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November 16, 2006

Victor Rostow
Director
Defense Reconstruction Support Office
The Pentagon
Washington D.C.

Dear Mr. Rostow:

**Re: Updated Report on the Settlement between the U.S. Army
Corps of Engineers and Kellogg Brown & Root**

Please find enclosed our updated report based on the procedures we conducted regarding the settlement of the Task Force-Restore Iraqi Oil (TF-RIO) contract between the U.S. Army Corps of Engineers (USACE) and Kellogg Brown & Root (KBR). This report is an update to the report discussed at the October 30, 2006 meeting of the International Advisory and Monitoring Board (IAMB) in Paris and addresses questions raised at that meeting, particularly with respect to the costs of transporting fuel to Iraq from Kuwait (addressed on pages 24 -35).

Again, we appreciate the cooperation we received in performing this assignment from representatives of your office, the U.S. Corps of Engineers, the Defense Contract Audit Agency, the Special Inspector General for Iraq Reconstruction, the Defense Energy Support Center, the U.S. State Department and Kellogg Brown & Root.

Please contact me at any time if you have questions regarding the report.

Sincerely,

Crowe Chizek and Company LLC

Charles F.G. Kuyk, III, CPA, CFE
Executive