

Bradley G. Graham
Vice-President and Controller
September 17, 2010

Letter of Comment No:
File Reference: 1840-100
Date Received:

Technical Director
Financial Accounting Standards Board
401 Merritt 7
Norwalk, CT 06856-5116
Via email to director@fasb.org

RE: *FASB Proposed Guidance on Expanded Disclosures for Certain Loss Contingencies*

DynCorp International Inc. (“DI” or “DynCorp International”) welcomes the opportunity to provide comments to the FASB concerning the proposed Accounting Standards Update (“ASU”) related to the expanded disclosures for certain loss contingencies.

DynCorp International is a global government services provider in support of U.S. national security and foreign policy objectives, delivering support solutions for defense, diplomacy, and international development. DI operates major programs in logistics, platform support, contingency operations, and training and mentoring to reinforce security, community stability, and the rule of law. DynCorp International is headquartered in Falls Church, VA. For more information, visit www.dyn-intl.com.

While we agree that the disclosure of loss contingencies is a critical component of ensuring full disclosure and that the timeliness and relevance of this information is essential to the usefulness of the disclosure, we do have concerns in relation to the expanded scope of loss contingencies to include certain remote contingencies.

We understand the intentions of the expanded guidance and the potential need for a requirement regarding the timeliness and sufficiency of information provided in relation to loss contingencies; however, we believe that the proposed requirements will present numerous application challenges to organizations and could lead to the disclosure of items that will not enhance the true value of the financial statements.

Our views on several of the questions raised by the proposed ASU are included on the following pages.

Question 1: Are the proposed disclosures operational? If not, please explain why.

The proposed disclosures require significant quantitative and qualitative information to be gathered in relation to remote loss contingencies that will likely prove difficult and costly to obtain. When dealing with a remote matter, especially in its early stages, it will prove particularly difficult for organizations to not only provide sufficient, valuable information, but also to develop a reliable estimate of exposure. This is primarily a result of the amount of unknown information for which management will have to make assumptions and predictions, which are inherently unreliable. Such uncertainty will also require the financial statement disclosure to rely more upon judgment and subjectivity rather than factual information. Due to these uncertainties, as well as the nature of the disclosure itself, additional costs and risk would be created for financial statement preparers which we believe would outweigh the benefits of the proposed disclosure to users of financial statements.

The determinants for disclosure established within the proposed guidance require significant judgment and require organizations to speculate and make subjective assumptions in order to develop a feasible assessment as to whether or not a contingency should be disclosed. This amount of speculation could potentially lead to excessive disclosures of remote contingencies which could muddle the value of their inclusion and reduce their usefulness to readers. In addition, we believe the expanded disclosure may be duplicative and potentially misleading to users as general and specific risks faced by the organization, including the remote contingencies that could have a severe impact, are discussed in the Risk Factors section of quarterly and annual reports filed with the SEC.

With contingencies, in general, there is a significant amount of judgment required on the behalf of preparers, however, with remote contingencies there is concern as to the ability to adequately assess their impact and present it in a manner in which the severe impact does not overshadow its likelihood to occur.

In addition, for asserted litigation contingencies, the expanded disclosure requires entities to disclose the contentions of the parties involved. This includes: discussions regarding the basis for the claim amount, the amount of damages claimed, and the basis for the entity's defense. In the early stages of litigation counsel members work vigorously to prepare a defense. The need to disclose this potential defense could ultimately be harmful to a company in litigation. Disclosing a basis for defense provides the opposition with an opportunity to capitalize and prepare a rebuttal based on this information. We believe that an accounting requirement to disclose a basis for defense will pose numerous challenges for attorneys throughout the litigation process and could potentially lead to the unintentional disclosure of privileged information as well as attorney-client work product.

Question 2: Are the proposed disclosures auditable? If not, please explain why.

In regards to the proposed disclosure being auditable, we believe that auditors may have difficulties defining and assessing whether or not certain remote contingencies could potentially have a "severe impact" on an organization. The "severe impact" threshold may be difficult to establish and substantiate, as such, auditors may struggle to opine regarding the completeness of the disclosure as it relates to remote contingencies that exist or have been threatened with a "severe impact".

Further, as part of the audit process, the auditors request in-house and outside counsel to prepare and deliver a response to auditors' inquiries regarding certain loss contingencies, as memorialized in the American Bar Association's ("ABA's") "Statement of Policy Regarding Lawyers' Responses to Auditors' Requests for Information." The lawyer's "audit letter" does not describe whether "remote" losses may be resolved in the near-term nor do they describe whether such remote losses could have a "severe impact" on the company. Lawyers are also not required to express a view to the auditors on the outcome of a loss contingency or the range of loss. Requiring such public disclosure may cause the auditors to request such confirmation from the company's in-house or outside counsel, which is contrary to the compromise negotiated between auditors and lawyers as published in the ABA's "Statement of Policy Regarding Lawyers' Responses to Auditors' Requests for Information" and, more importantly, is likely to result in the release of privileged information.

