



News Release

U.S. ARMY FIELD SUPPORT COMMAND

April 5, 2005

AFSC reaches agreement on dining facility payments

Rock Island, IL-----The Army Field Support Command (AFSC) has reached an agreement with Kellogg, Brown & Root (KBR) of Houston, Texas, on Dining Facilities (DFAC) cost issues that have been in contention since December 2003. The AFSC has agreed to pay 1.18 billion dollars to KBR for billed costs for dining facilities' services in Kuwait and Iraq during the initial months of Operation Iraqi Freedom.

At the same time, AFSC and KBR agreed to convert portions of the 14 affected task orders from Cost Plus Award Fee (CPAF) to Firm Fixed Price (FPP).

This negotiated agreement resolves a withholding of payment issue between KBR and the Army. The Army will retain 55.1 million dollars of approximately 200 million in payments to KBR that had been suspended while these billing questions were resolved.

In October 2004, the Army formed a Special Cost Analysis Team comprised of Army acquisition specialists, Defense Contract Audit Agency (DCAA) and the Defense Contract Management Agency (DCMA) supported by independent contractor pricing specialists to review, negotiate and resolve these issues with KBR. The 1.18 billion dollar agreement is the result of this team's hard work, intense review process, and negotiations.

This agreement does not affect the government's right to recover further funds as the result of current and/or future investigations.

For more information, contact the AFSC Public Affairs Office at 309/782-5421 or email afsc-ofc-pc@afsc.army.mil.

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