Adam Lowensteiner
INVESTOR RELATIONS
“Safe Harbor” Statement under the Private Securities Litigation Reform Act of 1995: This presentation contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. When used in this presentation, the words “believe,” “anticipate,” “think,” “intend,” “plan,” “will be,” “expect,” “estimates,” and statements in this presentation regarding DLH’s business which are not historical facts, are “forward-looking statements” that involve risks and uncertainties which could cause actual events or the actual future results of the company to differ materially from any forward-looking statement. Such risks and uncertainties include, among other things our ability to secure contract awards, including the ability to secure renewals of contracts under which we currently provide services; our ability to enter into contracts with United States Government facilities and agencies on terms attractive to us and to secure orders related to those contracts; changes in the timing of orders for and our placement of professionals and administrative staff; the overall level of demand for the services we provide; the variation in pricing of the contracts under which we place professionals; our ability to manage growth effectively; the performance of our management information and communication systems; the effect of existing or future government legislation and regulation; changes in government and customer priorities and requirements (including changes to respond to the priorities of Congress and the Administration, budgetary constraints, and cost-cutting initiatives); economic, business and political conditions domestically; the impact of medical malpractice and other claims asserted against us; the disruption or adverse impact to our business as a result of a terrorist attack; the loss of key officers, and management personnel; the competitive environment for our services; the effect of recognition by us of an impairment to goodwill and intangible assets; other tax and regulatory issues and developments; the effect of adjustments by us to accruals for self-insured retentions; our ability to obtain any needed financing; our ability to attract and retain sales and operational personnel; and the effect of other events and important factors disclosed previously and from time-to-time in DLH’s filings with the U.S. Securities Exchange Commission. For a discussion of such risks and uncertainties which could cause actual results to differ from those contained in the forward-looking statements, see “Risk Factors” in the company’s periodic reports filed with the SEC. In light of the significant risks and uncertainties inherent in the forward-looking statements included herein, the inclusion of such statements should not be regarded as a representation by the company or any other person that the objectives and plans of the Company will be achieved. The forward-looking statements contained in this presentation are made as of the date hereof and may become outdated over time. The Company does not assume any responsibility for updating any forward-looking statements.
Participants

- Zach Parker
  President and Chief Executive Officer
- Kathryn JohnBull
  Chief Financial Officer
- John Armstrong
  Executive Vice President
Agenda

- CEO Overview
- Key Financials
- Market Outlook
- Questions & Answers
CEO Overview

Zach Parker
PRESIDENT and
CHIEF EXECUTIVE OFFICER
CEO Overview

- CFO Transition Completed
  - Kathryn JohnBull acceptance and announced
  - Strong financial and strategic background

- Strong Year-over-Year Performance Continues

- Impact of Government pressures being felt
  - Budget issues driving lower margins
  - New contract procurement process remains slow impacting growth rate

- Small contract moved to small business set aside

- Continued confidence in long-term strategy
CEO Overview

Confidence building elements of sustainable and profitable growth strategy include:

- Core capabilities and growth strategy are aligned with national priority areas including DoD & veterans healthcare and logistics
- Well-positioned within these addressable markets
- Continuing Performance Excellence, Continuous Improvement, and Customer Satisfaction focus
- Embracing our values centering on high-integrity
KEY FINANCIALS

Kathryn JohnBull
CHIEF FINANCIAL OFFICER
Gross Revenue Trends

Essentially Flat Quarter Over Quarter Pending New Awards

19% Increase Over Prior Year
Gross Profit Trends

- 22% Sequential Increase
- 5% Increase Over Prior Year
Q3 Financial Highlights

- Financial Capacity Significantly Improved
- Gross Profit $1.6M Highest Q1FY10 - Q3FY12
- $500K Expense Spike Impacted Profitability
## Q3 Financial Highlights

<table>
<thead>
<tr>
<th></th>
<th>For the Three Months Ended</th>
<th>For the Nine Months Ended</th>
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<tbody>
<tr>
<td>$ in thousands, except per share</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating revenues</td>
<td>$ 12,618</td>
<td>$ 10,579</td>
</tr>
<tr>
<td>Gross profit</td>
<td>$ 1,590</td>
<td>$ 1,513</td>
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<tr>
<td>Year over year revenue growth</td>
<td>5.1%</td>
<td></td>
</tr>
<tr>
<td>Loss from continuing operations</td>
<td>$ (568)</td>
<td>$ (410)</td>
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**NOTE:** Full financial disclosure is provided in Form 10-Q filed on August 14, 2012.
Market Outlook

John Armstrong
EXECUTIVE VICE PRESIDENT
“. . . I promised to strengthen the VA, and that promise has been kept. In my first year, we achieved the largest percentage increase in the VA budget in 30 years. And we’re going to keep making historic investments in our veterans.

When Richard came to the Oval Office, we talked about what those automatic budget cuts -- sequestration -- could mean for the VA. So my administration has made it clear: Your veteran’s benefits are exempt from sequestration. They are exempt. And because advance appropriations is now the law of the land, veterans' health care is protected from the budget battles in Washington.”

- President Obama | July 23, 2012
Market Outlook

- IDIQ Portfolio Growth Important for Future
- Substantial New Business Opportunity Pipeline
- Large # of submitted proposals under evaluation
  - Majority represent new business to DLH
- Accelerated pace of proposal development activity
  - Heavy proposal activity over recent two quarters
  - Expect to continue in Q4
- Accumulated quantity of pending bids creates increased trajectory of anticipated contract awards
Closing Remarks

- Reasons to remain confident in DLH long-term growth strategy though slowed by government acquisition and margin pressures
- Performance differentiators fuel confidence in our competitive position in the marketplace
- Political climate includes challenges imposed by Continuing Resolution, “lame duck” period, and threat of sequestration
- Optimism sparked by support of target markets by administration, both sides of aisle, and Pentagon
QUESTIONS and ANSWERS

Please contact Don Weinberger (don@wolfeaxelrod.com) or Adam Lowensteiner (adam@wolfeaxelrod.com) with any questions subsequent to the live call.