



January 26, 2018

Kratos Opens Oklahoma Design and Production Facilities to Meet Increased Demand for Unmanned Aerial Drone Systems

Recent Large New Multi-Year Program Wins and Expected Future Tactical Drone System Production Drives Requirements for Expanded Facilities

SAN DIEGO, Jan. 26, 2018 (GLOBE NEWSWIRE) -- Kratos Defense & Security Solutions, Inc. (Nasdaq:KTOS), a leading National Security Solutions provider, announced today that the company's Unmanned Systems Division is opening administrative and engineering offices and production facilities in Oklahoma City to accommodate expected increased demand for high performance, jet powered unmanned aerial tactical and target drone systems.

"Advanced military target drones with fighter-like performance have been the mainstay of our company and we have come to dominate that market as our customers are replacing their drone fleets with the latest technology, and as a result, orders have increased substantially," said Steve Fendley, President of Kratos Unmanned Systems Division.

Referring to a recent Aviation Week and Space Technology article entitled, "Kratos Expands Target Drone Business," which discusses, "Target Drones with Fighter Like Performance;" Fendley commented, "This is Kratos' niche in the unmanned aircraft arena, and the article reports that more than 1,500 MQM-107 target aircraft were produced. Our BQM-167, already in production with the USAF since the mid 2000's has now also been selected as the replacement for the MQM-107 and begins production for the U.S. Army this year. We see the potential as even greater than for the heritage 107s with the increased capabilities our 167 offers. In addition, our tactical UAS drone systems have generated significant interest and we expect to be focusing these efforts and ramping up production of these tactical aircraft in Oklahoma, which has a highly educated and technical workforce, offers a cost-effective business and family environment, and is a great place for employees to live."

Earlier this month Kratos announced a \$23 million unmanned aerial drone system production award from an unnamed customer and a \$93 million contract to supply target drones to the Army. This most recent contract makes Kratos the sole supplier of jet-powered, sub-scale target drones to all branches of the U.S. military. Kratos' unmanned target drones recently participated in Exercise Formidable Shield 2017, a live-fire integrated air and missile defense (IAMD) exercise conducted by Naval Striking and Support Forces NATO on behalf of U.S. 6th Fleet.

Kratos is also currently under contract to develop and demonstrate high performance tactical drone systems that act as a loyal wingman to manned fighter aircraft or can operate independently. The company's Mako tactical unmanned aerial drone system completed its initial successful test flights in 2015 and most recently participated in a major military exercise, with additional flights planned for this year. Kratos is scheduled to deliver its next generation tactical drone, the Valkyrie, in 2018.

"We are both honored and privileged to be here today in the great State of Oklahoma," said Eric DeMarco, President and CEO of Kratos. "Kratos is focused on delivering technology and products for greater effectiveness at an affordable cost for our customers, and our new facility in Oklahoma City is another step forward in the successful execution of that strategy." Mr. DeMarco continued with, "U.S. Senator James Inhofe (R-OK), U.S. Congressman Steve Russell (R-OK), and Governor Mary Fallin were each instrumental in introducing Kratos to the state of Oklahoma and showcasing the resources available as well as describing and demonstrating the state's commitment to Aerospace; all of the reasons which ultimately led Kratos to choose Oklahoma for our new facility."

"I am pleased to welcome Kratos to Oklahoma. With our skilled workforce and longstanding commitment to supporting our Armed Forces, Oklahoma is an excellent choice for Kratos' new facility for tactical drone systems," said U.S. Senator James Inhofe (R-OK). "Kratos, a leader in developing drone technology and producing tactical drone systems to support our military, will create hundreds of high-paying jobs in Oklahoma City and grow our economy."

"I have been deeply impressed with the incredibly advanced technology Kratos is developing to defend our country and airspace," said U.S. Rep. Steve Russell (OK). "I have every expectation that Kratos will bring quality, high-paying jobs to the people of our great state, their presence will boost the Oklahoma economy, and most importantly, their work will ensure America has superiority in our airspace for decades to come."

"Oklahoma is one of the world's premier destinations for the aerospace and defense industry. Kratos' announcement of a new facility is a testament to the strength of the industry in our state," said Oklahoma Governor Mary Fallin. "Our skilled aerospace and engineering workforce combined with the Quality Jobs Program and the Aerospace Engineering Tax Credit incentives along with our proximity to other world-class companies and defense operations made Oklahoma City the right choice for Kratos."

Kratos will continue target drone production from its existing Sacramento facility, with a significant production ramp up having already begun at that facility, and expected to increase even more over the next 24 months. Oklahoma will be the site for new tactical drone production and excess demand requirements related to target drone production.

Kratos is initially occupying an 8,800 square foot facility in Oklahoma City, not far from Tinker AFB, where the initial focus will be on engineering and production planning. Within six months, the company plans to expand into a 75,000 square foot facility to support its initial production efforts in OK. The company expects to employ more than 350 workers in Oklahoma within the next few years.

About Kratos Defense & Security Solutions

Kratos Defense & Security Solutions, Inc. (NASDAQ:KTOS) develops transformative, affordable technology for the Department of Defense and commercial customers. Kratos is changing the way breakthrough technology for these industries are brought to market through proactive research and a streamlined development process. Kratos specializes in unmanned systems, satellite communications, cyber security/warfare, microwave electronics, missile defense, 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 25, 2016, and in subsequent reports on Forms 10-Q and 8-K and other filings made with the SEC by Kratos.

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Source: Kratos Defense & Security Solutions, Inc.

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