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<b>Exhibit R-2, RDT&amp;E Budget Item Justification:</b> PB 2015 Navy	<b>Date:</b> March 2014
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<b>Appropriation/Budget Activity</b> 1319: <i>Research, Development, Test &amp; Evaluation, Navy / BA 4: Advanced Component Development &amp; Prototypes (ACD&amp;P)</i>	<b>R-1 Program Element (Number/Name)</b> PE 0603790N / <i>NATO Research and Deve</i>
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<b>COST (\$ in Millions)</b>	<b>Prior Years</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015 Base</b>	<b>FY 2015 OCO #</b>	<b>FY 2015 Total</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>Cost To Complete</b>	<b>Total Cost</b>
Total Program Element	39.517	8.589	7.502	9.659	-	9.659	10.900	10.196	10.058	10.288	Continuing	Continuing
2293: <i>NATO Cooperative R &amp; D</i>	39.517	8.589	7.502	9.659	-	9.659	10.900	10.196	10.058	10.288	Continuing	Continuing

# The FY 2015 OCO Request will be submitted at a later date.

**A. Mission Description and Budget Item Justification**

In accordance with Title 10 United States Code, Section 2350a, this Program Element (PE) provides funding for research and development (R&D) programs with approved allies under international agreements. These funds can only be applied to work efforts in the U.S., and the Under Secretary of Defense, Acquisition and Technology and Logistics (USD, AT&L) must approve each international agreement. The program provides funds for multiple projects under separately approved international agreements as well as funds that support the establishment of such agreements. Each international agreement is summarized in a separate Summary Statement of Intent (SSOI) that also states why the project serves to increase the defense capabilities of the U.S. The SSOI is used to obtain Project approval by the Department of the Navy and the Office of the Secretary of Defense.

The North Atlantic Treaty Organization (NATO) R&D cooperative programs differ from other Research, Development, Test and Evaluation (RDT&E) programs because issuance of funding from this PE coincides with the signature of international agreements. These signatures occur throughout the fiscal year and often encounter unexpected delays during the staffing and negotiation phases of agreement processing prior to signature.

<b>B. Program Change Summary (\$ in Millions)</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015 Base</b>	<b>FY 2015 OCO</b>	<b>FY 2015 Total</b>
Previous President's Budget	9.389	7.509	10.786	-	10.786
Current President's Budget	8.589	7.502	9.659	-	9.659
Total Adjustments	-0.800	-0.007	-1.127	-	-1.127
• Congressional General Reductions	-	-0.007			
• Congressional Directed Reductions	-	-			
• Congressional Rescissions	-	-			
• Congressional Adds	-	-			
• Congressional Directed Transfers	-	-			
• Reprogrammings	-	-			
• SBIR/STTR Transfer	-0.018	-			
• Program Adjustments	-	-	-0.900	-	-0.900
• Rate/Misc Adjustments	-	-	-0.227	-	-0.227
• Congressional General Reductions Adjustments	-0.782	-	-	-	-

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Exhibit R-2A, RDT&E Project Justification: PB 2015 Navy										Date: March 2014		
Appropriation/Budget Activity 1319 / 4					R-1 Program Element (Number/Name) PE 0603790N / NATO Research and Deve				Project (Number/Name) 2293 / NATO Cooperative R & D			
COST (\$ in Millions)	Prior Years	FY 2013	FY 2014	FY 2015 Base	FY 2015 OCO #	FY 2015 Total	FY 2016	FY 2017	FY 2018	FY 2019	Cost To Complete	Total Cost
2293: NATO Cooperative R & D	39.517	8.589	7.502	9.659	-	9.659	10.900	10.196	10.058	10.288	Continuing	Continuing
Quantity of RDT&E Articles	0.000	-	-	-	-	-	-	-	-	-		

# The FY 2015 OCO Request will be submitted at a later date.

**A. Mission Description and Budget Item Justification**

In accordance with Title 10 U.S. Code Section 2350a, this project provides funding for research and development projects with approved allies under international agreements. These funds can only be applied to work efforts in the U.S., and the Office of Secretary of Defense must approve each international agreement. The program provides funds for multiple projects under separately approved international agreements as well as funds that support the establishment of such agreements. Each international agreement is summarized in a separate SSOI which also states why the project serves to increase the conventional defense capabilities of the U.S. The SSOI is used to obtain project approval by the Department of the Navy and the Office of the Secretary of Defense.

