

# ***DynCorp International Inc.***

Corporate Governance Guidelines

As of March 6, 2012

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## **Purpose**

The Board of Directors (the "Board") of DynCorp International Inc. (the "Company") has adopted these Corporate Governance Guidelines (the "Guidelines"), which reflect the Board's commitment to monitor the effectiveness of policy and decision-making both at the Board and management level, with a view to enhancing value over the long term. These Guidelines should be considered to be an evolving set of corporate governance principles, subject to alteration as circumstances warrant. These Guidelines are not intended to change or interpret any federal or state law, rules and regulations of the Securities & Exchange Commission, or the Company's certificate of incorporation or bylaws.

## **Duties of the Board**

The primary responsibility of the Board is to supervise and direct the Company's management. To that end, the duties of the Board include the following:

- overseeing the conduct of the Company's business to evaluate whether it is being properly managed;
- reviewing, monitoring and, where appropriate, approving the Company's major financial, corporate, business and other risks, objectives, strategies and actions;
- reviewing and, where appropriate, approving major changes in, and determinations of other major issues respecting, the appropriate auditing and accounting principles and practices to be used in the preparation of the Company's financial statements;
- reviewing the Company's compliance with its disclosure obligations;
- regularly evaluating the performance and approving the compensation of the Chief Executive Officer ("CEO") and the Company's executive officers; and
- planning for succession with respect to the position of the CEO and monitoring management's succession plan for other key executives.

The directors, in their capacity as such, are expected to use their reasonable business judgment in overseeing the management of the Company but are not expected to manage the Company on a day-to-day basis or guarantee in any way the management or operations of the Company.

### **Board Composition**

The Board believes that it should generally have an adequate number of directors to allow for a diversity of experience without hindering effective discussion or diminishing individual accountability. Although the Board considers its present size to be appropriate under current circumstances, it may consider (a) expanding its size for any reason it deems appropriate, including if the size and scope of the business changes, or (b) reducing its size if the Board determines that a smaller Board would be more appropriate. The Board believes that it should generally have no fewer than five directors and no more than ten directors consistent with the limits set forth in the Company's by-laws.

Any officer of the corporation or its subsidiaries who is an employee and a director shall resign from the Board upon termination of his or her employment by the Company.

### **Board Membership Criteria and Elections**

The Board is responsible for identifying, screening and recommending candidates for Board membership. An invitation to join the Board should be extended by the Board itself. The directors shall be elected to the Board in accordance with the Company's Bylaws.

Vacancies on the Board resulting from death, resignation, retirement, disqualification, removal or other cause and newly created directorships resulting from an increase in the number of directors elected may be filled by a majority vote of the directors then in office, even if less than a quorum, by a sole remaining director, or as otherwise permitted in the Company's Bylaws.

Directors who are determined by the Board to be independent, if any, must satisfy the requirements of the New York Stock Exchange.

The Board will select nominees for the Board in accordance with the procedures and criteria set forth in these Guidelines. The Board seeks a diverse group of candidates who possess the background, skills and expertise to make a significant contribution to the Board and the Company. In reviewing director candidates, the Board will review each candidate's qualifications for membership on the Board, consider the enhanced

independence, financial literacy and financial expertise standards that may be required for Audit Committee membership, and assess the performance of current directors who are proposed to be renominated to the Board. At least annually, the Board will review the background and qualifications of each member of the Board, as well as an assessment of the Board's composition in light of the Board's needs and objectives after considering issues of integrity, judgment, diversity, age, commitment, dedication, collegiality, technical background, interpersonal skills and experience. Qualified candidates for membership on the Board will be considered without regard to race, color, religion, sex, ancestry, sexual orientation, national origin or disability.

It is the policy of the Board that every director, including the Chief Executive Officer and any other inside directors, must notify the Board of his or her retirement, any change in employer and any other significant change in professional roles and responsibilities. The Board will evaluate the continued appropriateness of Board membership under the new circumstances and may elect not to nominate such director for future Board membership or take other action with respect to such director.

