| Other income (loss), net | (894) | 9 | 55 | 4,798 | 3,968 |
| EBITDA ⁽²⁾ | <u>\$ (96,894)</u> | <u>\$ 29,242</u> | <u>\$ 42,801</u> | <u>\$ (10,455)</u> | <u>\$ (35,306)</u> |
| Certain income/expense or gain/loss adjustments per our credit agreements ⁽³⁾ | 88,489 | 17,390 | 10,568 | 2,959 | 119,406 |
| Employee share based compensation, severance, relocation and retention expense ⁽⁴⁾ | 2,319 | 2,432 | 1,284 | 991 | 7,026 |
| Cerberus fees ⁽⁵⁾ | 1,239 | 1,171 | 1,180 | 472 | 4,062 |
| Annualized operational efficiencies ⁽⁶⁾ | — | — | — | 2,094 | 2,094 |
| Other ⁽⁷⁾ | 47 | 44 | 45 | (1,275) | (1,139) |
| Adjusted EBITDA | <u>\$ (4,800)</u> | <u>\$ 50,279</u> | <u>\$ 55,878</u> | <u>\$ (5,214)</u> | <u>\$ 96,143</u> |

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- (3) Includes the impairment of goodwill within the AELS reporting unit and the impairment of certain intangibles, indefinite-lived tradename and assets held for sale, as well as certain unusual income and expense items, as defined in the Indenture and Senior Credit Facility.
- (4) Includes post-employment benefit expense related to severance in accordance with ASC 712 - *Compensation*, relocation expenses, retention expense and share based compensation expense.
- (5) Includes Cerberus Operations and Advisory Company expenses, net of recovery.
- (6) Represents a defined EBITDA adjustment under the Indenture and Senior Credit Facility 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. Per the Indenture and New Senior Credit Facility, annualized operational efficiencies are no longer defined as EBITDA adjustments as of the year ended December 31, 2016.
- (7) Includes changes due to fluctuations in foreign exchange rates, earnings from affiliates not received in cash, costs incurred pursuant to ASC 805 - *Business Combination* and other immaterial items.

Credit Agreement Adjusted EBITDA Calculation by Segment

| DTH, Inc. CY16 QTD Q4 | | | | | |
|---|-------------------|------------------|------------------|-------------------------|------------------|
| <i>(Amounts in thousands)</i> | AELS | AOLC | DynLogistics | Headquarters/ Others | Consolidated |
| Operating (loss) income | \$ (3,676) | \$ 16,591 | \$ 20,604 | \$ (18,772) | \$ 14,747 |
| Depreciation and amortization expense ⁽¹⁾ | 244 | 28 | 128 | 8,755 | 9,155 |
| Noncontrolling interests | — | — | — | (268) | (268) |
| Other income (loss), net | 42 | (394) | (50) | 158 | (244) |
| EBITDA ⁽²⁾ | <u>\$ (3,390)</u> | <u>\$ 16,225</u> | <u>\$ 20,682</u> | <u>\$ (10,127)</u> | <u>\$ 23,390</u> |
| Certain income/expense or gain/loss adjustments per our credit agreements ⁽³⁾ | — | 420 | 794 | 267 | 1,481 |
| Employee share based compensation, severance, relocation and retention expense ⁽⁴⁾ | 297 | 302 | 148 | 9 | 756 |
| Cerberus fees ⁽⁵⁾ | 198 | 186 | 203 | 72 | 659 |
| Global Advisory Group expenses ⁽⁶⁾ | — | — | — | 5,801 | 5,801 |
| Other ⁽⁷⁾ | (123) | 6 | 188 | (148) | (77) |
| Adjusted EBITDA | <u>\$ (3,018)</u> | <u>\$ 17,139</u> | <u>\$ 22,015</u> | <u>\$ (4,126)</u> | <u>\$ 32,010</u> |

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- (3) Includes certain unusual income and expense items as defined in the Indenture and New Senior Credit Facility.
- (4) Includes post-employment benefit expense related to severance in accordance with ASC 712 - *Compensation*, relocation expenses, retention expense and share based compensation expense.
- (5) Includes Cerberus Operations and Advisory Company expenses, net of recovery.
- (6) Reflects Global Advisory Group cost incurred during the year ended December 31, 2016 which we are able to add back to Adjusted EBITDA under the Indenture and New Senior Credit Facility in an aggregate amount up to a total of \$30 million.
- (7) Includes changes due to fluctuations in foreign exchange rates, earnings from affiliates not received in cash, costs incurred pursuant to ASC 805 - *Business Combination* and other immaterial items.

