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Rec'd 11/03/2008 3:31 PM

November 3, 2008

Cost Accounting Standards Board
Office of Federal Procurement Policy
725 17th Street, NW, Room 9013
Washington, DC 20503
Via e-mail to casb2@omb.eop.gov

Reference: CAS Pension Harmonization ANPRM

Dear Members of the CAS Board:

On behalf of BAE Systems, Inc., I am writing to commend the Cost Accounting Standards (CAS) Board for the quality of the Advanced Notice of Proposed Rulemaking and its efforts to harmonize CAS 412 and 413 with the Pension Protection Act of 2006 (PPA). I recognize the considerable challenge the Board faced given the complexities of these rules as well as the time constraints in which the PPA required this rulemaking effort to be completed.

BAE Systems supported the Pension Protection Act and what the legislation has done to strengthen our nation's private voluntary retirement system. We currently provide our employees with retirement programs consisting of defined benefit and/or defined contribution plans. In our desire to preserve the defined benefit component of our retirement programs, we have announced some changes to our retirement programs to ensure their continued viability and competitiveness. These changes have been structured to allow our employees to continue to accrue valuable benefits while improving the predictability and competitiveness of company costs. However, CAS rules that better match required PPA cash flow and take equitable adjustments into account are also critical to allow us to continue to offer these plans.

Accordingly, BAE Systems supports the comments contained in the November 3, 2008 comment letter submitted by Elaine Guth of the Aerospace Industries Association and Peter M. Steffes of the National Defense Industrial Association.

Regards,



Walter P. Havenstein
President & Chief Executive Officer