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Exhibit R-2, RDT&E Budget Item Justification: PB 2013 Office of Secretary Of Defense **DATE:** February 2012

APPROPRIATION/BUDGET ACTIVITY				R-1 ITEM NOMENCLATURE							
0400: Research, Development, Test & Evaluation, Defense-Wide BA 5: Development & Demonstration (SDD)				PE 0605022D8Z: Defense Exportability Program							
COST (\$ in Millions)	FY 2011	FY 2012	FY 2013 Base	FY 2013 OCO	FY 2013 Total	FY 2014	FY 2015	FY 2016	FY 2017	Cost To Complete	Total Cost
Total Program Element	-	1.916	1.859	-	1.859	1.863	1.872	1.870	1.881	Continuing	Continuing
P013: Defense Exportability Program (DETA)	-	1.916	1.859	-	1.859	1.863	1.872	1.870	1.881	Continuing	Continuing

A. Mission Description and Budget Item Justification

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.

B. Program Change Summary (\$ in Millions)	FY 2011	FY 2012	FY 2013 Base	FY 2013 OCO	FY 2013 Total
Previous President's Budget	-	1.929	1.951	-	1.951
Current President's Budget	-	1.916	1.859	-	1.859
Total Adjustments	-	-0.013	-0.092	-	-0.092
• Congressional General Reductions	-	-			
• Congressional Directed Reductions	-	-			
• Congressional Rescissions	-	-			
• Congressional Adds	-	-			
• Congressional Directed Transfers	-	-			
• Reprogrammings	-	-			
• SBIR/STTR Transfer	-	-			
• Adjustments	-	-0.013	-0.092	-	-0.092

Change Summary Explanation

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

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<p>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.</p> <p>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.</p>		

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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 2011	FY 2012	FY 2013 Base	FY 2013 OCO	FY 2013 Total	FY 2014	FY 2015	FY 2016	FY 2017	Cost To Complete	Total Cost
P013: Defense Exportability Program (DETA)	-	1.916	1.859	-	1.859	1.863	1.872	1.870	1.881	Continuing	Continuing
Quantity of RDT&E Articles											

A. Mission Description and Budget Item Justification

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 2011	FY 2012	FY 2013
Title: Defense Exportability Program	-	1.916	1.859
FY 2012 Plans: The focus for FY 2012 for the DEF pilot program will be executing feasibility studies for the implementation of DEF for the following seven programs: - Indirect Fires Protection Capability (US Army) - Ground Combat Vehicle (US Army) - Common Infrared Countermeasures (US Army) - Three-Dimensional Expeditionary Long-Range Radar (US Air Force) - Army Integrated Air and Missile Defense (US Army) - Broad Area Maritime Surveillance (US Navy) - Common Joint Proximity Height of Burst Fusing (US Army) Draft and submit the annual report to Congress on the program.			
FY 2013 Plans:			

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B. Accomplishments/Planned Programs (\$ in Millions)		FY 2011	FY 2012
<ul style="list-style-type: none"> - Review of major defense acquisition programs for exportability as part of the major milestone review process. - Identify Service leads and subject matter experts, to provide support to programs, prior to Milestone B, to develop plans for exportability features. - Implement procedures to require contractors to contribute matching funding for exportability features for those programs receiving support in accordance with FY 2012 National Defense Authorization Act (NDAA). - Management and tracking the completion of the contractor feasibility studies for exportability. - Draft and submit the annual report to Congress on the program. 			
Accomplishments/Planned Programs Subtotals		-	1.916
C. Other Program Funding Summary (\$ in Millions) N/A			
D. Acquisition Strategy N/A			
E. Performance Metrics TBD			