**B. Accomplishments/Planned Programs (\$ in Millions, Article Quantities in Each)**

	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Title:</b> NATO Cooperative R & D	8.589	7.502	9.659
<b>Articles:</b>	-	-	-
<b>FY 2013 Accomplishments:</b> <ul style="list-style-type: none"> <li>- Continue to plan and/or support FY13 approved cooperative projects;</li> <li>- Arctic Ship Design project between the U.S. and Finland.</li> <li>- Continued support of the Submarine Very Low Frequency project between the U.S. and UK.</li> <li>- Continued support of the Submarine Electric Actuation project between the U.S. and UK.</li> <li>- Continued support of the Waterside Rapid Deployment project among the U.S., Australia, and Canada.</li> <li>- Planned support for the Weight Critical Structures project between the U.S. and UK.</li> </ul>			
<b>FY 2014 Plans:</b> <ul style="list-style-type: none"> <li>-Continue to plan and/or support FY13/14 approved cooperative projects;</li> <li>-Future Submarine Sonar Telemetry U.S. and UK.</li> <li>-Advanced EM Silencing U.S. and UK</li> <li>-Sub Composite Structures U.S. and UK</li> <li>-Test, Planning, and Execution (TPEX)U.S. and ML</li> <li>-Sub Very Low Frequency U.S. and UK</li> <li>-Prediction and Monitoring of Surface Ship Propulsion System Underwater Acoustic Signature (ProSiMon) U.S. and NL</li> <li>-Advance Electric Power and Propulsion U.S. and UK</li> <li>-Advance Material Propeller U.S. and Australia</li> <li>-Waterside Rapid Deployment U.S., Australia, and Canada</li> </ul>			

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<b>Exhibit R-2A, RDT&amp;E Project Justification:</b> PB 2015 Navy		<b>Date:</b> March 2014	
<b>Appropriation/Budget Activity</b> 1319 / 4	<b>R-1 Program Element (Number/Name)</b> PE 0603790N / NATO Research and Deve	<b>Project (Number/Name)</b> 2293 / NATO Cooperative R & D	
<b>B. Accomplishments/Planned Programs (\$ in Millions, Article Quantities in Each)</b>		<b>FY 2013</b>	<b>FY 2014</b>
<ul style="list-style-type: none"> <li>-Weight Critical Structures U.S., UK, and Ireland</li> <li>-Submarine Hydrodynamics U.S. and Australia</li> <li>-High-Speed Multi-Hull Vessel Optimization (HSMVO) U.S. and Japan</li> <li>-Mine Counter-Measures Vessel (MCMV) U.S. and Finland</li> <li>-Large Displacement Unmanned Undersea Vehicles (LD UUV) U.S. and Korea</li> </ul> <p><b>FY 2015 Plans:</b></p> <ul style="list-style-type: none"> <li>-Continue to plan and/or support FY14 approved cooperative projects.</li> <li>-Advance Electric Power and Propulsion U.S. and UK</li> <li>-Advance Material Propeller U.S. and Australia</li> <li>-Waterside Rapid Deployment U.S., Australia, and Canada</li> <li>-Weight Critical Structures U.S., UK, and Ireland</li> <li>-Submarine Hydrodynamics U.S. and Australia</li> <li>-High-Speed Multi-Hull Vessel Optimization (HSMVO) U.S. and Japan</li> <li>-Mine Counter-Measures Vessel (MCMV) U.S. and Finland</li> <li>-Large Displacement Unmanned Undersea Vehicles (LD UUV) U.S. and Korea</li> <li>-Australia/U.S. Expeditionary Modeling &amp; Simulation Project Arrangement (AUSEMS) U.S. and Australia</li> <li>-Dynamic System Mechanics Advanced Simulastion-Shallow Confined Waters (DYSMAS-SCW) U.S. and Germany</li> <li>-Hull Treatment U.S. and UK</li> </ul>			
<b>Accomplishments/Planned Programs Subtotals</b>		8.589	7.502
<b>C. Other Program Funding Summary (\$ in Millions)</b>			
N/A			
<b>Remarks</b>			
<b>D. Acquisition Strategy</b>			
N/A			
<b>E. Performance Metrics</b>			
<p>The intent of the North Atlantic Treaty Organization (NATO) cooperative R&amp;D program is to provide "start-up" funds for projects seeking allied contributions into cooperative research and development projects with the U.S. The primary metric used in the program is foreign contributions into projects supported by the program. The performance goal is met if total foreign contributions into projects exceed total NATO cooperative R&amp;D program funds by over 100%.</p>			