



DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

MAY 19 2009

The Honorable Byron Dorgan
United States Senate
Washington, DC 20510

Dear Senator Dorgan:

I wanted to follow-up on our previous discussion on contract award fees granted to Kellogg, Brown, and Root (KBR) for services in support of military operations in Iraq.

Zero award fees have been paid to KBR on LOGCAP III task orders performed after January 1, 2008, in Iraq. No award fees will be paid until the Contracting Officer, in consultation with the Defense Contract Management Agency and other audit agencies, completes a comprehensive review to ensure that the information available to the award fee board, to include KBR's performance regarding electrical work, is accurate and complete. The U.S. Army Materiel Command (AMC) and the Defense Contract Management Agency (DCMA) will be briefing me on their final deliberations.

I have asked AMC and DCMA to review the award fee board governance construct and provide recommendations for improvement. Further, we have asked the Secretary of the Army to have the U.S. Army Audit Agency – an independent body – examine the award fee determinations made under LOGCAP III for Task Order 0139 to ensure they are consistent with applicable policies, regulations, and contract provisions.

I am committed to ensuring that our men and women deployed in combat operations receive the highest level of support to conduct their missions. The Department is grateful for the diligence in your oversight and support to the mission.

A handwritten signature in black ink, appearing to be "W. R. M. M. M." with a stylized flourish at the end.



