

**Remarks by Herbert J. Lanese
President and CEO, DynCorp International
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Thank you, Terry.

In fact, I got promoted yesterday. What happened was Ambassador Cook, when she announced me (I don't know what the right terminology for that is), had to identify me, she announced me as the chairman and chief executive, which I thought was really great, because I'm just the president and chief executive. I do have a boss; we all have bosses. But thank you, Ambassador Cook.

I don't have formal, prepared remarks today, but I wanted to share with you some things that are on my mind--they are things that I believe--because I think they are very pertinent to what we're doing here today.

Before I go into that, though, I'd like to just back up to yesterday. And I attended a session chaired by Ambassador Cook that had to do with the African Command.

General Ward, I believe, was confirmed in early October, and the African Command is in place. Going into Ambassador Cook's session, if I was asked if I knew a fair amount about the African Command, I'd say absolutely. I know a lot about it. I've been briefed on it a number of times. I'm very knowledgeable on the subject. When I got done listening to her panel, I felt so stupid I can't begin to tell you. It was a very humbling experience for me--not only the quality of the people that we had but also the insights that they brought, including a person that works with me that I had mentioned to Ambassador Cook earlier: Anthony Zinni, who's a former CENTCOM commander. His office is right next to mine and I had to sit in the audience and listen to him talk about the African Command in very eloquent terms and in ways he's never even talked to me about. I really gave him some gas when we got back to the office about that. He can walk into my office and tell me this stuff. Why do I have to go to a conference to do it?

I've gone to a lot of conferences, in all sincerity, and most of the time you get a little bit out of those. I've have gotten more out of this in the short time that I've been associated with it than any I've ever gone to.

Now, I'd like to talk about what I believe because I think it's very important.

Africa: Stability in Africa, leadership, economic leadership in Africa is critical, not just to Africa, but to the world. World peace: Economic development in underdeveloped nations is critical to where we're taking our world.

I would like to spend a few minutes talking about DynCorp and what I believe, and the reason why I think it's important to share that with you is one of the first things I've told my children as they got older and became investors. I said I have three rules of investing,

but the first rule is the most important one. Know the chief executive. Know the person that leads your company. If you don't like that person, you don't like the way they think, you don't like their priorities – don't ever buy their stock. You've got to buy into what the belief is. [If] you don't buy into the belief, all the rest of it falls by the wayside. I won't waste time and tell you the other two, but that's the first one. That's the most important one.

Here's what I believe. I believe that DynCorp has a mission far beyond making money. After all, we're a private company; there's nothing wrong with making a profit. And I apologize for nothing when it comes to being a profitable company. However, there are a lot of ways to make money in this world. And the best way to make money is to do something that has a higher calling, something that adds value far beyond the balance sheet and the income statement. When you look at Africa, Africans want the same things that all people want, the same things that I want. I want safety, I want security for my family, I want to be able to earn a living, I want to educate my children. I want to be able to travel freely. I want to be able to build wealth, both for me and for my family. All those things come with hard work. And in DynCorp, I really believe we have an obligation in the areas of the world in which we work, to transfer knowledge.

Because in the final analysis one of the most important things you do in life is get an education. An education is weightless. You have it forever; it doesn't weigh anything.

When we go into countries and do the work that we do, and again infrastructure for us is very broad, extremely broad. For example, we do everything from training police forces and equipping police forces, to training militaries and equipping militaries. We're not combatants, we are not mercenaries, we do not do combat roles, but we do protect people. We do provide security for countries, as in Liberia where we are training the national army in Liberia. We also train police in Afghanistan and Iraq. We eradicate drugs throughout the world, the only private company that does that kind of work, in Colombia, Bolivia, Peru, Afghanistan, Pakistan. We also do a tremendous amount of work in pure infrastructure where we are actually providing transportation, medicine, education, facilities. That work is all critical obviously to what we've talked about regarding Africa. And I'd like to set an example of knowledge transfer because I think, I think, that the days of western companies or countries going into developing nations and providing services and just taking out money are soon to be over. In our case, I strongly believe that whatever work we do we have to transfer knowledge to the local population. Why? Because the economic corner stone of development is funded by the population itself.

We have, and I'll site a real example for you, we work all over the world, not unlike a number of other companies here, one of the places where we are very active is in the United Arab Emirates. In the United Arab Emirates we maintain twenty three thousand pieces of equipment for the army. We basically maintain the army of the United Arab Emirates. But it's a very unique contract, because the contract is driven by knowledge transfer. We start the contract, we started last year, with eighty percent of the work being done by expatriates of one kind or another—largely Americans, but others from other

western nations, and other nations period, I guess I should say—and twenty percent of the work being done by the Emiratis. Within a five to seven-year period, ninety percent of that work is going to be done by the Emiratis. There will be no more than a ten percent complement of western or non-Emirati people working on the contract. I described that to one of my colleagues at another company and his comment was, “Boy, that is really stupid business. I mean, why would you do that? Because after all I assume that you’re getting paid on the amount of work that’s being done by the expats, the non-Emiratis?” And I said, “That’s right.” [He said], “That’s just stupid you’re giving away all your money”.

You know, I guess it depends what you’re in it for in the long term. If the western world is going to make an impact on developing nations, there’s a long-term sacrifice that has to be made. It’s one thing to be profitable, but it’s something else to build trust and commitment in those nations. As a matter of fact, that one contract has gotten us three more in the UAE, all the same size—based on trust, commitment, and the knowledge that we want to develop that country just as badly as the leaders in that country do. That’s what relationships are all about. I submit to you that you can’t be effective in Africa without having the commitment like that. We can’t go into Africa and just take out money and keep the skills; we’ve got to transfer the skills. Africa has to be independent; it has to grow on its own.

In listening to the one session I sat in yesterday—again with Ambassador Cook—that I really enjoyed, one thing struck me as part of that (that I’ll close with), and that is [that] the concept of a unified command, which is something that we spend a lot of time talking about, is a very difficult one in the world that we all live in. It’s very difficult for those in government to work together in a unified way, let alone the governments of many other countries working together as we’re contemplating doing in Africa. What we can’t do shouldn’t prevent us from doing what we can do. I learned this saying many years ago, that the perfect is the enemy of the good. Maybe some of you have heard that as well. It’s really true, it’s very important for us to begin to do something, to have successes in Africa together, even if they’re just good and not perfect. Good is better than not at all. But the world is driven by people of action, not people of contemplation. When the talking is all said and done, more needs to be done than needs to be said. I have gotten a lot out of this in terms of what I think we need to do as a company: to commit, and help build the Africa that the world needs. I hope you all have gotten that, too. Thank you very much for your time.