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Exhibit R-2, RDT&E Budget Item Justification: PB 2025 Office of the Secretary Of Defense **Date:** March 2024

Appropriation/Budget Activity 0400: <i>Research, Development, Test & Evaluation, Defense-Wide I BA 3: Advanced Technology Development (ATD)</i>	R-1 Program Element (Number/Name) PE 0603945D8Z / <i>International Innovation Initiatives</i>
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COST (\$ in Millions)	Prior Years	FY 2023	FY 2024	FY 2025 Base	FY 2025 OCO	FY 2025 Total	FY 2026	FY 2027	FY 2028	FY 2029	Cost To Complete	Total Cost
Total Program Element	0.000	0.000	25.000	125.680	-	125.680	153.898	181.049	181.617	182.201	Continuing	Continuing
079: <i>AUKUS</i>	0.000	0.000	25.000	79.811	-	79.811	104.805	129.801	129.802	130.300	Continuing	Continuing
353: <i>DIANA</i>	0.000	0.000	0.000	32.815	-	32.815	35.868	37.839	37.930	37.957	Continuing	Continuing
354: <i>International S&T Engagement Initiatives</i>	0.000	0.000	0.000	13.054	-	13.054	13.225	13.409	13.885	13.944	Continuing	Continuing

Note

New Start (Y/N): No

A. Mission Description and Budget Item Justification

This program supports the Department's initiatives to (1) deter strategic attacks against the United States, and its Allies and partners; (2) deter aggression while being prepared to prevail in conflict when necessary; and (3) building enduring advantages for the future Joint Force.

This program supports the Enhanced Trilateral Security Partnership among Australia, the United Kingdom, and the United States (AUKUS) (Project Code 079), the North Atlantic Treaty Organization (NATO) Defence Innovation Accelerator for the North Atlantic (DIANA) (Project Code 353), and Science and Technology (S&T) International Engagement Initiatives (Project Code 354).

AUKUS will deepen defense capability and technological cooperation by developing and providing joint advanced military capabilities to promote security and stability in the Indo-Pacific region. The program portfolio aligns with the critical technology areas and operational requirements.

The NATO DIANA program will pursue operationally relevant advanced capability co-development, support integration of multi-national capabilities to act as a force multiplier, and test and evaluate promising solutions found across the innovation ecosystem. This complementary program to DIANA will allow the United States to pull successful security solutions from the DIANA effort across the Alliance into availability in the U.S. industrial base and for operational use and aligns with the critical technology areas and operational requirements.

The S&T International Engagement Initiatives program will incentivize the DoD Components, including the Military Services, to engage and/or expand their S&T cooperation with existing partners (e.g., India, Israel) and with those new partners with whom they may be engaged in policy or operational activities but not in the S&T realm. The intent is to consider proposals submitted from the DoD Components. The appropriate leadership will select proposals using a merit-based process that identifies the most promising solutions to operational challenges. The program portfolio aligns with the National Defense Strategy, the critical technology areas, and operational requirements.

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B. Program Change Summary (\$ in Millions)	FY 2023	FY 2024	FY 2025 Base	FY 2025 OCO	FY 2025 Total
Previous President's Budget	0.000	25.000	25.000	-	25.000
Current President's Budget	0.000	25.000	125.680	-	125.680
Total Adjustments	0.000	0.000	100.680	-	100.680
• Congressional General Reductions	-	-			
• Congressional Directed Reductions	-	-			
• Congressional Rescissions	-	-			
• Congressional Adds	-	-			
• Congressional Directed Transfers	-	-			
• Reprogrammings	-	-			
• SBIR/STTR Transfer	-	-			
• Program Adjustment	-	-	100.680	-	100.680

Change Summary Explanation

The increase of \$55.427 million in FY 2025 is the result of internal realignments to support International Innovative Initiatives.

The increase of an additional \$45.000 million in FY 2025 for the Australia, United Kingdom, Unites States (AUKUS) Program is to support AUKUS Advanced Capabilities Pillar (Pillar 2) projects and other International Innovation Initiative projects.

A realignment of \$9.650 million for Enhanced Trilateral Security Partnership among Australia, United Kingdom, Unites States (AUKUS) from Program Element 0603527D8Z will provide Multi-Classification Level Collaborative Computing Environment; \$32.749 million for Defense Innovation Accelerator for the North Atlantic (DIANA) from Program Element 0605798D8Z and Program Element 0603527D8Z will provide support for the North Atlantic Treaty Organization (NATO) DIANA efforts; and \$13.028 million from Program Element 0605798D8Z and Program Element 0603527D8Z provides support for International Science & Technology Engagement Initiatives.

