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Exhibit R-2, RDT&E Budget Item Justification: PB 2014 Office of Secretary Of Defense	DATE: April 2013
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APPROPRIATION/BUDGET ACTIVITY					R-1 ITEM NOMENCLATURE							
0400: <i>Research, Development, Test & Evaluation, Defense-Wide</i> BA 5: <i>System Development & Demonstration (SDD)</i>					PE 0605022D8Z: <i>Defense Exportability Program</i>							
COST (\$ in Millions)	All Prior Years	FY 2012	FY 2013 [#]	FY 2014 Base	FY 2014 OCO ^{##}	FY 2014 Total	FY 2015	FY 2016	FY 2017	FY 2018	Cost To Complete	Total Cost
Total Program Element	-	1.915	1.859	3.763	-	3.763	3.786	3.821	3.849	3.855	Continuing	Continuing
P013: <i>Defense Exportability Features (DEF) Program</i>	-	1.915	1.859	3.763	-	3.763	3.786	3.821	3.849	3.855	Continuing	Continuing

[#] FY 2013 Program is from the FY 2013 President's Budget, submitted February 2012

^{##} The FY 2014 OCO Request will be submitted at a later date

A. Mission Description and Budget Item Justification

The Defense Exportability Features (DEF) 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.

Funding is increased in FY14 to expand the number of systems included in the Defense Exportability Pilot Program that are used to define and implement DEF 'best practice' program management, system engineering, and program protection measures in the DoD acquisition process. Failure to consider export variant designs early in the acquisition process results in increased costs, delayed delivery, and higher risk of sensitive technology compromise due to ad-hoc sales late in production. Early development of export variants including systems design approaches to integrate adequate domestic and exportable anti-tamper (AT) protection and differential capability (DC) requirements to lower production costs, increase quality and timely deliveries to allies and friends, and enhance US industry share of the global marketplace.

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APPROPRIATION/BUDGET ACTIVITY 0400: <i>Research, Development, Test & Evaluation, Defense-Wide</i> BA 5: <i>System Development & Demonstration (SDD)</i>	R-1 ITEM NOMENCLATURE PE 0605022D8Z: <i>Defense Exportability Program</i>
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B. Program Change Summary (\$ in Millions)	FY 2012	FY 2013	FY 2014 Base	FY 2014 OCO	FY 2014 Total
Previous President's Budget	1.916	1.859	1.863	-	1.863
Current President's Budget	1.915	1.859	3.763	-	3.763
Total Adjustments	-0.001	0.000	1.900	-	1.900
• Congressional General Reductions	-	-			
• Congressional Directed Reductions	-	-			
• Congressional Rescissions	-	-			
• Congressional Adds	-	-			
• Congressional Directed Transfers	-	-			
• Reprogrammings	-	-			
• SBIR/STTR Transfer	-	-			
• Adjustments	-0.001	-	1.900	-	1.900

Change Summary Explanation

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

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APPROPRIATION/BUDGET ACTIVITY					R-1 ITEM NOMENCLATURE				PROJECT			
0400: Research, Development, Test & Evaluation, Defense-Wide BA 5: System Development & Demonstration (SDD)					PE 0605022D8Z: Defense Exportability Program				P013: Defense Exportability Features (DEF) Program			
COST (\$ in Millions)	All Prior Years	FY 2012	FY 2013 [#]	FY 2014 Base	FY 2014 OCO ^{##}	FY 2014 Total	FY 2015	FY 2016	FY 2017	FY 2018	Cost To Complete	Total Cost
P013: Defense Exportability Features (DEF) Program	-	1.915	1.859	3.763	-	3.763	3.786	3.821	3.849	3.855	Continuing	Continuing
Quantity of RDT&E Articles												

[#] FY 2013 Program is from the FY 2013 President's Budget, submitted February 2012

^{##} The FY 2014 OCO Request will be submitted at a later date

A. Mission Description and Budget Item Justification

The Defense Exportability Features (DEF) 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. Incorporation of defense exportability features in initial designs can help control costs throughout the product life cycle.

Funding is increased in FY14 to expand the number of systems included in the Defense Exportability Pilot Program that are used to define and implement DEF 'best practice' program management, system engineering, and program protection measures in the DoD acquisition process. Failure to consider export variant designs early in the acquisition process results in increased costs, delayed delivery, and higher risk of sensitive technology compromise due to ad-hoc sales late in production. Early development of export variants including systems design approaches to integrate adequate domestic and exportable anti-tamper (AT) protection and differential capability (DC) requirements to lower production costs, increase quality and timely deliveries to allies and friends, and enhance US industry share of the global marketplace.

