



OFFICE OF THE UNDER SECRETARY OF DEFENSE

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WASHINGTON, DC 20301-3000

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ACQUISITION,
TECHNOLOGY
AND LOGISTICS

MEMORANDUM FOR COMMANDER, UNITED STATES SPECIAL OPERATIONS
COMMAND (ATTN: ACQUISITION EXECUTIVE)
COMMANDER, UNITED STATES TRANSPORTATION
COMMAND (ATTN: ACQUISITION EXECUTIVE)
DEPUTY ASSISTANT SECRETARY OF THE ARMY
(PROCUREMENT)
DEPUTY ASSISTANT SECRETARY OF THE NAVY
(ACQUISITION AND LOGISTICS MANAGEMENT)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING)
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Rescission of Award Fee Contracts Memoranda

With the publication of a final Federal Acquisition Regulation (FAR) case, which updated FAR 16.4, some of the policy contained in the memoranda below on incentive contracting became obsolete. Accordingly, I am rescinding the following memoranda:

- **Subject: Award Fee Contracts, March 29, 2006:** The use of rollover was addressed in this memorandum. Subsequently FAR 16.4 was updated, which prohibits the use of rollover.
- **Subject: Proper Use of Award Fee Contracts and Award Fee Provisions, April 24, 2007:** This memorandum established rating criteria applicable to all award fee provisions and established the percentages of the award fee pool that could be earned for each rating. A similar rating scheme was subsequently published in FAR 16.4, making the award fee ratings set forth in this memorandum unnecessary.
- **Subject: Award and Incentive Fees – Data Collection, April 24, 2007:** Since we began compiling award fee reports in CY 2007, our data collection requirements have evolved in response to Congressional inquiries and statutory requirements. Current information pertaining to the Department's incentive fee data collection requirements is now located in Procedures, Guidance, and Information (PGI) 216.401-70, the companion resource to the Defense Federal Acquisition Regulation Supplement (DFARS).

For current guidance on award fee contracts, see FAR 16.4, DFARS 216.4 and its companion resource, PGI 216.4. My point of contact for this matter is Mr. Dave Mabee, 703-602-0288 or Dave.Mabee@osd.mil.

Shay D. Assad
Director, Defense Procurement
and Acquisition Policy