



OFFICE OF THE UNDER SECRETARY OF DEFENSE
3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

OCT 03 2006

ACQUISITION
TECHNOLOGY
AND LOGISTICS
DPAP/P

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
(ATTN: ACQUISITION EXECUTIVES)
DIRECTORS OF DEFENSE AGENCIES

SUBJECT: Pension Protection Act of 2006 Impact on Forward Pricing

The recently passed Pension Protection Act of 2006 will require significant funding changes to contractor defined benefit pension plans for plan years beginning after 2007. My office is working with the services, DCMA and DCAA to determine the full impact of the legislation on forward pricing rates and contract pricing. We anticipate that guidance will be issued by November 30, 2006. In the interim, contracting officers shall coordinate with their Headquarters/Secretariat staff organizations before including any impacts in contract prices for changes related to the Pension Protection Act of 2006.

If you have any questions or require additional information, contact Mr. John McPherson, Senior Procurement Analyst, at 703-614-4840 or email at john.mcpherson@osd.mil.

Shay D. Assad
Director, Defense Procurement and
Acquisition Policy

