

Naval Air Systems Command Awards Kratos a \$25.4 Million Contract for Lot 3 of Low Rate Initial Production for the BQM-177A Aerial Target

June 6, 2019

SAN DIEGO, June 06, 2019 (GLOBE NEWSWIRE) -- Kratos Defense & Security Solutions, Inc.(NASDAQ:KTOS), a leading National Security Solutions provider and industry leading provider of high performance jet powered unmanned aerial target and tactical drone systems, announced today that Kratos has received a \$25,413,946 contract for Lot 3 of Low Rate Initial Production for the BQM-177A Subsonic Aerial Target (SSAT) from the US Navy as reflected in the US Navy's May 28, 2019 announcement:

"Kratos Unmanned Aerial Systems Inc., Sacramento, California, is awarded a \$25,413,946 firm-fixed-price contract to procure 34 low-rate initial production Lot 3 BQM-177A Subsonic Aerial Targets and technical data. Work will be performed in Sacramento, California, and is expected to be completed March 2021. Fiscal 2019 weapons procurement (Navy) funds in the amount of \$25,413,946 will be obligated at time of award, none of which will expire at the end of the current fiscal year. This contract was not competitively procured pursuant to Federal Acquisition Regulation 6.302-1. The Naval Air Systems Command, Patuxent River, Maryland, is the contracting activity (N00019-19-C-1024)."

Steve Fendley, Kratos Unmanned Systems Division President, commented, "This LRIP III award following the Initial Operational Capability (IOC) achievement announced earlier this year, represents the final milestone prior to the expected Full Rate Production start for Kratos' BQM-177A SSAT. Once in full rate production, these programs have historically been decades long both in operations and production. The recapitalization of strategic weapon systems by the U.S. and its allies to address peer-level threats is driving the need for new and additional threat representative target drones to exercise our forces and defensive systems. We are proud to be the sole source provider well into the future for this crucial high performance system that emulates anti-ship cruise missiles for the US Navy and our allies."

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, combat systems and next generation turbo jet and turbo fan engine development. 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 30, 2018, and in subsequent reports on Forms 10-Q and 8-K and other filings made with the SEC by Kratos.

Press Contact: Yolanda White 858-812-7302 Direct

Investor Information: 877-934-4687 investor@kratosdefense.com



Source: Kratos Defense & Security Solutions, Inc.