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

Title: Defense Exportability Features (DEF) Program	FY 2012	FY 2013	FY 2014
FY 2012 Accomplishments: Designated the following seven systems as DEF pilot programs:	1.915	1.859	3.763

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APPROPRIATION/BUDGET ACTIVITY 0400: <i>Research, Development, Test & Evaluation, Defense-Wide</i> BA 5: <i>System Development & Demonstration (SDD)</i>		R-1 ITEM NOMENCLATURE PE 0605022D8Z: <i>Defense Exportability Program</i>		PROJECT P013: <i>Defense Exportability Features (DEF) Program</i>	
B. Accomplishments/Planned Programs (\$ in Millions)			FY 2012	FY 2013	FY 2014
- 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) - MQ-4C Triton formerly Broad Area Maritime Surveillance (US Navy) - Common Joint Proximity Height of Burst Fusing (US Army) Initiated DEF feasibility studies for the following four systems: - Three-Dimensional Expeditionary Long-Range Radar (US Air Force) - Army Integrated Air and Missile Defense (US Army) - MQ-4C Triton formerly Broad Area Maritime Surveillance (US Navy) - Common Joint Proximity Height of Burst Fusing (US Army) Drafted and submitted the annual report to Congress on the DEF program. FY 2013 Plans: Designate the following eight systems as DEF pilot programs: - Armed Aerial Scout Helicopter (US Army) - Small Diameter Bomb II (US Air Force) - MQ-9 Reaper Unmanned Aircraft System (US Air Force) - Joint Air-to-Surface Standoff Missile (US Air Force) - Next Generation Jammer (US Navy) - Air and Missile Defense Radar (US Navy) - P-8A Poseidon Multi-Mission Maritime Aircraft (US Navy) - E-2D Advanced Hawkeye (US Navy) Initiate and/or continue DEF feasibility studies for the following seven systems: - MQ-4C Triton formerly Broad Area Maritime Surveillance (US Navy) - Army Integrated Air and Missile Defense (US Army) - Three-Dimensional Expeditionary Long-Range Radar (US Air Force) - Common Joint Proximity Height of Burst Fusing (US Army) - Common Infrared Countermeasures (US Army) - Small Diameter Bomb II (US Air Force)					

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APPROPRIATION/BUDGET ACTIVITY 0400: <i>Research, Development, Test & Evaluation, Defense-Wide</i> BA 5: <i>System Development & Demonstration (SDD)</i>	R-1 ITEM NOMENCLATURE PE 0605022D8Z: <i>Defense Exportability Program</i>	PROJECT P013: <i>Defense Exportability Features (DEF) Program</i>		
B. Accomplishments/Planned Programs (\$ in Millions)		FY 2012	FY 2013	FY 2014
- Next Generation Jammer (US Navy) - Review major defense acquisition programs for exportability as part of the major milestone review process, including the Next Generation Jammer, Three Dimensional Expeditionary Long Range Radar, and Common Infrared Countermeasures and ensure exportability requirements are included in development contracts. - Draft a legislative proposal that authorizes DOD to recoup the DEF investment in program protection through future foreign military sales. - Manage and track the completion of the contractor feasibility studies for exportability. - Draft and submit the annual report to Congress on the program. FY 2014 Plans: - Funding is increased in FY14 to expand the number of systems included in the Defense Exportability Pilot Program that are used to define and implement DEF 'best practice' program management, system engineering, and program protection measures in the DoD acquisition process. Initiate contracts for DEF feasibility studies on the following seven systems: - Air and Missile Defense Radar (US Navy) - Armed Aerial Scout Helicopter (US Army) - Ground Combat Vehicle (US Army) - Indirect Fires Protection Capability (US Army) - P-8A Poseidon Multi-Mission Maritime Aircraft (US Navy) - E-2D Advanced Hawkeye(US Navy) - Joint Air-to-Surface Standoff Missile (US Air Force) -- 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 DOD procedures for the recoupment of the DEF investment in program protection through future foreign military sales. - Manage and track the completion of the contractor feasibility studies for exportability. - Draft and submit the annual report to Congress on the program.				
Accomplishments/Planned Programs Subtotals		1.915	1.859	3.763

