

DYNCORP INTERNATIONAL INC.
Form 10-Q
February 12, 2007

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended December 29, 2006

or

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

For the transition period from _____ to _____

Commission File Number: 001-32869

DYNCORP INTERNATIONAL INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

01-0824791
(I.R.S. Employer
Identification No.)

3190 Fairview Park Drive, Suite 700, Falls Church, Virginia 22042
(571) 722-0210

(Address, including zip code, and telephone number, including area code,
of registrant's principal executive offices)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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As of February 12, 2007, the registrant had 57,000,000 shares of its Class A common stock, par value \$0.01 per share, outstanding.

DYNCORP INTERNATIONAL INC.

TABLE OF CONTENTS

	Page
<u>PART I. FINANCIAL INFORMATION</u>	
<u>Item 1.</u>	
	<u>Financial Statements</u>
	<u>Condensed Consolidated Balance Sheets December 29, 2006 (unaudited) and March 31, 2006</u> 1
	<u>Condensed Consolidated Statements of Income Three and Nine Months Ended December 29, 2006 and December 30, 2005 (unaudited)</u> 2
	<u>Condensed Consolidated Statements of Cash Flows Nine Months Ended December 29, 2006 and December 30, 2005 (unaudited)</u> 3
	<u>Condensed Consolidated Statements of Shareholders' Equity Nine Months Ended December 29, 2006 (unaudited)</u> 4
	<u>Notes to Condensed Consolidated Financial Statements (unaudited)</u> 5
<u>Item 2.</u>	
	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u> 18
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u> 33
<u>Item 4.</u>	<u>Controls and Procedures</u> 33
<u>PART II. OTHER INFORMATION</u>	
<u>Item 1.</u>	<u>Legal Proceedings</u> 34
<u>Item 1A.</u>	<u>Risk Factors</u> 34
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u> 34
<u>Item 3.</u>	<u>Defaults Upon Senior Securities</u> 35
<u>Item 4.</u>	<u>Submission of Matters to a Vote of Security Holders</u> 35
<u>Item 5.</u>	<u>Other Information</u> 35
<u>Item 6.</u>	<u>Exhibits</u> 35

PART I FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****DYNCORP INTERNATIONAL INC.****CONDENSED CONSOLIDATED BALANCE SHEETS****(In thousands, except per share data)**

	December 29, 2006 (Unaudited)	March 31, 2006
Assets		
Current assets:		
Cash and cash equivalents	\$ 55,336	\$ 20,573
Receivables, net of allowances for doubtful accounts of \$2,728 and \$8,479 at December 29, 2006 and March 31, 2006, respectively	446,735	437,947
Other receivables	1,893	2,248
Prepaid expenses and other current assets	49,495	43,733
Deferred tax asset	7,491	795
Total current assets	560,950	505,296
Property and equipment at cost, less accumulated depreciation of \$2,649 and \$1,296 at December 29, 2006 and March 31, 2006, respectively	11,238	8,769
Other assets:		
Goodwill	420,180	420,180
Tradename	18,318	18,318
Customer-related intangibles, net of accumulated amortization of \$72,750 and \$43,471 at December 29, 2006 and March 31, 2006, respectively	217,631	246,910
Deferred financing costs, net of accumulated amortization of \$5,428 and \$3,261 at December 29, 2006 and March 31, 2006, respectively	14,955	17,469
Other intangibles, net of accumulated amortization of \$6,450 and \$3,671 at December 29, 2006 and March 31, 2006, respectively	6,743	7,453
Deferred income taxes	12,938	11,518
Other assets	1,918	3,176
Total other assets	692,683	725,024
Total assets	\$ 1,264,871	\$ 1,239,089
Liabilities and Shareholders' Equity		
Current liabilities:		
Current portion of long-term debt	\$ 3,450	\$ 2,588
Current portion of other long-term liabilities	301	
Accounts payable and accrued expenses	125,936	143,668
Accrued payroll and employee costs	78,876	65,586
Other accrued liabilities	55,240	33,845
Income taxes payable	7,648	8,280
Total current liabilities	271,451	253,967
Long-term debt less current portion	628,407	658,963
Other long-term liabilities	5,742	
Shares subject to mandatory redemption Series A preferred stock, stated value \$195,550; 350,000 shares authorized; 190,550 shares issued and outstanding; redemption value of \$219,821 at March 31, 2006; and no shares outstanding at December 29, 2006		219,821
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, \$0.01 par value 50,000 shares authorized; no shares outstanding		
Common stock, \$0.01 par value 232,000 shares and 32,000 shares authorized; 57,000 shares and 32,000 shares issued and outstanding at December 29, 2006 and March 31, 2006, respectively	570	320
Additional paid-in capital	350,832	102,097
Retained earnings	8,097	4,139
Accumulated other comprehensive loss	(228)	(218)
Total shareholders' equity	359,271	106,338
Total liabilities and shareholders' equity	\$	\$