



Kratos Issues a Statement

March 19, 2018

SAN DIEGO, March 19, 2018 (GLOBE NEWSWIRE) -- Kratos Defense & Security Solutions, Inc. (Nasdaq:KTOS), a leading National Security Solutions provider, is aware of a report on the Company that has recently been published in the market place, which includes statements that are factually incorrect and makes misleading assertions related to Kratos and its leadership. Kratos is successfully executing on the strategic business plan the Company previously communicated of building a product and technology business where Kratos owns important intellectual property, focused on the National Security requirements of the United States and its allies. Between 2010 and 2012, Kratos made a series of acquisitions consistent with this strategy. These acquisitions are now integrated, enabling our Company to successfully pursue large new program and contract opportunities. Kratos' qualified bid and proposal pipeline at December 31, 2017 was approximately \$6.8 billion.

Kratos' core focus areas as a result of these integrated businesses include unmanned systems, satellite communications, microwave electronics, missile defense and training solutions. Over the past few months, Kratos has announced approximately \$270 million in contract awards received, the majority of which are for high performance jet powered unmanned aerial drone systems (UAS) and are either sole source or single award to Kratos in nature. The Company recently received approval from the U.S. State Department to market its Mako tactical unmanned aerial drone systems in Europe and the Asia Pacific area. The Company believes the Mako is the only high performance jet powered tactical UAS in its class flying today. The Mako has flown in multiple large-scale military exercises and could soon be put into production for combat use. Kratos is currently beginning production on a number of new, long-term, national security-related programs, while increasing production on several existing programs, in our microwave electronics, unmanned systems and training solutions businesses and we recently announced the opening of a new engineering and manufacturing facility in Oklahoma to address expected future increases in UAS production. The Company is also under contract for several new tactical high performance unmanned aerial drone systems. It is anticipated that the achievement of production status for any of these tactical UAS systems will significantly accelerate Kratos' already expected future growth in revenue, profitability and cash flow. Kratos recently announced that it was one of 14 organizations awarded a position on the Test & Evaluation Technologies for Ranges, Armaments & Spectrum (TETRAS) program - a shared ceiling, multiple award indefinite delivery/indefinite quantity (IDIQ) contract in the amount of \$998 million. Even though Kratos expects to generate significant revenue under the TETRAS program over the contracts life, Kratos will only include in its Backlog Funded Tasking Received, which is consistent with all similar type multiple award IDIQ contracts Kratos receives.

Today, approximately 75 percent of the largest satellite operators in the world and approximately 90 percent of U.S. Space missions rely on Kratos' systems, products and solutions and Kratos believes that it currently operates the only company-owned global RF spectrum signal monitoring, interference detection and geolocation system in the world. Kratos recently announced the divestiture of its Public Safety & Security System (PSS) Integration business, which is expected to yield approximately \$70 million in net cash proceeds, or approximately 10X 2017 LTM adjusted PSS EBITDA. The divestiture of PSS, which was publically identified as a non-core business by Kratos in 2016, allows for additional focus on the Company's core businesses, and provides increased liquidity and flexibility for the expected production increases of Kratos' unmanned aerial drone systems.

Based on the most recent publicly available information, Kratos believes that its insiders currently own approximately 15% of the Company. The Company believes this ownership percentage is among the highest insider ownership of a public company government contractor like Kratos, with Kratos' management and Directors routinely purchasing Kratos shares in the open market, including over the past few weeks. As a result, Kratos believes the interests of its management and Board of Directors are clearly aligned with the Company's shareholders—they remain focused on continued successful execution and value generation for all Kratos stakeholders. Kratos has nine reputable independent analysts which closely follow, research and publish reports on the Company, including certain of the largest banking institutions in the world, and we encourage the investing community to refer to these publications regarding our Company.

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 technologies 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 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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