



## **Kratos Announces Delivery of First Production BQM-177A Subsonic Aerial Target System for U.S. Navy Under \$37 Million First Year Low Rate Initial Production Contract**

July 9, 2018

**Kratos is Hosting a Rollout Celebration on Wednesday, July 11, 2018 at the McClellan Conference Center in McClellan, California in Partnership with the United States Navy**

SAN DIEGO, July 09, 2018 (GLOBE NEWSWIRE) -- Kratos Defense & Security Solutions, Inc. (Nasdaq:KTOS), a leading National Security Solutions provider, announced today the delivery of the first production BQM-177A Subsonic Aerial Target (SSAT) Drone System for the U.S. Navy. These production deliveries are part of the previously announced Low Rate Initial Production (LRIP) Year One contracts worth approximately \$37 million.

To honor the occasion, Kratos is hosting a Rollout Celebration on Wednesday, July 11, 2018 at the McClellan Conference Center in McClellan, California. This event, in partnership with the U.S. Navy, celebrates the first production delivery of Kratos' highest performance jet powered unmanned aerial target drone system with capabilities unmatched in the industry. Kratos is the leading supplier of high performance jet powered unmanned aerial drone systems for both tactical missions and threat representative target purposes. Kratos currently provides its high performance, jet powered target drone systems to all branches of the U.S. military, and many allied nations around the world.

Steve Fendley, Unmanned Systems Division President of Kratos, said, "We are honored to announce the delivery of the first production BQM-177A, arguably the highest performance unmanned aerial drone system in the world today, to our outstanding partner and customer the United States Navy. The SSAT program is one of the most important in all of Kratos, and it is expected to be one of the largest programs in our Company and a key element of our forecasted growth as we achieve full rate production quantities."

Eric DeMarco, CEO of Kratos said, "Kratos has been methodically executing on the strategic plan we previously communicated to acquire and integrate leading technology, product and intellectual property based businesses, and be the leading platform, system and solution provider in our core business areas. The delivery of the first production unit BQM-177A is another milestone in our continued successful execution to be the differentiated and go-to partner with our DoD customers for the rapid development, demonstration and fielding of high performance, affordable systems."

### **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](http://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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