

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

August 6, 2018

(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 or organization)**

333-173746
(Commission File Number)

27-2525959
**(I.R.S. Employer
Identification No.)**

1700 Old Meadow Road
McLean, Virginia 22102
(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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On August 6, 2018, DynCorp International Inc. (“DynCorp International”), a wholly owned subsidiary of Delta Tucker Holdings, Inc. (“Holdings” and together with DynCorp International, the “Companies”) issued a press release announcing the results of the Companies' financial performance for the quarter ended June 30, 2018. The Companies will hold a conference call at 10:00 a.m. ET on August 6, 2018 to discuss this information further. Chief Executive Officer George Krivo and Chief Financial Officer William Kansky will review the financial results and business developments for the quarter ended June 30, 2018. Interested parties are invited to listen to the call. The press release is furnished herewith as Exhibit 99.1 to the Form 8-K.

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 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 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 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 press release.

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

The following exhibits are furnished herewith:

99.1 Press Release issued by the Companies on August 6, 2018 furnished pursuant to Item 2.02 of this Form 8-K.

Exhibit Index

Exhibit No.	Description
99.1	Press Release issued by the Companies on August 6, 2018, furnished pursuant to Item 2.02 of this Form 8-K.

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.

Date: August 6, 2018

DELTA TUCKER HOLDINGS, INC.

/s/ William T. Kansky

William T. Kansky

Senior Vice President and Chief Financial Officer

**For more information contact**

Brendan Burke

Vice President and Treasurer

(817) 224-7742

Brendan.Burke@dyn-intl.com**DYNCORP INTERNATIONAL INC.'S PARENT REPORTS RESULTS FOR SECOND QUARTER 2018**

- Revenue of \$550.4 million
- Net income attributable to Delta Tucker Holdings, Inc. of \$24.8 million
- Adjusted EBITDA of \$48.9 million
- Total backlog of \$4.0 billion
- DSO of 41 days

MCLEAN, Va. - (August 6, 2018) - Delta Tucker Holdings, Inc. (“Holdings”), the parent of DynCorp International Inc. (“DI,” and together with Holdings, the “Company”), a leading global services provider, today reported second quarter 2018 financial results.

Second quarter 2018 revenue was \$550.4 million, up 16.0% compared to \$474.3 million recorded in the second quarter of 2017. The increase was primarily due to increased scope on the Logistics Civil Augmentation Program IV (“LOGCAP IV”) program and the CLS Transport, Naval Test Wing Pacific O-Level Maintenance (“Naval Test Wing Pacific”) and the G4 Worldwide Logistics Support contracts. The increase in revenue was partially offset by lower volume on the Bureau for International Narcotics and Law Enforcement Affairs, Office of Aviation (“INL Air Wing”) program. Net income attributable to Holdings for the second quarter of 2018 was \$24.8 million compared to \$5.7 million in the second quarter of 2017. The Company reported Adjusted EBITDA of \$48.9 million for the second quarter of 2018 compared to \$39.3 million for the same period in 2017.

“The Company continues to deliver consistent top line growth and margin expansion in the second quarter driven by disciplined execution of our contracts and rigorous cost control,” said George Krivo, Chief Executive Officer. “We are very encouraged by the Company’s performance through the first half of the year and remain optimistic about the opportunities looking forward.”

Second Quarter Highlights and Other Recent Developments

- In April 2018, DynLogistics announced a task order modification for expanded work to continue providing base life support and maintenance services in Afghanistan under the LOGCAP IV contract. The contract modification has a total potential value of \$24.4 million.
 - In June 2018, DynLogistics announced the award of a twelve-month task order contract extension to continue providing base life support and maintenance services in Afghanistan under the LOGCAP IV contract. The contract extension has a total potential value of \$258.3 million.
 - In June 2018, DynLogistics announced the award of the Facilities Engineering Support Services task order under the Afghanistan Life Support Services (“ALiSS”) contract. The task order has a one-year base period and four one-year option periods and a total potential task order value of \$28.1 million.
 - In June 2018, DynLogistics announced the task order award under the Air Force Augmentation Program (“AFCAP IV”) to provide dining facility services for the Al Dhafra Air Base in the UAE. The task order has a two-month mobility period, a ten-month base period and two one-year option periods and a total potential task order value of \$11.5 million.
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- In July 2018, DynLogistics announced a contract modification to support material management and logistics services for the USACE South Atlantic Division, Task Force Power Restoration in Puerto Rico on the Northcom task order under the LOGCAP IV contract. The contract modification has a total potential value of \$24.6 million.

