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<b>Exhibit R-2, RDT&amp;E Budget Item Justification: FY 2018 Navy</b>	<b>Date: May 2017</b>
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<b>Appropriation/Budget Activity</b> 1319: Research, Development, Test & Evaluation, Navy / BA 7: Operational Systems Development					<b>R-1 Program Element (Number/Name)</b> PE 0305233N / RQ-7 UAV							
<b>COST (\$ in Millions)</b>	<b>Prior Years</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018 Base</b>	<b>FY 2018 OCO</b>	<b>FY 2018 Total</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>Cost To Complete</b>	<b>Total Cost</b>
Total Program Element	22.540	0.688	0.716	0.000	-	0.000	0.000	0.000	0.000	0.000	0.000	23.944
9C84: MCTUAS	22.540	0.688	0.716	0.000	-	0.000	0.000	0.000	0.000	0.000	0.000	23.944

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

This Marine Corps Tactical Unmanned Aircraft System project supports the fielded RQ-7B Shadow Unmanned Aircraft System (UAS) by conducting research, development, test and evaluation for improvement of the RQ-7 UAS capabilities in Reconnaissance, Surveillance and Target Acquisition, Intelligence, Battle Damage Assessment, Laser Designation and Force Protection. The RQ-7B Shadow UAS provides critical battlefield intelligence and targeting information in the rapid cycle time required for success at the tactical level.

RQ-7B Shadow UAS are acquired through the United States Army (US Army) UAS Program Office to fulfill United States Marine Corps (USMC) UAS requirements. In order to optimize interoperability, maintainability, and capability with minimal cost, the USMC and US Army plan to develop additional capabilities for the common RQ-7 system to include the fuselage, flight and mission electrical and electronic systems, propulsion system, communications system, expeditionary footprint, and capability payloads. These funds represent the USMC share of the combined joint development cost through Program Management Office UAS and the RQ-7 USMC specific development efforts of the NAVAIR 5.1 UAV Test Directorate.

This program is funded under OPERATIONAL SYSTEMS DEVELOPMENT because it includes development efforts to upgrade systems that have been fielded or have received approval for full-rate production and anticipate funding in the current or subsequent fiscal year.

<b>B. Program Change Summary (\$ in Millions)</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018 Base</b>	<b>FY 2018 OCO</b>	<b>FY 2018 Total</b>
Previous President's Budget	0.688	0.716	0.956	-	0.956
Current President's Budget	0.688	0.716	0.000	-	0.000
Total Adjustments	0.000	0.000	-0.956	-	-0.956
• Congressional General Reductions	-	-			
• Congressional Directed Reductions	-	-			
• Congressional Rescissions	-	-			
• Congressional Adds	-	-			
• Congressional Directed Transfers	-	-			
• Reprogrammings	-	-			
• SBIR/STTR Transfer	-	-			
• Program Adjustments	0.000	0.000	-0.956	-	-0.956

**Change Summary Explanation**

Schedule: Not applicable.

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Technical: Not applicable.		

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Exhibit R-2A, RDT&E Project Justification: FY 2018 Navy										Date: May 2017		
Appropriation/Budget Activity 1319 / 7					R-1 Program Element (Number/Name) PE 0305233N / RQ-7 UAV				Project (Number/Name) 9C84 / MCTUAS			
COST (\$ in Millions)	Prior Years	FY 2016	FY 2017	FY 2018 Base	FY 2018 OCO	FY 2018 Total	FY 2019	FY 2020	FY 2021	FY 2022	Cost To Complete	Total Cost
9C84: MCTUAS	22.540	0.688	0.716	0.000	-	0.000	0.000	0.000	0.000	0.000	0.000	23.944
Quantity of RDT&E Articles		-	-	-	-	-	-	-	-	-		

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

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

	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018 Base</b>	<b>FY 2018 OCO</b>	<b>FY 2018 Total</b>
<b>Title:</b> MCTUAS Development Support	0.688	0.716	0.000	0.000	0.000
<b>Articles:</b>	-	-	-	-	-
<b>Description:</b> Joint development efforts with US Army RQ-7 Shadow Program, for common RQ-7 block upgrades, United States Marine Corps specific development efforts at the joint and Navy unique levels required for continued improvement and interoperability.					
<b>FY 2016 Accomplishments:</b> Development of Phase II Global Positioning System Threat Operations initiative in support of Information Assurance and communications systems improvement efforts for Intelligence Surveillance Reconnaissance Systems.					
<b>FY 2017 Plans:</b> Funding continues development for ongoing initiatives and will initiate development efforts for improvements to Intelligence Surveillance Reconnaissance systems, external payloads, communications systems, digital interoperability initiative, propulsion systems, and expeditionary footprint.					
<b>FY 2018 Base Plans:</b>					

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<b>B. Accomplishments/Planned Programs (\$ in Millions, Article Quantities in Each)</b>											
	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018 Base</b>	<b>FY 2018 OCO</b>	<b>FY 2018 Total</b>						
N/A											
<b>FY 2018 OCO Plans:</b> N/A											
<b>Accomplishments/Planned Programs Subtotals</b>	0.688	0.716	0.000	0.000	0.000						
<b>C. Other Program Funding Summary (\$ in Millions)</b>											
<u>Line Item</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018 Base</u>	<u>FY 2018 OCO</u>	<u>FY 2018 Total</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>Cost To Complete</u>	<u>Total Cost</u>
• APN/0589: RQ-7 UAV	3.773	3.534	0.000	-	0.000	0.000	0.000	0.000	0.000	0.000	100.843
<b>Remarks</b>											
<b>D. Acquisition Strategy</b>											
Program executes all product development and test/evaluation requirements through a development services contract with Textron Systems Unmanned System (formerly Aircraft Armament Incorporated) through US Army Program Office UAS. This contract incorporates various performing activities and locations based on the US Army Program Office UAS contracts.											
<b>E. Performance Metrics</b>											
Attainment of targeted development effort upgrades improving operational capability of the RQ-7 UAS USMC Tactical UAS.											