DynexCorp

Dynamic Currency Debt Management

3rd Quarter 2010 Report — 4 October 2010

The pendulum swings to the opposite extreme

At the end of 2Q2010 we recommended a mixed portfolio as follows:

50% in USD (at 1.2375 USD per EUR) → end of 3Q2010 1.3485
25% in GBP (at 0.8555 GBP per EUR) → end of 3Q2010 0.8715
25% In JPY (at 110.20 JPY per EUR) → end of 3Q2010 114.75

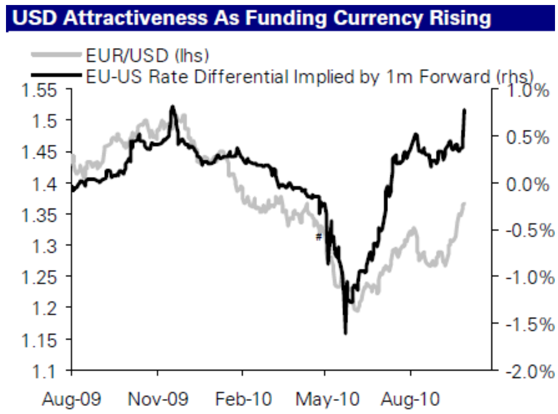
3Q	currency result	interest result	total result	at the end of 3Q2009
50%	+1.30%	+0.12%	+1.42%	
25%	+0.96%	0.00%	+0.96%	
25%	+1.00%	+0.14%	+1.14%	
		total benefit 3Q2010	+3.52%	

The 3Q2010 results is a quasi windfall profit. A windfall profit is defined as an unexpectedly fast attainment of certain performance targets. The rule of a windfall profit is to take it and step aside. If those arguments weren't enough, our sentiment indicators, too, rang alarm bells about the speed of the turnaround of opinion and positioning in the euro crosses. Maybe during 4Q2010 another constellation arises that allows us to re-enter some of the positions we are glad to abandon now with a clear head. The need to participate in the movements of the markets is in most cases pathological and dangerous to one's health. Timing is of utmost importance. Facing the prospect a rising storm during a profit campaign is in most cases a rather reliable signal for retreat.

USD: 50%

GBP: 25%

JPY: 25%



Current EUR-based loan portfolio

0% USD → current rate: 1.3485
0% GBP → current rate: 0.8715
0% JPY → current rate: 114.75
now flat, e.g.100% in EUR debt

Borrowing can become an advan-tageous business if loan balances can be reduced through a) interest rate reduction and/or b) dynamic switch-ing to weaker currencies. Interest rates for different currencies vary greatly. Switching loan balances into low interest rate currencies can reduce the interest burden. Switching loan balances into currencies that fall against the original loan currency can also reduce the loan burden. DynexCorp uses a combination of both to achieve benefits for the borrower.

For further information please contact:
Marlene Harrison, DynexCorp Ltd
8 rue de la Rôtisserie,
CH-1204 Geneva, Switzerland
+41 22 317 8888
info@dynexcorp.com
http://dynexcorp.com