Reportable Segment Results

DynAviation

Revenue in the second quarter of 2018 was \$297.5 million, up 2.5% compared with \$290.3 million recorded in the same period in 2017 primarily due to the new CLS Transport and Naval Test Wing Pacific contracts and the Contractor Logistics Support T-34, T-44, T-6 program ("CLS T34/44/6"). The increase in revenue was partially offset by decreased content on the INL Air Wing contract and the completion of certain contracts.

Adjusted EBITDA was \$25.0 million, compared to \$21.7 million for the second quarter of 2017. The increase is primarily due to the timing of an incentive award fee on the CLS T34/44/6 contract and more favorable terms on the T-6 COMBS contract. These increases were partially offset by decreased content on the INL Air Wing program.

DynLogistics

Revenue in the second quarter of 2018 was \$251.2 million, up 36.8% compared with \$183.6 million recorded in the same period in 2017. The increase was primarily due to increased scope on both the LOGCAP IV program and ALiSS contract and the G4 Worldwide Logistics Support contract, partially offset by the completion of the Philippines Operations Support ("POS") contract.

Adjusted EBITDA was \$29.2 million, compared to \$22.8 million for the second quarter of 2017. The increase was primarily due to higher volume as described above, and productivity and margin expansion across several contracts.

Liquidity

Cash provided by operating activities at the end of the second quarter of 2018 was \$105.8 million compared to cash used in operating activities of \$0.3 million for the same period in 2017.

The unrestricted cash balance at quarter-end was \$218.9 million with no borrowings outstanding under the Company's revolving credit facility.

DSO was 41 and 54 days as of the end of the second quarter of 2018 and December 31, 2017, respectively, as the Company continued to focus on managing its customer payment cycles and due to the impact of a \$45.1 million advance payment from a customer during the second quarter.

Bill Kansky, Chief Financial Officer, added, "The Company is performing quite well and our free cash flow generation through the second quarter of 2018 of \$99.6 million puts us well ahead of plan."

Conference Call

The Company will host a conference call at 10:00 a.m. Eastern Time on August 6, 2018, to discuss results for the second quarter 2018. The call may be accessed by webcast or through a dial-in conference line.

To access the webcast and view the accompanying presentation, please go to <http://www.dyn-intl.com>, click on "Investor Relations" and "Events & Presentations." Please go to the site approximately fifteen minutes prior to the start of the call to register, download and install any necessary audio software.

To participate by phone, dial (866) 871-0758 and enter the conference ID number: 6176907. International callers should dial (706) 634-5249 and enter the same conference ID number above. A telephonic replay will be available from 1:00 p.m. Eastern Time on August 6, 2018, through 11:59 p.m. Eastern Time on September 6, 2018. To access the replay, please dial (855) 859-2056 or (404) 537-3406 and enter the conference ID number.

About DynCorp International

DynCorp International, a wholly owned subsidiary of Delta Tucker Holdings, Inc., is a leading global services provider offering unique, tailored solutions for an ever-changing world. Built on approximately seven decades of experience as a trusted partner to commercial, government and military customers, DI provides sophisticated aviation, logistics, training, intelligence and operational solutions wherever we are needed. DynCorp International is headquartered in McLean, Va. For more information, visit 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 and Adjusted 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 items from operations and certain other items as defined in our Indenture and New Senior Credit Facility. Management believes 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. 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, 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.

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

The Company does not provide reconciliations of guidance for Adjusted EBITDA to Operating Income, in reliance on the unreasonable efforts exception provided under Item 10(e)(1)(i)(B) of Regulation S-K. The Company is unable, without unreasonable efforts, to forecast certain items required to develop meaningful comparable GAAP financial measures. These items include other (loss) income and certain income/expense or gain/loss adjustments under the Company's debt agreements that are difficult to predict in advance in order to include in a GAAP estimate.