### **Ethics and Conflicts of Interest**

The Company expects its directors to acknowledge their adherence to the Company's Code of Ethics and Business Conduct. If an actual or potential conflict of interest develops because of significant dealings or competition between the Company and a business or matter with which the director is affiliated, whether by employment, directorship, consultant relations or otherwise, the director should report the matter immediately to the Chairman of the Board. A significant conflict must be addressed to the satisfaction of the Board or the director should resign. If a director has a personal interest in a matter before the Board, the director shall disclose the interest to the full Board and excuse himself or herself from participation in the discussion and shall not vote on the matter.

### **Board Meetings**

The Board shall convene at least four Board meetings each year. Additional special meetings and telephonic meetings shall be convened as necessary.

The Chairman shall establish the agenda for the Board's meetings. Any member of the Board may, however, recommend the inclusion of specific agenda items. Such recommendations shall be accommodated to the extent practicable.

Materials important to the Board's understanding of agenda items shall be distributed to the members of the Board in advance of Board meetings whenever possible. The Board understands that certain matters that are discussed at Board meetings are of an extremely confidential and sensitive nature and that the distribution of materials on these matters before Board meetings may not be advisable. Each member of the Board shall review distributed materials prior to each meeting of the Board. Members of the Board are also encouraged to keep themselves informed of the Company's affairs between the Board's meetings through direct contact with members of DynCorp International management.

Members of the Board are expected to attend each meeting of the Board, either in person or telephonically.

Members of management or other persons who are not members of the Board may attend and participate in the Board's meetings at the invitation of the Chairman.

### **Board Access to Senior Management and Independent Advisors**

Members of the Board shall have complete access to DynCorp International senior management and, as appropriate, independent advisors. The Board member's contact with such individuals shall be handled in a manner that would not be disruptive to the Company's business operations. It is encouraged that any non-routine written communications emanating from such contact should be copied to the CEO. However, the Board recognizes that Board members may, and in some circumstances should, respect the privacy of the persons communicating with the Board and treat such communications confidentially.

The Board encourages the CEO to invite Company executives to Board and committee meetings: (a) to provide additional insight on items being discussed because of their personal involvement in such areas; and/or (b) to expose the Board to individuals with outstanding management potential.

### **Board Committees**

The Board currently has established three standing committees: Audit, Business Ethics and Compliance, and Compensation. There may be occasions when the Board will wish to form a new standing or ad hoc committee, or disband a current committee, depending upon the circumstances. The Board must have an Audit Committee at all times.

The Audit Committee is responsible for monitoring and overseeing (i) the integrity of the financial statements, (ii) compliance with financial, legal

and regulatory requirements, (iii) qualifications and independence of the Company's internal and independent auditors, (iv) performance of the internal audit function and the independent auditors, (v) ethics program with respect to financial integrity and fraud, (vi) the Company's Enterprise Risk Management process, and (vii) preparation of reports required to be included in the Company's public disclosures, as required by law or otherwise. The Audit Committee is responsible for monitoring these activities only, and direct responsibility for these activities lies with management. All members of the Audit Committee must be financially literate, in the business judgment of the Board, or must become financially literate within a reasonable period of time after his or her appointment to the Audit Committee.

The Business Ethics and Compliance Committee is responsible for (i) overseeing and monitoring the Company's conformance with good business practices, public image and Government and industry standards and (ii) oversee the ethics and compliance program, including the compliance with the Company's Code of Ethics and Business Conduct.

The Compensation Committee is responsible for (i) administering the Company's programs and policies regarding the compensation of the directors, the CEO and other executive officers, equity-based compensation and other benefit plans, and (ii) preparing the Compensation Committee Report which recommends to the Board that the annual compensation discussion and analysis be included in the Company's annual report, as required by law or otherwise.

The Board shall approve committee assignments, including committee chairmanships. In so doing, the Board shall consider the desires of individual directors in consultation with the Chairman and the CEO. The Board, in its discretion, may periodically rotate committee membership. Such rotation is not required, however, since there may be reasons to maintain an individual director's committee membership for a longer period.

Committee chairmen, in consultation with committee members, shall determine the frequency of meetings of their respective committees, and, in consultation with management, shall set meeting times and develop committee agendas.

Any director may attend and participate in discussions of any Board committee, although formal committee action shall only be through the vote of appointed committee members.

Each of the committees will have its own charter which will be approved by the full Board. The charter will, among other things, set forth the purposes

and duties of the committee and provide for an annual performance evaluation of the committee.

