



Kratos Receives \$31.8 Million Sole Source Unmanned Aerial Target Drone Contract Award from United States Air Force

June 5, 2019

SAN DIEGO, June 05, 2019 (GLOBE NEWSWIRE) -- Kratos Defense & Security Solutions, Inc. (Nasdaq: KTOS), a leading National Security Solutions provider, announced today that its Unmanned Systems Division has received a \$31,876,681 award for the Lot 15 option on a previously awarded Air Force Subscale Aerial Target (AFSAT) Lots 14-16 contract FA8678-18-C-0002. Kratos will provide an additional quantity of 35 AFSAT production target aircraft and the associated warranty. Work will be performed in Sacramento, California, and is expected to be complete by 31 May 2021. The Air Force Life Cycle Management Center, Eglin Air Force Base, Florida, is the contracting activity.

The contract will be performed by the Kratos Unmanned Systems Division, comprised of Kratos Unmanned Aerial Systems, Inc. (KUAS) and Micro Systems, Inc. (MSI):

- KUAS, located in Sacramento, CA, will lead the effort and provide high performance aerial target drones and technical support.
- MSI, located in Ft. Walton Beach, FL, will supply the majority of the high performance avionics utilized on the target drone to include critical command / control and flight computer systems.

Kratos target drone systems are used by U.S. and allied militaries around the globe as high fidelity enemy threat surrogates, simulating performance characteristics of certain threat aircraft and missiles, for weapons testing, development, and training requirements. Kratos is a leading provider of high performance unmanned aerial drone and target systems, unmanned aerial, ground and sea platforms, command, control, avionics control, and termination systems.

Steve Fendley, President of Kratos Unmanned Systems Division, said, "With our business now heavily weighted in rate production of several models of our jet drone aircraft, the AFSAT BQM-167A begins its 15th production lot. This milestone represents an exciting achievement for the company as the BQM-167A provided the original business foundation for our now, many systems across our unmanned jet target and tactical portfolio. Kratos is proud to provide the United States Air Force the highest performance Unmanned Aerial Target Drones in the world for their Mission Critical Requirements. Our USAF customer is one of our most demanding, and we are honored to be the provider of these mission critical systems. We look forward to continuing to evolve the BQM-167A for the ever evolving threats and supporting the USAF well into the future."

"Cleared/Approved for Public Release on 29 May 2019. Case Number: 96TW-2019-0201"

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



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