Funding increase of \$0.253 million for Economic Assumptions.

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Appropriation/Budget Activity 0400 / 3	R-1 Program Element (Number/Name) PE 0603945D8Z / <i>International Innovation I initiatives</i>	Project (Number/Name) 079 / AUKUS
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COST (\$ in Millions)	Prior Years	FY 2023	FY 2024	FY 2025 Base	FY 2025 OCO	FY 2025 Total	FY 2026	FY 2027	FY 2028	FY 2029	Cost To Complete	Total Cost
079: AUKUS	0.000	0.000	25.000	79.811	-	79.811	104.805	129.801	129.802	130.300	Continuing	Continuing
Quantity of RDT&E Articles	-	-	-	-	-	-	-	-	-	-		

Note

New Start (Y/N): No

A. Mission Description and Budget Item Justification

This program supports the Department’s initiatives to: (1) deter strategic attacks against the United States, and its Allies and partners; (2) deter aggression while being prepared to prevail in conflict when necessary; and (3) build enduring advantages for the future Joint Force. Specifically, the Enhanced Trilateral Security Partnership among Australia, the United Kingdom, and the United States (AUKUS) will deepen defense capability and technological cooperation by developing and providing joint advanced military capabilities to promote security and stability in the Indo-Pacific region.

This program provides funding to pursue operationally relevant advanced capability co-development, support integration of multi-national capabilities to act as a force multiplier, and test and evaluate promising solutions found across the AUKUS innovation ecosystem. The program portfolio aligns with the critical technology areas and operational requirements.

The intent is to consider proposals submitted from the DoD Components and industry and academia partners. The appropriate leadership will select proposals using a merit-based process that identifies the most promising solutions to operational challenges with an emphasis on transitioning technologies to current or future programs of record.

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

	FY 2023	FY 2024	FY 2025
<p>Title: Artificial Intelligence (AI) Development Hub</p> <p>FY 2024 Plans: This project seeks to develop a new cloud-based AUKUS Artificial Intelligence (AI) Development Hub to enable tri-lateral software co-development, with a particular focus on machine learning development pipelines. Once established, this hub will support experimentation and demonstration requirements across the AUKUS Advanced Capabilities Pillar. The initial expenditure will take place in FY 2024, with the project funding to continue from FY 2025 to FY 2028.</p> <p>FY 2024 to FY 2025 Increase/Decrease Statement: The decrease is due to a change in priorities for this sub-project. In FY 2025, funding will be realigned to the AUKUS Advanced Capabilities Projects to support projects that develop capabilities to address challenges in the rapidly evolving threat landscape found within the Indo-Pacific region.</p>	-	5.000	-
<p>Title: Mission Payloads for Un-crewed Underwater Vehicles (UUVs)</p>	-	10.000	-

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B. Accomplishments/Planned Programs (\$ in Millions)	FY 2023	FY 2024	FY 2025
<p><i>FY 2024 Plans:</i> This project seeks to develop payloads to execute specific trilateral missions.</p> <p><i>FY 2024 to FY 2025 Increase/Decrease Statement:</i> The decrease of \$-10.000 million is due to change in priorities for this sub-project. In FY 2025, funding will be realigned to the AUKUS Advanced Capabilities Projects to support projects that develop capabilities to address challenges in the rapidly evolving threat landscape found within the Indo-Pacific region.</p>			
<p><i>Title:</i> Cyber Capability Development</p> <p><i>FY 2024 Plans:</i> This project seeks to purchase commercial space data to incorporate in an existing project that fuses and processes data derived from distributed platforms to support decision-making.</p> <p><i>FY 2024 to FY 2025 Increase/Decrease Statement:</i> The decrease of \$-6.000 million is due to change in priorities for this sub-project. In FY 2025, funding will be realigned to the AUKUS Advanced Capabilities Projects to support projects that develop capabilities to address challenges in the rapidly evolving threat landscape found within the Indo-Pacific region.</p>	-	6.000	-
<p><i>Title:</i> Enhanced Battlespace Awareness</p> <p><i>FY 2024 Plans:</i> This project seeks to purchase commercial space data to incorporate in an existing project that fuses and processes data derived from distributed platforms to support decision-making. The initial expenditure will take place in FY 2024.</p> <p><i>FY 2024 to FY 2025 Increase/Decrease Statement:</i> The decrease of \$-1.000 million is due to change in priorities for this sub-project. In FY 2025, funding will be realigned to the AUKUS Advanced Capabilities Projects to support projects that develop capabilities to address challenges in the rapidly evolving threat landscape found within the Indo-Pacific region.</p>	-	1.000	-
<p><i>Title:</i> Engineering and Architecture Studies</p> <p><i>FY 2024 Plans:</i> This project seeks to conduct a series of engineering and architecture studies to support the integration of existing and/or future AUKUS capabilities.</p> <p><i>FY 2024 to FY 2025 Increase/Decrease Statement:</i></p>	-	3.000	-