Question 3: The June 2008 FASB Exposure Draft, *Disclosure of Certain Loss Contingencies*, had proposed certain disclosures based on management’s predictions about a contingency’s resolution. The amendments in this proposed Update would eliminate those disclosure requirements such as estimating when a loss contingency would be resolved and the entity’s maximum exposure to loss. Do you agree that an explicit exemption from disclosing information that is “prejudicial” to the reporting entity is not necessary because the amendments in this proposed Update would:

- a. Not require any new disclosures based on management’s predictions about a contingency’s resolution**
- b. Generally focus on information that is publicly available**
- c. Relate to amounts already accrued in the financial statements**
- d. Permit information to be presented on an aggregated basis with other similar loss contingencies?**

If not, please explain why.

DynCorp International has concerns regarding the lack of an explicit prejudicial exemption within the proposed Update. Without an explicit exemption the scope of the disclosure is broad and requires organizations to disclose speculative information that could potentially impact the outcome of the contingency. Particularly, in relation to asserted litigation contingencies, the guidance calls for disclosure related to the contentions of the parties which include disclosing the entities basis for defense. Disclosing the basis for a defense gives rise to a number of concerns as this information and knowledge could greatly impact the direction and outcome of future litigation. We believe that the inclusion of a prejudicial exemption is necessary in order to avoid conflicts between required accounting standards disclosures and legal proceedings.

We believe that the inclusion of a prejudicial exemption will not decrease the value of the disclosure, but will eliminate speculative information that could potentially be harmful to the outcome of the contingency. With the exemption, users will still have sufficient qualitative and quantitative information available regarding the nature and potential magnitude of the contingency to assess its impact and relevance.

Question 4: Is the proposed effective date operational? If not, please explain why.

DynCorp International currently does not have specific concerns regarding the effective date.

Question 5: Do you believe that the proposed disclosures will enhance and improve the information provided to financial statement users about the nature, potential magnitude, and potential timing (if known) of loss contingencies?

As discussed in our response to question one above, given that the financial statement includes the risk factor disclosures surrounding remote contingencies, we believe that the proposed disclosure of remote contingencies may be duplicative or at worst misleading to the financial statement users. We believe that there are contingencies that arise from frivolous accusations that could require disclosure based on the proposed guidance if they are assessed to have a “severe impact”. We believe that additional guidance regarding the assessment of the validity and basis of suits should be included in order to avoid required disclosure of frivolous contingencies. A determination by legal counsel could be incorporated in terms of establishing whether or not there is a basis for a particular matter before it is included in a disclosure because of its magnitude.

While we agree with the intentions of the proposed disclosures, we believe that current disclosure rules satisfy the intentions of the proposed disclosures if applied appropriately in practice. We would suggest

instead of requiring disclosure of remote contingencies, the FASB consider reinforcing current disclosure rules with further clarification or interpretation of those rules. Furthermore, we believe disclosing remote contingencies with a magnitude that is severely impactful will inadvertently place focus on items less likely to occur. Users may be distracted by the magnitude of remote contingencies which will take away from other more probable and material disclosures.

Question 6: Do you agree that nonpublic entities should be exempt from the tabular reconciliation disclosures required in the amendments in this proposed Update? If not, please explain why. Are there any other aspects of the amendments that should be applied differently to nonpublic entities? If so, please identify and explain why.

DynCorp International agrees with the exemption of nonpublic entities from the tabular reconciliation disclosure requirements.

In regards to the tabular reconciliation, we do have concerns regarding the potential need to disclose settlement amounts within the reconciliation. There are situations in which settlement amounts are made on confidential terms and the current Update would require their disclosure in order to reconcile contingencies. We believe that the guidance should be modified to better address the reconciliation process for contingencies with such settlements.

Question 7: The amendments in this proposed Update would defer the effective date for nonpublic entities for one year. Do you agree with the proposed deferral? If not, please explain why.

DynCorp International agrees with the proposed deferral for nonpublic entities.

Question 8: Do you believe that the proposed and existing XBRL elements are sufficient to meet the Securities and Exchange Commission's requirements to provide financial statement information in the XBRL interactive data format? If not, please explain why.

As of the date of this Letter of Comment, we have not implemented XBRL; therefore, we are not in a position to assess the sufficiency of the proposed and existing elements.

Sincerely,

/s/ Bradley G. Graham

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Vice-President and Controller