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Exhibit R-2, RDT&E Budget Item Justification									Date: January 2000	
APPROPRIATION/BUDGET ACTIVITY					R-1 ITEM NOMENCLATURE					
RDT&E, Defense Wide, Budget Activity 6					PE 0603790T "NATO Cooperative R&D"					
COST (\$ in Millions)	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	Cost to Complete	Total Cost
Partnership for Peace Information Management System (PIMS)										
Total PE Cost	5.630	-	-	-	-	-	-		5.630	5.630

*These funds were previously contained in PE 0603790D8Z and were transferred to Acquisition & Technology in FY 2000.

A. Mission Description and Budget Item Justification

These funds will be used by the Services and Defense Agencies to initiate international cooperative research and development programs with the NATO and major non-NATO allies. The program implements the provisions of Title 10 U.S. Code, Section 2350a. The purpose of the program is to improve the defense acquisition system by sharing technology and jointly developing military equipment with our allies. This will also improve operational efforts by improving interoperability through use of similar equipment and improved interfaces.

The program is designed to provide "Venture Capital" to the services/agencies. The program is implemented by the services/agencies submission of candidate projects that will take advantage of international cooperative to jointly fulfill military requirements. Candidates are reviewed and approved by the USD(A&T). The services/agencies will complete an international agreement with an ally that fully defines the project responsibilities and objectives prior to release of funds. The funds are used to support all associated R&D costs including the identification of cooperative opportunities and administration of the program. The planned program is shown below. The final program will be reported separately as required by 10USC2350a(f). The program is complementary to a similar PE in each service that provides continuation funding for these programs.

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B. Program Change Summary:

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>Total Cost</u>
FY 2000 President's Budget	5.630	N/A	N/A	N/A
FY 2000 Appropriated Value	N/A	N/A	N/A	N/A
Adjustment to Appropriated Value				
Inflation Adjustment				
Current Budget Submit	5.630	N/A	N/A	N/A

C. Other Program Funding Summary: N/A

D. Acquisition Strategy: N/R

E. Schedule Profile: N/R