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B. Accomplishments/Planned Programs (\$ in Millions)		FY 2023	FY 2024	FY 2025
The decrease of \$-3.000 million is due to change in priorities for this sub-project. In FY 2025, funding will be realigned to the AUKUS Advanced Capabilities Projects to support projects that develop capabilities to address challenges in the rapidly evolving threat landscape found within the Indo-Pacific region.				
<p>Title: AUKUS Multi-Classification Level Collaborative Computing Environment.</p> <p>FY 2025 Plans: This project seeks to develop a multi-classification level collaborative computing environment to support efforts under the AUKUS Advanced Capabilities Pillar. The initial expenditure will take place in FY 2025, with project funding to continue from FY 2026 to FY 2031.</p> <p>FY 2024 to FY 2025 Increase/Decrease Statement: The increase of \$10.000 million in FY 2025 supports Enhanced Trilateral Security Partnerships among Australia, United Kingdom, Unites States (AUKUS) from Program Element 0603527D8Z and will provide Multi-Classification Level Collaborative Computing Environment.</p>		-	-	10.000
<p>Title: AUKUS Advanced Capabilities Projects</p> <p>Description: This project pursues military-operations focused advanced capability co-development, supports integration of multi-national capabilities to act as a force multiplier, and tests and evaluates promising solutions found across all three countries. Funding provides for the solicitation, evaluation, merit-based selection, and execution of new projects to get cutting-edge technological capabilities into the hands of the warfighters. Projects will be selected based upon a tri-laterally agreed-upon governance framework, derived in part from proven DARPA processes. The senior tri-lateral leadership will continuously evaluate and re-prioritize sub-projects based on the evolving threat landscape in the Indo-Pacific region, with the Department ensuring early and complete Congressional notification as the program matures.</p> <p>FY 2025 Plans: In FY 2025, approved sub-projects include: (1) Establish an Artificial Intelligence Development Hub to accelerate tri-lateral co-development of software with a focus on machine learning; (2) Conduct an international targeting demonstration to improve allied tracking capability for maritime targets for hypersonic weapons; (3) Plan and execute large-scale tri-lateral experiments to enhance our ability to perform coalition operations with mature Resilient Autonomous and Artificial Intelligence Technologies; and (4) Initiate tri-lateral mission planning and compatibility analysis for an air-launched, hypersonic air-breathing cruise missile.</p> <p>FY 2024 to FY 2025 Increase/Decrease Statement: In FY 2025, this sub-project received an increase of \$45.000 million to support additional senior trilateral AUKUS leadership approved sub-projects to address challenges in the rapidly evolving threat landscape. New sub-projects are planned to include: (1) Establishing an AUKUS Maritime Autonomy Experimentation and Exercise Series to improve interoperability of un-crewed</p>		-	-	69.811

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B. Accomplishments/Planned Programs (\$ in Millions)	FY 2023	FY 2024	FY 2025
maritime systems among AUKUS partners; (2) Establishing and executing an AUKUS Innovation Prize Challenge; (3) Conducting a heavyweight torpedo interoperability demonstration to enhance AUKUS partners weapons interchangeability and capability; (4) Establishing a maritime digital experimentation facility; and (5) Developing un-crewed underwater vehicle mission payloads.			
Accomplishments/Planned Programs Subtotals	-	25.000	79.811

C. Other Program Funding Summary (\$ in Millions)

N/A

Remarks

Other Funding Summary: This program is also funded in OUSD(Policy), OUSD(A&S) and O&M for Manpower support.

D. Acquisition Strategy

Successful projects support capability acquisition in several ways: technology upgrade insertion in a current platform or program providing greater capability or prolonging life of the system, inform or refine requirements for planned systems, or direct procurement. The AUKUS Innovation Initiative will leverage the Departments most efficient and effective cooperation or acquisition approaches to support the appropriate transition pathway.