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

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Exhibit R-3, RDT&E Project Cost Analysis: PB 2014 Office of Secretary Of Defense												DATE: April 2013			
APPROPRIATION/BUDGET ACTIVITY 0400: <i>Research, Development, Test & Evaluation, Defense-Wide</i> BA 5: <i>System Development & Demonstration (SDD)</i>						R-1 ITEM NOMENCLATURE PE 0605022D8Z: <i>Defense Exportability Program</i>						PROJECT P013: <i>Defense Exportability Features (DEF) Program</i>			
Product Development (\$ in Millions)				FY 2012		FY 2013		FY 2014 Base		FY 2014 OCO		FY 2014 Total			
Cost Category Item	Contract Method & Type	Performing Activity & Location	All Prior Years	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Cost To Complete	Total Cost	Target Value of Contract
Broad Area Maritime Surveillance (BAMS) Defense Exportability Features (DEF) Program	SS/CS	Northrop Grumman:Bethpage, NY	-	0.400		0.400		0.200		-		0.200	0.000	1.000	
Army Integrated Air and Missile Defense (AIAMD) DEF	SS/CS	Northrop Grumman:Huntsville, AL	-	0.500		0.200		0.100		-		0.100	0.000	0.800	
Three Dimensional Expeditionary Long-Range Radar (3DELRR) DEF	C/CS	Northrop Grumman :Lithicum, MD	-	0.150		-		-		-		-	0.000	0.150	
Three Dimensional Expeditionary Long-Range Radar (3DELRR) DEF	C/CS	Lockheed Martin:Syracuse, NY	-	0.150		-		-		-		-	0.000	0.150	
Three Dimensional Expeditionary Long-Range Radar (3DELRR) DEF	C/CS	Raytheon:Sudbury, MA	-	0.150		-		-		-		-	0.000	0.150	
Height of Burst Fusing (HOBf) DEF	MIPR	Picatinny Arsenal:NJ	-	0.506		0.250		0.400		-		0.400	0.000	1.156	
Pending DEF Pilot Programs	Various	Various:Various	-	0.001		0.009		0.058		-		0.058	Continuing	Continuing	
Common Infrared Countermeasures (CIRCM) DEF	C/CS	TBD - Competitive Contract Award:TBD	-	-		0.400		0.200		-		0.200	Continuing	Continuing	
Small Diameter Bomb II (SDB II) DEF	SS/CS	Raytheon:Phoenix, AZ	-	-		0.300		0.200		-		0.200	Continuing	Continuing	
Next Generation Jammer (NGJ) DEF	C/CS	TBD - Competitive Contract Award:TBD	-	-		0.200		0.400		-		0.400	Continuing	Continuing	
Air and Missile Defense Radar (AMDR) DEF	C/CS	TBD - Competitive Contract Award:TBD	-	-		-		0.400		-		0.400	Continuing	Continuing	
Armed Aerial Scout (AAS) Helicopter DEF	C/CS	TBD - Competitive Contract Award:TBD	-	-		-		0.200		-		0.200	Continuing	Continuing	
Ground Combat Vehicle (GCV) DEF	C/CS	TBD - Competitive Contract Award:TBD	-	-		-		0.200		-		0.200	Continuing	Continuing	

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Product Development (\$ in Millions)				FY 2012		FY 2013		FY 2014 Base		FY 2014 OCO		FY 2014 Total			
Cost Category Item	Contract Method & Type	Performing Activity & Location	All Prior Years	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Cost To Complete	Total Cost	Target Value of Contract
Three Dimensional Expeditionary Long-Range Radar (3DELRR) DEF	C/CS	TBD - Competitive EMD Contract Award:TBD	-	-		-		0.400		-		0.400	Continuing	Continuing	
Indirect Fires Protection Capability Increment 2 (IFPC Inc 2) DEF	C/CS	TBD - Competitive EMD Contract Award:TBD	-	-		-		0.200		-		0.200	Continuing	Continuing	
P-8A Poseidon DEF	MIPR	Naval Air Systems Command:Patuxent River, MD	-	-		-		0.200		-		0.200	Continuing	Continuing	
E-2D Advanced Hawkeye DEF	MIPR	Naval Air Systems Command:Patuxent River, MD	-	-		-		0.200		-		0.200	Continuing	Continuing	
Joint Air to Surface Standoff Missile (JASSM) DEF	MIPR	Air Force Material Command:Wright-Patterson AFB, OH	-	-		-		0.200		-		0.200	Continuing	Continuing	
Subtotal			0.000	1.857		1.759		3.558		0.000		3.558			
Support (\$ in Millions)				FY 2012		FY 2013		FY 2014 Base		FY 2014 OCO		FY 2014 Total			
Cost Category Item	Contract Method & Type	Performing Activity & Location	All Prior Years	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Cost To Complete	Total Cost	Target Value of Contract
DEF Contractor Support	C/FFP	LMI:McLean, VA	-	0.008		0.050		0.155		-		0.155	Continuing	Continuing	
Subtotal			0.000	0.008		0.050		0.155		0.000		0.155			
Management Services (\$ in Millions)				FY 2012		FY 2013		FY 2014 Base		FY 2014 OCO		FY 2014 Total			
Cost Category Item	Contract Method & Type	Performing Activity & Location	All Prior Years	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Cost To Complete	Total Cost	Target Value of Contract
Height of Burst Fusing DEF	MIPR	Picatinny Arsenal:NJ	-	0.050		0.050		0.050		-		0.050	0.000	0.150	
Subtotal			0.000	0.050		0.050		0.050		0.000		0.050	0.000	0.150	

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	All Prior Years	FY 2012		FY 2013		FY 2014 Base		FY 2014 OCO		FY 2014 Total	Cost To Complete	Total Cost	Target Value of Contract
Project Cost Totals	0.000	1.915		1.859		3.763		0.000		3.763			

Remarks