



The Naval Air Systems Command (NAVAIR) Intends to Award a Contract to Kratos Unmanned Aerial Systems, Inc. for up to Sixty (60) BQM-177A Surface Launched Aerial Targets

July 17, 2018

SAN DIEGO, July 17, 2018 (GLOBE NEWSWIRE) -- Kratos Defense & Security Solutions, Inc. (Nasdaq:KTOS), a leading National Security Solutions provider, announced today that it expects its Unmanned Systems Division (USD) to receive a contract as reflected in the July 3, 2018 announcement from the Naval Air Systems Command:

"The Naval Air Systems Command (NAVAIR) intends to award a contract to Kratos Unmanned Aerial Systems, Inc. (KUAS), Roseville, CA, on an other than full and open basis procuring: (1) the supplies and services to provide a quantity of up to sixty (60) BQM-177A surface launched aerial targets, with deliveries from second quarter FY20 through second quarter FY21, that emulate anti-ship cruise missiles and technical and administrative data associated with the BQM-177A.

The effort shall be procured pursuant to 10 U.S.C. 2304(c)(1) and FAR 6.302-1, "Only One Responsible Source and No Other Type of Supplies or Services will Satisfy Agency Requirements." On 28 January 2011, Composite Engineering, Inc. (CEI), a Kratos Company, was awarded the Engineering and Manufacturing Development Contract N00019-11-C-0024 under a best value full and open competition. CEI underwent a name change to KUAS in January 2018. KUAS is the original designer, developer, and manufacturer of the BQM-177A and its sole integrator. KUAS is the only known contractor with the requisite knowledge, proprietary rights, maintenance and repair experience, and noncommercial technical data and software rights to meet the Government's requirements for the BQM-177A SSAT system."

Steve Fendley, President of Kratos Unmanned Systems Division, said, "All of Kratos Unmanned Systems Division is both proud and honored to receive the U.S. Navy's formal intention for a third low rate initial production year for up to 60 BQM-177A high performance unmanned aerial target drone systems. The United States Navy is one of Kratos' most important customers, and we are continually striving to exceed their expectations and mission requirements."

Eric DeMarco, President and CEO of Kratos, said, "The United States Navy SSAT program is a most recent example of the success of Kratos' strategy and business plan to be the differentiated, go to, affordable alternative prime system and platform provider to the U.S. Department of Defense and National Security Agencies. We expect the BQM-177A SSAT program and system to be multi-year, decade in length, as we strive to not only meet, but exceed all performance, relationship and affordability requirements and expectations of our Navy partner."

About Kratos Defense & Security Solutions

Kratos Defense & Security Solutions, Inc. (NASDAQ:KTOS) develops and fields transformative, affordable technology, platforms and systems for United States National Security related customers, allies and commercial enterprises. Kratos is changing the way breakthrough technology for these industries are rapidly brought to market through proven commercial and venture capital backed approaches, including proactive research and streamlined development processes. Kratos specializes in unmanned systems, satellite communications, cyber security/warfare, microwave electronics, missile defense, hypersonic systems, training and combat systems. For more information go to www.kratosdefense.com.

Notice Regarding Forward-Looking Statements

Certain statements in this press release may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are made on the basis of the current beliefs, expectations and assumptions of the management of Kratos and are subject to significant risks and uncertainty. Investors are cautioned not to place undue reliance on any such forward-looking statements. All such forward-looking statements speak only as of the date they are made, and Kratos undertakes no obligation to update or revise these statements, whether as a result of new information, future events or otherwise. Although Kratos believes that the expectations reflected in these forward-looking statements are reasonable, these statements involve many risks and uncertainties that may cause actual results to differ materially from what may be expressed or implied in these forward-looking statements. For a further discussion of risks and uncertainties that could cause actual results to differ from those expressed in these forward-looking statements, as well as risks relating to the business of Kratos in general, see the risk disclosures in the Annual Report on Form 10-K of Kratos for the year ended December 31, 2017, and in subsequent reports on Forms 10-Q and 8-K and other filings made with the SEC by Kratos.

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