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Appropriation/Budget Activity 0400 / 3	R-1 Program Element (Number/Name) PE 0603945D8Z / <i>International Innovation Initiatives</i>	Project (Number/Name) 353 / DIANA
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COST (\$ in Millions)	Prior Years	FY 2023	FY 2024	FY 2025 Base	FY 2025 OCO	FY 2025 Total	FY 2026	FY 2027	FY 2028	FY 2029	Cost To Complete	Total Cost
353: DIANA	0.000	0.000	0.000	32.815	-	32.815	35.868	37.839	37.930	37.957	Continuing	Continuing
Quantity of RDT&E Articles	-	-	-	-	-	-	-	-	-	-		

Note

New Start (Y/N): No. Funding was re-aligned from Program Element 0605798D8Z.

A. Mission Description and Budget Item Justification

To combat the evolving threat and development of critical technologies, the North Atlantic Treaty Organization (NATO) established the Defence Innovation Accelerator for the North Atlantic (DIANA) to leverage dual-use technological advances in Allied centers of innovation to achieve the Alliance’s operational requirements, including accelerating the development, testing, and fielding of security technology solutions to achieve an advantage over the evolving threat. The NATO DIANA program only provides non-traditional business partners from Alliance nations with funding to accelerate new technical solutions and commercialization specifically where the technology holds a dual use (commercial and defense in nature) potential. Advanced development and testing to facilitate adoption into U.S. defense programs requires supporting funding for our own labs and test centers to pull that technology into our Defense acquisition ecosystem.

This project enables the Office of the Under Secretary of Defense for Research and Engineering (OUSD(R&E)) to assist in accelerating military capability development for U.S. forces as well as our NATO Allies and will expose new U.S. industries to the European markets. Fielding of critical technologies in the proposed areas will have significant positive impact on detecting the enemy first, ensuing effective communications and data exchange between coalition partners, as well as systems developed by different original equipment manufacturers (OEMs), and enabling robotic and autonomous systems to remain on station longer periods of time for greater operation impact. NATO DIANA advances access to technology across larger security challenges. These enhancements will contribute to increasing lethality across the U.S. and NATO military capabilities.

The NATO DIANA initiative will fund dual-use technologies identified through the NATO DIANA challenges found sufficiently mature with the potential for meaningful impact for U.S. forces on the battlefield for continued development, testing, integration, and experimentation and proposes to fund each technology for capability maturation.

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

	FY 2023	FY 2024	FY 2025
Title: Defence Innovation Accelerator for the North Atlantic (DIANA)	-	-	32.815
FY 2025 Plans: This project will annually fund dual-use technologies identified through the NATO DIANA challenges found sufficiently mature with the potential for meaningful impact for U.S. forces on the battlefield for continued development, testing, integration, and experimentation and proposes to fund each technology for capability maturation. These technologies will be identified under challenges based on a strategic direction developed with input from the Office of the Under Secretary of Defense for Research			

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B. Accomplishments/Planned Programs (\$ in Millions)	FY 2023	FY 2024	FY 2025
<p>and Engineering. Each of the identified technology investments will be supported by end-to-end enablers, including mission and operational analysis, due diligence assessment, testing, and productization. Mission and operational analysis will assess the viability of the proposed technical approach and the mission impact of the technology in relevant operational scenarios. Due diligence assessment will assess the risks associated with the selected technology companies prior to investment, from both an adversarial risk perspective (e.g., foreign ownership, control, and influence) and from a financial risk perspective, as well as continue to monitor adversarial interest and engagement in selected technology companies post-award. Testing and evaluation will establish and quantify measures of performance and measures of effectiveness for the capability prototypes as they mature, to include through participation in operationally relevant demonstration environments. Lastly, productization will further mature qualified prototype capabilities, which sufficiently meet the measures of performance and effectiveness thresholds, for commercialization and operational use.</p> <p><i>FY 2024 to FY 2025 Increase/Decrease Statement:</i> The increase of \$32.749M from FY 2024 to FY 2025 is the result of realigning \$1.080M of Defence Innovation Accelerator for the North Atlantic (DIANA) from Program Element 0605798D8Z Project Code 797 to support transparency of international programs plus an increase of \$31.669M to support the rapid growth of expected output of the DIANA program, increasing industry participation to an anticipated excess of 200 companies in FY 2025. The increased funding will provide support to awarded United States (U.S.) companies, introduce U.S. industries to the European markets, and enable labs/test centers to bring critical technology capabilities to the warfighter. These companies will focus on developing dual-use technology solutions in critical technology areas such as artificial intelligence, autonomy, quantum, biotechnology, space, novel materials and manufacturing, energy and propulsion, and next-generation communications networks.</p>			
Accomplishments/Planned Programs Subtotals	-	-	32.815