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 and the Securities Exchange Act of 1934. 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 2018 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: our substantial level of indebtedness, our ability to refinance or amend the terms of that indebtedness, and changes in availability of capital and cost of capital; the ability to refinance, amend or generate sufficient cash to repay our New Senior Credit Facility, consisting of our Revolver and Term Loan maturing on July 7, 2019 and July 7, 2020, respectively, or to refinance, amend or repay our other indebtedness, including any future indebtedness, which may force us to take other actions to satisfy our obligations under our indebtedness, which may not be successful; the future impact of mergers, acquisitions, divestitures, joint ventures or teaming agreements; the outcome of any material litigation, government investigation, audit or other regulatory matters; restatement of our financial statements causing credit ratings to be downgraded or covenant violations under our debt agreements; policy and/or spending changes implemented by the Trump Administration, any subsequent administration or Congress, including any further changes to the sequestration that the United States ("U.S.") Department of Defense ("DoD") is currently operating under; 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 LOGCAP IV and ALiSS contract; the outcome

of future extensions on awarded contracts and the outcomes of recompetes on existing programs; changes in the demand for services provided by our joint venture partners; changes due to 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, including cyber security threats; variations in performance of financial markets; the inherent difficulties of estimating future contract revenue and changes in anticipated revenue from indefinite delivery, indefinite quantity ("IDIQ") contracts and indefinite quantity contracts ("IQC"); the timing or magnitude of any award, performance or incentive fee granted under our government contracts; 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; decline in the estimated fair value of a reporting unit resulting in a goodwill impairment and a related non-cash impairment charged against earnings; changes in underlying assumptions, circumstances or estimates that may have a material adverse effect upon the profitability of one or more contracts and our performance; implementation of the tax reform legislation known colloquially as the Tax Cuts and Jobs Act (the "Tax Act") or other tax reform implemented by the Trump Administration, and any subsequent administration or Congress; changes in our tax provisions or exposure to additional income tax liabilities that could affect our profitability and cash flows; uncertainty created by management turnover or other restructuring activities; termination or modification of key subcontractor performance or delivery; the ability to receive timely payments from prime contractors where we act as a subcontractor; and statements covering our business strategy, those described in "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2017, filed with the Securities and Exchange Commission ("SEC") on March 21, 2018, and other risks detailed from time to time in our reports filed with the SEC and other risks detailed from time to time in our reports posted to our website or made available publicly through other means.

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 statements 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 CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands)

	Three Months Ended		Six Months Ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Revenue	\$ 550,361	\$ 474,288	\$ 1,084,654	\$ 934,159
Cost of services	(476,598)	(409,652)	(942,021)	(809,128)
Selling, general and administrative expenses	(24,670)	(27,168)	(50,029)	(58,886)
Depreciation and amortization expense	(5,974)	(8,589)	(12,031)	(17,144)
Earnings from equity method investees	222	10	269	52
Operating income	43,341	28,889	80,842	49,053
Interest expense	(16,083)	(17,764)	(33,071)	(36,479)
Loss on early extinguishment of debt	—	(24)	(239)	(24)
Interest income	408	19	933	24
Other income, net	492	144	1,141	1,517
Income before income taxes	28,158	11,264	49,606	14,091
Provision for income taxes	(3,140)	(5,300)	(7,884)	(8,339)
Net income	25,018	5,964	41,722	5,752
Noncontrolling interests	(209)	(288)	(505)	(563)
Net income attributable to Delta Tucker Holdings, Inc.	\$ 24,809	\$ 5,676	\$ 41,217	\$ 5,189
Provision for income taxes	3,140	5,300	7,884	8,339
Interest expense, net of interest income	15,675	17,745	32,138	36,455
Depreciation and amortization ⁽¹⁾	6,901	9,027	13,721	17,925
EBITDA ⁽²⁾	\$ 50,525	\$ 37,748	\$ 94,960	\$ 67,908
Certain income/expense or gain/loss adjustments per our credit agreements ⁽³⁾	(270)	(1,072)	2,710	(1,238)
Employee share based compensation, severance, relocation and retention expense ⁽⁴⁾	(725)	345	(352)	1,475
Cerberus fees ⁽⁵⁾	55	626	86	1,276
Global Advisory Group expenses ⁽⁶⁾	—	1,783	—	6,943
Other ⁽⁷⁾	(708)	(164)	(1,342)	(570)
Adjusted EBITDA	\$ 48,877	\$ 39,266	\$ 96,062	\$ 75,794

- (1) Includes certain depreciation and amortization amounts which are classified as Cost of services in the condensed consolidated statements of operations.
- (2) We define EBITDA as GAAP net income 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 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 three and six months ended June 30, 2017, which we were 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, which was fully utilized as of the second quarter of calendar year 2017.
- (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.

