

December 23, 2009

## AGILITY (AGLT.KW)

DynCorp terminated Agility DGS's participation as a subcontractor for the LOGCAP IV task order. On December 21, 2009, Agility made the following announcement:

### Agility clarifies LOGCAP IV contract

Agility Defense and Government Services Inc. ("Agility DGS Inc."), an indirect subsidiary of The Public Warehousing Company KSC ("PWC"), was terminated by DynCorp International (DI) as a subcontractor on the Logistics Civil Augmentation Program IV ("LOGCAP IV") as of December 17, 2009. Agility DGS Inc. believes DI's termination is in breach of the contractual terms between the parties, and is looking at legal options available to it in this regard.

- The LOGCAP IV initial task order issued to DGS was valued at KD 185.3 million for the base year, plus four one-year extension options. The task order was to be carried out in southern Afghanistan involving business such as operational and maintenance support (i.e. electrical power, sewage and waste, laundry operations etc.) for the US Forces.
- Our previous forecasts did not account for the effects of LOGCAP IV task order awarded to DGS. As mentioned in our previous analyst comment (dated November 11, 2009), we were expected to issue an update after meeting with management to discuss the implications of the task order.
- The effect on Agility's value if the company is unable to rectify the matter is still uncertain. We maintain our status on Agility as "Under Review" until we receive further information on the implications of the indictment by the U.S. Department of Justice and the implications on the cancellation of the LOGCAP IV task orders.

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- Update - 25 June 2009
- Update - 20 Nov. 2008

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