Committees of the Board shall have access to special legal counsel, accountants, compensation consultants, investment bankers, or other independent consultants (at the Company's expense), whose expertise is deemed essential to carrying out the committees' respective missions.

### **Compensation for Directors**

The form and amount of director compensation will be determined by the Compensation Committee and then recommended to the full Board for action in accordance with the committee charter. Compensation of non-employee directors shall be comparable to that offered by other companies of similar size and scope. Any changes to Board compensation shall arise from recommendations of the Compensation Committee, with full discussion and concurrence by the Board.

Directors who are employees of the Company shall receive no additional remuneration for serving as a director.

### **Director Orientation and Continuing Education**

In order to promote director effectiveness, DynCorp International management conducts an orientation process for new directors that includes the Board's policies and procedures and written materials concerning the Company and its operations, meetings with key members of management, and visits to company offices and facilities. Recently appointed directors are encouraged to advise the Secretary of the Company as to the effectiveness of these materials and suggest any changes.

Management shall periodically distribute materials to the Board regarding developments of the Company and the industries in which the Company does business in order to continue each director's education with respect to his or her service on the Board.

Independent directors are encouraged to participate, at the Company's expense, in continuing director education programs approved in advance by the Chairman.

### **Termination of Board Membership**

Non-employee directors will not serve longer than three years, provided that a director currently serving a term that extends beyond his or her third year of service as a director may complete such term; provided,

further that the Board may request that a director serve beyond the initial three years.

An employee director who ceases to be an employee will tender his or her resignation as a director contemporaneously with the termination of his or her employment.

### **Evaluation of the CEO**

The CEO shall be expected to report annually to the Compensation Committee on his or her goals and objectives for the ensuing year, and also to report annually on the level of achievement of the preceding year's goals and objectives. All members of the Board shall be invited to those particular Compensation Committee meetings, and all shall have the opportunity to participate in any appropriate follow-up meetings or discussions.

The Chairman of the Compensation Committee shall discuss the Committee's evaluation of the CEO with the full Board, in executive session. Both objective and subjective criteria shall be used, including but not limited to: (a) the Company's financial performance; (b) accomplishment of DynCorp International's long-term strategic objectives; and (c) the development of the firm's top management team. The CEO shall not attend full Board meetings (or portions thereof) at which his or her evaluation is discussed.

### **Board Evaluation**

The Board shall conduct an annual review of the performance of the Board and each committee of the Board to determine whether they are functioning effectively. This evaluation should generally include an assessment of the contribution to the Company of the Board and each committee, and compliance with these Guidelines, and identify areas in which the Board and its committees could improve their functioning. The Board may delegate the preparation of the assessment to the General Counsel of the Company or an independent corporate governance expert.

### **Board Member Commitments**

The Board does not believe that its members should be prohibited from serving on boards or committees of other organizations, and the Board has not adopted any specific guidelines limiting such activities. However, the Board may take into account the nature of and time involved in a director's service on other boards in evaluating the suitability of individual directors and making its recommendations on who should serve on the Company's Board. Service on boards and/or committees of other organizations should

be consistent with the Company's conflict of interest policies and the terms of the charters of the various committees of the Board.

### **Executive Sessions**

In order to enable the Board to be a more effective check on management of the Company and to promote open discussion, the non-management directors of DynCorp International shall meet at regularly scheduled executive sessions of the Board without management present. If the group of non-management directors includes directors who are not independent under Section 303A of the NYSE Listed Company Manual, at least once a year there shall be an executive session comprising only independent directors.

The Chairman of the Board shall preside at such meetings, provided he is a non-management director. If he is unable to preside, the members shall select a member of the Board to preside.

In addition, the Board as a whole may meet periodically in executive session as circumstances warrant. Such executive sessions may exclude the CEO at the discretion of the Board and may include such other individuals who are invited by the presiding officer.

### **Executive Succession Planning**

The Board is responsible for finalization and approval of a Chief Executive Officer succession plan regarding succession in the event of an emergency or the retirement of the Chief Executive Officer. The Compensation Committee reports annually to the Board on succession planning and management development activities. The Chief Executive Officer shall meet periodically with the Compensation Committee to make available his recommendations and evaluations of potential successors, along with a review of development plans recommended for succession candidates and others in the senior management group.

### **Implementation and Alteration of the Guidelines**

Implementation and alteration of these Guidelines shall be the responsibility of the Board.