C. Other Program Funding Summary (\$ in Millions)

N/A

Remarks

D. Acquisition Strategy

Successful projects support capability acquisition in several ways: technology upgrade insertion in a current platform or program providing greater capability or prolonging life of the system, inform or refine requirements for planned systems, or direct procurement. NATO DIANA will leverage the Department's most efficient and effective cooperation or acquisition approaches to support the appropriate transition pathway.

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COST (\$ in Millions)	Prior Years	FY 2023	FY 2024	FY 2025 Base	FY 2025 OCO	FY 2025 Total	FY 2026	FY 2027	FY 2028	FY 2029	Cost To Complete	Total Cost
<i>354: International S&T Engagement Initiatives</i>	0.000	0.000	0.000	13.054	-	13.054	13.225	13.409	13.885	13.944	Continuing	Continuing
Quantity of RDT&E Articles	-	-	-	-	-	-	-	-	-	-		

Note

New Start (Y/N): No. Funding was re-aligned from Program Element 0605798D8Z and Program Element 0603527D8Z to provide support for International Science & Technology Engagement Initiatives.

A. Mission Description and Budget Item Justification

As the importance of international science and technology (S&T) cooperation with our Allies and partners grows in the coming years, this project will incentivize the DoD Components, include the Military Services, to engage and/or expand their S&T cooperation with existing partners and with those partners with who they may be engaged in policy or operational activities but not in the S&T realm. In addition, this project will allow the International Outreach and Policy office to meet new and expanded requirements for substantive, administrative, and operational activities in support on international defense S&T cooperation.

The intent is to consider proposals submitted from the DoD Components. The appropriate leadership will select proposals using a merit-based process that identifies the most promising solutions to operational challenges with an emphasis on transitioning technologies current or future programs of record.

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

	FY 2023	FY 2024	FY 2025
Title: International S&T Engagement Initiatives	-	-	3.054
FY 2025 Plans: This project will annually support additional international S&T projects or DoD Component, including Military Service, participation in OSD-led activities (e.g., workshops, delegation visits). For new projects, the intent is to consider project proposals submitted from the DoD Components. The appropriate leadership will select proposals using a merit-based process that identifies the most promising solutions to operational challenges with an emphasis on transitioning technologies to current or future programs of record.			
FY 2024 to FY 2025 Increase/Decrease Statement: Funding was re-aligned from Program Element 0605798D8Z and Program Element 0603527D8Z to provide support for International Science & Technology Engagement Initiatives.			
Title: U.S. – Israel Trusted Artificial Intelligence (AI) and Autonomy Demonstration	-	-	6.000
FY 2025 Plans:			

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B. Accomplishments/Planned Programs (\$ in Millions)		FY 2023	FY 2024	FY 2025
<p>This project seeks to baseline edge capabilities of intelligence autonomous systems in an operational environment; co-develop distributed AI architectures, hardware and algorithms to optimize edge intelligence in Detached, Degraded, Intermittent, and Low-bandwidth (DDIL) environments; and jointly develop an interoperable simulation infrastructure that can support re-training of intelligence autonomous systems at the edge.</p> <p>FY 2024 to FY 2025 Increase/Decrease Statement: Funding was re-aligned from Program Element 0605798D8Z and Program Element 0603527D8Z to provide support for International Science & Technology Engagement Initiatives.</p>				
<p>Title: U.S. – Italy Human-Centric Autonomy Development</p> <p>FY 2025 Plans: This project seeks to integrate Italian robotic mobility and maneuver capabilities with U.S. trust and multi-level abstraction efforts in order to advance human-autonomy teaming using integrated sensors.</p> <p>FY 2024 to FY 2025 Increase/Decrease Statement: Funding was re-aligned from Program Element 0605798D8Z and Program Element 0603527D8Z to provide support for International Science & Technology Engagement Initiatives.</p>		-	-	4.000
Accomplishments/Planned Programs Subtotals		-	-	13.054
C. Other Program Funding Summary (\$ in Millions)				
N/A				
Remarks				
D. Acquisition Strategy				
N/A				