DELTA TUCKER HOLDINGS, INC. (DTH, Inc.)
Credit Agreement Adjusted EBITDA Calculation by Segment
(Amounts in thousands)

	DTH, Inc. CY18 QTD Q2			
	DynAviation	DynLogistics	Headquarters/ Others	Consolidated
Operating income (loss)	\$ 25,282	\$ 28,896	\$ (10,837)	\$ 43,341
Depreciation and amortization expense ⁽¹⁾	287	652	5,962	6,901
Noncontrolling interests	—	—	(209)	(209)
Other income, net	105	(48)	435	492
EBITDA⁽²⁾	\$ 25,674	\$ 29,500	\$ (4,649)	\$ 50,525
Certain income/expense or gain/loss adjustments per our credit agreements ⁽³⁾	34	(437)	133	(270)
Employee share based compensation, severance, relocation and retention expense ⁽⁴⁾	(772)	42	5	(725)
Cerberus fees ⁽⁵⁾	22	17	16	55
Other ⁽⁶⁾	2	52	(762)	(708)
Adjusted EBITDA	\$ 24,960	\$ 29,174	\$ (5,257)	\$ 48,877

(1) Includes certain depreciation and amortization amounts which are classified as Cost of services in the condensed consolidated statements of operations.

(2) We define EBITDA as GAAP net income 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 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) 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.

DELTA TUCKER HOLDINGS, INC. (DTH, Inc.)
Credit Agreement Adjusted EBITDA Calculation by Segment
(Amounts in thousands)

	DTH, Inc. CY17 QTD Q2			
	DynAviation	DynLogistics	Headquarters/ Others	Consolidated
Operating income (loss)	\$ 20,700	\$ 23,799	\$ (15,610)	\$ 28,889
Depreciation and amortization expense ⁽¹⁾	325	197	8,505	9,027
Loss on early extinguishment of debt	—	—	(24)	(24)
Noncontrolling interests	—	—	(288)	(288)
Other income, net	45	(60)	159	144
EBITDA ⁽²⁾	<u>\$ 21,070</u>	<u>\$ 23,936</u>	<u>\$ (7,258)</u>	<u>\$ 37,748</u>
Certain income/expense or gain/loss adjustments per our credit agreements ⁽³⁾	—	(1,550)	478	(1,072)
Employee share based compensation, severance, relocation and retention expense ⁽⁴⁾	263	82	—	345
Cerberus fees ⁽⁵⁾	366	219	41	626
Global Advisory Group expenses ⁽⁶⁾	—	—	1,783	1,783
Other ⁽⁷⁾	—	81	(245)	(164)
Adjusted EBITDA	<u>\$ 21,699</u>	<u>\$ 22,768</u>	<u>\$ (5,201)</u>	<u>\$ 39,266</u>

(1) Includes certain depreciation and amortization amounts which are classified as Cost of services in the condensed consolidated statements of operations.

(2) We define EBITDA as GAAP net income 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 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 three months ended June 30, 2017 which we were 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, which was fully utilized as of the second quarter of calendar year 2017.

(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.

DELTA TUCKER HOLDINGS, INC. (DTH, Inc.)
Credit Agreement Adjusted EBITDA Calculation by Segment
(Amounts in thousands)

	DTH, Inc. CY18 YTD Q2			
	DynAviation	DynLogistics	Headquarters/ Others	Consolidated
Operating income (loss)	\$ 51,216	\$ 48,202	\$ (18,576)	\$ 80,842
Depreciation and amortization expense ⁽¹⁾	785	1,068	11,868	13,721
Loss on early extinguishment of debt	—	—	(239)	(239)
Noncontrolling interests	—	—	(505)	(505)
Other income, net	304	33	804	1,141
EBITDA ⁽²⁾	<u>\$ 52,305</u>	<u>\$ 49,303</u>	<u>\$ (6,648)</u>	<u>\$ 94,960</u>
Certain income/expense or gain/loss adjustments per our credit agreements ⁽³⁾	113	2,199	398	2,710
Employee share based compensation, severance, relocation and retention expense ⁽⁴⁾	(527)	165	10	(352)
Cerberus fees ⁽⁵⁾	36	26	24	86
Other ⁽⁶⁾	2	(4)	(1,340)	(1,342)
Adjusted EBITDA	<u>\$ 51,929</u>	<u>\$ 51,689</u>	<u>\$ (7,556)</u>	<u>\$ 96,062</u>

(1) Includes certain depreciation and amortization amounts which are classified as Cost of services in the condensed consolidated statements of operations.

