



Kratos Receives 10-Year Sole Source, Single Award International Framework Contract from QinetiQ UK for High Performance Unmanned Aerial Jet Target Drone Systems

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SAN DIEGO, July 16, 2018 (GLOBE NEWSWIRE) -- Kratos Defense & Security Solutions, Inc. (Nasdaq:KTOS), a leading National Security Solutions provider, announced today that it has received a 10-year sole source, single award framework contract from QinetiQ UK for Kratos' MQM-178 Firejet aerial targets, spares, ground support equipment, technical services, and training. It is currently anticipated that multiple Firejet Targets will be utilized annually under this contract agreement. Kratos is a leading provider of high performance, jet powered unmanned aerial drone systems for tactical and target threat representation purposes. Work under this contract award will be performed at secure Kratos facilities, QinetiQ and customer locations.

QinetiQ, which operates the UK Ministry of Defence (MOD) Hebrides Range as part of the Long Term Partnering Agreement (LTPA), utilized multiple Kratos' Firejets and Kratos' Terrier Oriole ballistic missile targets as part of the Formidable Shield 2017 exercise. Formidable Shield brought together eight NATO countries in the Outer Hebrides to test integrated air and missile defence capabilities through a series of live missile firings and demonstrations.

At the high performance end of the low cost or affordable jet aerial target market, Kratos' Firejet delivers unmatched fighter-like performance and versatility, representing the most lethal threats of the United States and its Allies' potential adversaries. Kratos' Firejet provides the opportunity for customers to test multiple weapon systems with a single flexible and affordable high performance unmanned aerial target drone system. Firejet supports both surface-to-air and air-to-air engagements with a combination of internal and external mission kits including tow targets, proximity scoring, passive & active RF augmentation, and infrared (IR) augmentation. The Kratos' Firejet system is capable of land or shipboard launch with a pneumatic launcher; significantly reducing operating costs versus conventional aerial targets by eliminating the need for Rocket-Assisted Take-Off (RATO) equipment, facilities, and the associated logistics.

Steve Fendley, Unmanned Systems Division President of Kratos, said, "We're thrilled about this long-term framework contract to support our customer and partner QinetiQ. The Kratos-QinetiQ team and 10-year Firejet framework contract positions us to expand further across the global market, capitalizing on the high performance and low cost of Firejet, with the worldwide operational capability that QinetiQ is known for. We enjoy a highly cooperative relationship with QinetiQ in configuring and fielding the system specifically for operation in the UK and look forward to supporting the worldwide QinetiQ business."

Eric DeMarco, CEO of Kratos, said, "QinetiQ is a key strategic partner of Kratos across the corporation, with this Firejet framework contractual arrangement being the most recent of what we believe will be numerous jointly beneficial opportunities for our organizations. This long term framework contract award further positions Kratos' high performance unmanned aerial target drone business for sustained long term future organic revenue, profit and cash flow growth."

Steve Wadey, CEO of QinetiQ, said, "Following the successful use of Firejet in Formidable Shield 2017, QinetiQ recognized the value to our customers of being able to include it in future UK exercises and trials. This framework contract enables this and supports a broader strategic partnership that exists between QinetiQ and Kratos to collaborate in other areas of mutual benefit."

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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