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Exhibit R-2, RDT&E Budget Item Justification: PB 2012 Office of Secretary Of Defense **DATE:** February 2011

| APPROPRIATION/BUDGET ACTIVITY | | | | R-1 ITEM NOMENCLATURE | | | | | | | |
|---|----------------|----------------|-------------------------|--|--------------------------|----------------|----------------|----------------|----------------|-----------------------------|-------------------|
| 0400: <i>Research, Development, Test & Evaluation, Defense-Wide</i> BA 5: <i>Development & Demonstration (SDD)</i> | | | | PE 0605022D8Z: <i>Defense Exportablity Program</i> | | | | | | | |
| COST (\$ in Millions) | FY 2010 | FY 2011 | FY 2012 Base | FY 2012 OCO | FY 2012 Total | FY 2013 | FY 2014 | FY 2015 | FY 2016 | Cost To Complete | Total Cost |
| Total Program Element | - | - | 1.929 | - | 1.929 | 1.951 | 1.957 | 1.965 | 1.968 | Continuing | Continuing |
| P013: <i>Defense Exportability Program (DETA)</i> | - | - | 1.929 | - | 1.929 | 1.951 | 1.957 | 1.965 | 1.968 | Continuing | Continuing |

Note

This is a new start program. The Defense Exportability Program is a result of a USD(AT&L) sponsored legislative proposal for authorities to better prepare warfighting systems for non-US use.

A. Mission Description and Budget Item Justification

This is a new start program. The Defense Exportability Program is a result of a USD(AT&L) sponsored legislative proposal for authorities to better prepare warfighting systems for non-US use. The program funds will be replenished through non-recurring cost recoupment in future Foreign Military Sales (FMS) cases, Cooperative Program MOUs, or direct commercial sales contracts for sale/transfer of DoD systems benefiting from exportability investments. This program funds activities to support identification of major defense acquisition programs for possible export, and the planning for design and incorporation of exportability features during research and development of these programs. Features include, but are not limited to, technology and engineering design activity such as capability differentials, anti-tamper, system assurance, and software assurance. Activities include the development of program protection strategies for the program; the design and incorporation of exportability features into the system; implementation of exportability requirements onto contracts; and research, development, test, and evaluation activities.

Defense exportability features plays a critically important role in United States Government/DoD efforts to build partnership capacity. Funds support building joint and coalition environments by enabling the export of DoD systems to a wide range of partner nations, resulting in improved security and interoperability. In addition to the operational benefits, by providing these resources up front, then collecting 'fair share' non-recurring cost recoupment, the United States and partner nations will save significant resources by more efficiently designing and producing exportable U.S. systems.

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| APPROPRIATION/BUDGET ACTIVITY 0400: <i>Research, Development, Test & Evaluation, Defense-Wide</i> BA 5: <i>Development & Demonstration (SDD)</i> | R-1 ITEM NOMENCLATURE PE 0605022D8Z: <i>Defense Exportability Program</i> |
|---|---|

| B. Program Change Summary (\$ in Millions) | <u>FY 2010</u> | <u>FY 2011</u> | <u>FY 2012 Base</u> | <u>FY 2012 OCO</u> | <u>FY 2012 Total</u> |
|--|-----------------------|-----------------------|----------------------------|---------------------------|-----------------------------|
| Previous President's Budget | - | - | - | - | - |
| Current President's Budget | - | - | 1.929 | - | 1.929 |
| Total Adjustments | - | - | 1.929 | - | 1.929 |
| • Congressional General Reductions | | - | | | |
| • Congressional Directed Reductions | | - | | | |
| • Congressional Rescissions | - | - | | | |
| • Congressional Adds | | - | | | |
| • Congressional Directed Transfers | | - | | | |
| • Reprogrammings | - | - | | | |
| • SBIR/STTR Transfer | - | - | | | |
| • Other Internal Adjustments | - | - | 5.000 | - | 5.000 |
| • Defense Efficiency – Baseline Review | - | - | -3.018 | - | -3.018 |
| • Defense Efficiency – Reports, Studies, Boards, and Commissions | - | - | -0.050 | - | -0.050 |
| • Economic Assumptions | - | - | -0.003 | - | -0.003 |

Change Summary Explanation

Internal program adjustment to incorporate exportability features during research and development of programs.

Defense Efficiency – Baseline Review. As part of the Department of Defense reform agenda, implements a zero-based review of the organization to align resources to the most critical priorities and eliminate lower priority functions.

Defense Efficiency – Report, Studies, Boards and Commissions. As part of the Department of Defense reform agenda, reflects a reduction in the number and cost of reports, studies, DoD Boards and DoD Commissions below the aggregate level reported in previous budget submission.

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|--|---------|---------|--------------|---|---------------|---------|---------|---|---------------------|------------------|------------|
| Exhibit R-2A, RDT&E Project Justification: PB 2012 Office of Secretary Of Defense | | | | | | | | | DATE: February 2011 | | |
| APPROPRIATION/BUDGET ACTIVITY 0400: Research, Development, Test & Evaluation, Defense-Wide BA 5: Development & Demonstration (SDD) | | | | R-1 ITEM NOMENCLATURE PE 0605022D8Z: Defense Exportability Program | | | | PROJECT P013: Defense Exportability Program (DETA) | | | |
| COST (\$ in Millions) | FY 2010 | FY 2011 | FY 2012 Base | FY 2012 OCO | FY 2012 Total | FY 2013 | FY 2014 | FY 2015 | FY 2016 | Cost To Complete | Total Cost |
| P013: Defense Exportability Program (DETA) | - | - | 1.929 | - | 1.929 | 1.951 | 1.957 | 1.965 | 1.968 | Continuing | Continuing |
| Quantity of RDT&E Articles | | | | | | | | | | | |

A. Mission Description and Budget Item Justification

This is a new start program. The Defense Exportability Program fund is a result of a USD(AT&L) sponsored legislative proposal for authorities to better prepare warfighting systems for non-US use. The program funds will be replenished through non-recurring cost recoupment in future Foreign Military Sales (FMS) cases, Cooperative Program MOUs, or direct commercial sales contracts for sale/transfer of DoD systems benefiting from exportability investments. This program funds activities to support identification of major defense acquisition programs for possible export, and the planning for design and incorporation of exportability features during research and development of these programs. Features include, but are not limited to, technology and engineering design activity such as capability differentials, anti-tamper, system assurance, and software assurance. Activities include the development of program protection strategies for the program; the design and incorporation of exportability features into the system; implementation of exportability requirements onto contracts; and research, development, test, and evaluation activities.

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B. Accomplishments/Planned Programs (\$ in Millions)

| | FY 2010 | FY 2011 | FY 2012 |
|---|----------------|----------------|----------------|
| Title: Defense Exportability Program | - | - | 1.929 |
| FY 2012 Plans: | | | |
| - Conduct assessment of major defense acquisition programs for exportability. | | | |
| - Establish a process, identifying Service leads and subject matter experts, to provide support to programs, prior to Milestone B, to develop plans for exportability features. | | | |
| - Develop and implement procedures to require contractors to contribute matching funding for exportability features for those programs receiving support. | | | |
| - Develop management and tracking procedures for the program, and for the support provided to programs. Draft and submit the initial annual report to Congress on the program. | | | |
| Accomplishments/Planned Programs Subtotals | - | - | 1.929 |

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| <u>C. Other Program Funding Summary (\$ in Millions)</u> N/A | | |
| <u>D. Acquisition Strategy</u> N/A | | |
| <u>E. Performance Metrics</u> TBD | | |