(2) We define EBITDA as GAAP net income 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 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) 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.

DELTA TUCKER HOLDINGS, INC. (DTH, Inc.)
Credit Agreement Adjusted EBITDA Calculation by Segment
(Amounts in thousands)

	DTH, Inc. CY17 YTD Q2			
	DynAviation	DynLogistics	Headquarters/ Others	Consolidated
Operating (loss) income	\$ 39,645	\$ 41,299	\$ (31,891)	\$ 49,053
Depreciation and amortization expense ⁽¹⁾	614	336	16,975	17,925
Loss on early extinguishment of debt	—	—	(24)	(24)
Noncontrolling interests	—	—	(563)	(563)
Other income, net	1,042	47	428	1,517
EBITDA ⁽²⁾	<u>\$ 41,301</u>	<u>\$ 41,682</u>	<u>\$ (15,075)</u>	<u>\$ 67,908</u>
Certain income/expense or gain/loss adjustments per our credit agreements ⁽³⁾	—	(2,306)	1,068	(1,238)
Employee share based compensation, severance, relocation and retention expense ⁽⁴⁾	1,056	405	14	1,475
Cerberus fees ⁽⁵⁾	767	434	75	1,276
Global Advisory Group expenses ⁽⁶⁾	—	—	6,943	6,943
Other ⁽⁷⁾	—	41	(611)	(570)
Adjusted EBITDA	<u>\$ 43,124</u>	<u>\$ 40,256</u>	<u>\$ (7,586)</u>	<u>\$ 75,794</u>

(1) Includes certain depreciation and amortization amounts which are classified as Cost of services in the condensed consolidated statements of operations.

(2) We define EBITDA as GAAP net income 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.

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(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 six months ended June 30, 2017 which we were 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, which was fully utilized as of the second quarter of calendar year 2017.

(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.

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

	As of	
	June 30, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 218,853	\$ 168,250
Accounts receivable, net of allowances of \$9,322 and \$10,142, respectively	149,268	352,550
Contract assets	169,416	—
Other current assets	35,667	52,542
Total current assets	573,204	573,342
Non-current assets	149,670	162,375
Total assets	\$ 722,874	\$ 735,717
LIABILITIES AND DEFICIT		
Current portion of long-term debt, net	\$ —	\$ 53,652
Other current liabilities	328,341	331,872
Total current liabilities	328,341	385,524
Long-term debt, net	532,318	527,039
Other long-term liabilities	12,120	13,081
Total deficit attributable to Delta Tucker Holdings, Inc.	(155,300)	(195,456)
Noncontrolling interests	5,395	5,529
Total deficit	(149,905)	(189,927)
Total liabilities and deficit	\$ 722,874	\$ 735,717

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

	As of	
	June 30, 2018	December 31, 2017
Backlog ⁽¹⁾ :		
Funded backlog	\$ 981	\$ 968
Unfunded backlog	3,021	3,201
Total Backlog	<u>\$ 4,002</u>	<u>\$ 4,169</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.

DELTA TUCKER HOLDINGS, INC. (DTH, Inc.)
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
(Amounts in thousands)

	For the six months ended	
	June 30, 2018	June 30, 2017
Cash Flow Information:		
Net cash provided by (used in) operating activities	\$ 105,762	\$ (340)
Net cash provided by (used in) investing activities	207	(2,819)
Net cash used in financing activities	(55,366)	(23,813)
Net cash provided by (used in) operating activities	105,762	(340)
Less: Purchase of property and equipment	(6,160)	(2,674)
Proceeds from sale of property and equipment	13	536
Less: Purchase of software	(41)	(400)
Free cash flow	<u>\$ 99,574</u>	<u>\$ (2,878)</u>