



ACQUISITION,
TECHNOLOGY
AND LOGISTICS

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

January 21, 2003

DPAP/P

Ms. Angela Styles
Chairman, Cost Accounting Standards Board
Office of Federal Procurement Policy
Office of Management and Budget
Washington, DC 20503

Dear Ms. Styles:

Section 26(f) of the Office of Federal Procurement Policy Act (41 U.S.C. 422(f)) requires the head of each executive agency to submit an annual report of CAS waivers to the CAS Board. Enclosed are (1) the consolidated report for the Department of Defense for CAS waivers granted during the period of January 1 through December 31, 2002, and (2) copies of the waivers granted (except for the waivers for the classified Navy contracts).

If you have any questions or need additional information, please contact Mr. David Capitano at 703-602-4245. If additional details regarding the waivers for the Navy contract are required, Mr. Capitano can arrange for appropriate briefings between parties that are authorized access to this information.

Sincerely,

A handwritten signature in black ink, appearing to read "Deidre A. Lee".

Deidre A. Lee
Director, Defense Procurement
and Acquisition Policy

Enclosures:
As stated





ACQUISITION.
TECHNOLOGY
AND LOGISTICS

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

OCT 25 2002

DP/CPA

MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY (ACQUISITION,
LOGISTICS, AND TECHNOLOGY)

SUBJECT: Waiver of the Applicability of Cost Accounting Standards (CAS) for the
Proposed Contract with Goodyear Tire & Rubber Company (Goodyear)

In response to your October 16, 2002, memorandum, and pursuant to DFARS
230 201 5(a)(1)(A), we have reviewed the proposed CAS waiver for Goodyear. I agree
with the Army granting the CAS waiver based on the following.

1. The Army has determined that it is in the national defense interest to keep the
Goodyear St. Mary's facility operating to supply current **and** mobilization track
needs.
2. Goodyear is the only domestic supplier that has the capability to provide each
of the twelve **track** configurations required **by** the contract.
3. Goodyear refuses to accept a contract subject to the CAS.
4. Goodyear has not previously accepted a contract subject to CAS.

I recommend that the Procuring Contracting Officer, in negotiating the contract
price, strongly consider the advice contained in the attached DCAA memorandum
regarding the negotiation of profit and the break-even analysis for the anticipated
contract.

My point of contact for this issue is Mr. David Capitano, (703)602-4245. E-mail:
David.Capitano@osd.mil.

Deidre A. Lee
Director, Defense Procurement

Attachment:
As stated

