

EXHIBIT A

MASTER

OF

WAR

Blackwater USA's

ERIK PRINCE

and the Business of War

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effort to save the business, but the State Department would have none of it. Blackwater lost the most lucrative contract it ever had. It was an abrupt blow to Prince's booming empire. It wasn't necessarily a game-ender for the company, but it was an epic game changer.

Prince was deeply angry at a State Department he considered ungrateful. From his perspective, he had built a machine to recruit, vet, train and deploy contractors in support of their mission, and that was the thanks he got. "Now I know how it feels to have your country turn on you" was how he put it. He was moving even closer now to hiring an outside manager and walking away, and some of those close to him supported the idea. They also supported an expensive rebranding of the company, in hopes of salvaging what business they could. There was no doubt: the name Blackwater *had* become bad for business. In February, Prince signed off on changing the Blackwater name to Xe (pronounced "Z"). As Prince noted, Xe is the symbol for xenon, an inert, noncombustible gas. It was the perfect, nondescript, low-profile name that didn't really mean anything and wouldn't draw a lot of unwanted attention. Days later, Prince made the surprising announcement that he would be stepping down as CEO of the company, and that Gary Jackson would be retiring. Just months earlier, Jackson said they would have to carry him off the property in order to get him to leave, and just days before the announcement, he said he wasn't going anywhere. But Jackson had received a target letter from federal officials looking at a list of potential wrongdoings that included giving Jordan's King Abdullah two guns as gifts during his visit years earlier. Investors warned to know what export and other federal regulations may have been violated. (Jackson believed that he hadn't broken any regulations on purpose and didn't talk publicly about the in-

vestigation.) With both Prince and Jackson stepping down, the Blackwater era was over.

DESPITE A GATHERING snow storm in Virginia, Prince went running on the morning when the announcement was made. In less than ten years he had gone from a quietly wealthy Navy SEAL whom no one really knew to a man with access to Washington's greatest corridors of power. His companies had handled the bulk of training for U.S. Navy sailors, protected high-level U.S. diplomats traveling through the still volatile regions of Iraq, guarded the CIA's most secret locations throughout Afghanistan, transported members of the U.S. military by air in Afghanistan and the surrounding region and at the direction of the State Department, even trained foreign forces for police-type work.

While it was the Republican administration that was largely behind the push to privatize the Iraq war, the Obama Administration would also need those private contractors to be able to maintain staffing levels in Iraq and Afghanistan. Despite Blackwater's difficulties, contracting remains a lucrative industry.

While Prince still won't discuss specifics of how much money he's made since 9/11, a quick check of the federal contracts sets the figure at *well over* \$1 billion dollars. With a roughly 10 percent profit margin, as Prince himself suggested before congress, that would put him well over \$100 million in profits.

Blackwater, in a lot of ways, reflects Prince's own personality: stubborn, driven, and obsessed with finding ways to make things happen. While some champions of the free market system see him as a business genius, others see him as a man with more money than wisdom, more energy than experience, and more determination than is good for him.