Credit Agreement Adjusted EBITDA Calculation by Segment

| | DTH, Inc. CY15 QTD Q4 | | | | |
|---|-----------------------|-----------|--------------|-------------------------|--------------|
| (Amounts in thousands) | AELS | AOLC | DynLogistics | Headquarters/ Others | Consolidated |
| Operating (loss) income | \$ (6,572) | \$ 13,840 | \$ 14,689 | \$ (15,935) | \$ 6,022 |
| Depreciation and amortization expense ⁽¹⁾ | 158 | 24 | 63 | 9,383 | 9,628 |
| Noncontrolling interests | — | — | — | (582) | (582) |
| Other income (loss), net | 50 | (100) | 1 | 2,342 | 2,293 |
| EBITDA ⁽²⁾ | \$ (6,364) | \$ 13,764 | \$ 14,753 | \$ (4,792) | \$ 17,361 |
| Certain income/expense or gain/loss adjustments per our credit agreements ⁽³⁾ | (86) | 3,448 | 538 | 1,054 | 4,954 |
| Employee share based compensation, severance, relocation and retention expense ⁽⁴⁾ | 207 | 97 | 131 | 354 | 789 |
| Cerberus fees ⁽⁵⁾ | 302 | 285 | 269 | 154 | 1,010 |
| Other ⁽⁶⁾ | 9 | — | — | (217) | (208) |
| Adjusted EBITDA | \$ (5,932) | \$ 17,594 | \$ 15,691 | \$ (3,447) | \$ 23,906 |

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- (3) Includes the impairment of certain intangibles, indefinite-lived tradename and assets held for sale, as well as certain unusual income and expense items, as defined in the Indenture and Senior Credit Facility.
- (4) Includes post-employment benefit expense related to severance in accordance with ASC 712 - *Compensation*, relocation expenses, retention expense and share based compensation expense.
- (5) Includes Cerberus Operations and Advisory Company expenses, net of recovery.
- (6) Includes changes due to fluctuations in foreign exchange rates, earnings from affiliates not received in cash, costs incurred pursuant to ASC 805 - *Business Combination* and other immaterial items.

Unaudited Condensed Consolidated Balance Sheets

| <i>(Amounts in thousands)</i> | As of | |
|---|--------------------------|--------------------------|
| | <u>December 31, 2016</u> | <u>December 31, 2015</u> |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 118,218 | \$ 108,782 |
| Restricted cash | 7,664 | 721 |
| Accounts receivable, net of allowances of \$17,189 and \$16,283, respectively | 300,255 | 386,097 |
| Other current assets | 65,694 | 55,683 |
| Assets held for sale | — | 7,913 |
| Total current assets | <u>491,831</u> | <u>559,196</u> |
| Non-current assets | 184,706 | 225,493 |
| Total assets | <u>\$ 676,537</u> | <u>\$ 784,689</u> |
| LIABILITIES AND DEFICIT | | |
| Current portion of long-term debt | 62,843 | 184,866 |
| Other current liabilities | 278,703 | 342,257 |
| Total current liabilities | <u>341,546</u> | <u>527,123</u> |
| Long-term debt | 569,613 | 452,165 |
| Other long-term liabilities | 27,315 | 13,571 |
| Total deficit attributable to Delta Tucker Holdings, Inc. | <u>(267,392)</u> | <u>(213,962)</u> |
| Noncontrolling interests | 5,455 | 5,792 |
| Total deficit | <u>(261,937)</u> | <u>(208,170)</u> |
| Total liabilities and deficit | <u>\$ 676,537</u> | <u>\$ 784,689</u> |

Unaudited Condensed Statements of Cash Flows

| <i>(Amounts in thousands)</i> | For the year ended | |
|--|--------------------|-------------------|
| | December 31, 2016 | December 31, 2015 |
| Cash Flow Information: | | |
| Net cash provided by operating activities | \$ 41,153 | \$ 19,572 |
| Net cash used in investing activities | (16,940) | (2,735) |
| Net cash used in financing activities | (14,777) | (2,059) |
| Net cash provided by operating activities | 41,153 | 19,572 |
| Less: Purchase of property and equipment | (5,346) | (3,179) |
| Proceeds from sale of property and equipment | 832 | 526 |
| Less: Purchase of software | (2,634) | (1,555) |
| Free cash flow | \$ 34,005 | \$ 15,364 |

Unaudited Other Contract Data

| <i>(Amounts in millions)</i> | As of | |
|------------------------------|--------------------------|--------------------------|
| | <u>December 31, 2016</u> | <u>December 31, 2015</u> |
| Backlog ⁽¹⁾ : | | |
| Funded backlog | \$ 1,403 | \$ 1,183 |
| Unfunded backlog | 2,313 | 1,859 |
| Total Backlog | <u>\$ 3,716</u> | <u>\$ 3,042</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.