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Kratos Announces Successful Achievement of Final BQM-177A Subsonic Aerial Target Milestone Prior to Production

SAN DIEGO, Nov. 29, 2016 (GLOBE NEWSWIRE) -- Kratos Defense & Security Solutions, Inc. (Nasdaq:KTOS), a leading National Security Solutions provider, announced today that its Unmanned Systems Division (USD) has recently successfully achieved the final development program milestone for its BQM-177A Subsonic Aerial Target (SSAT), which will allow for Low Rate Initial Production (LRIP) to begin once the Federal Fiscal 2017 Budget is approved. The SSAT program is designed to meet the U.S. Navy's requirements for a new High Fidelity Target to replicate subsonic anti-cruise missile threats in direct support of fleet training and weapon system testing and evaluation.

The BQM-177A will initially augment, and will eventually replace the existing BQM-74E Targets and will deliver longer range, lower cruise altitudes and greater maneuverability. The SSAT Program is being managed by the Naval Air System command (NAVAIR) Aerial Target and Decoy Systems Program Office (PMA-208).

The BQM-177A is based on Kratos' BQM-167X Aircraft, a derivative of the BQM-167A Skeeter Target currently being supplied to the U.S. Air Force. While leveraging legacy designs of the BQM-167A, the BQM-177A introduces a new fuselage with area ruling, high mounted wings and an internally integrated MicroTurbo TR-60-5+ turbo jet engine for reduced transonic drag. The BQM-177A can support various mission requirements by carrying a variety of internal and wing tip mounted payloads, including electronic counter measures, active and passive radar augmentation, infrared, identification of friend or foe, internal chaff and flare dispensing, threat emitter simulators, smoke and scoring.

Jerry Beaman, President of Kratos' Unmanned Systems Division, said, "The entire USD team is proud to have recently achieved the final development milestone on the United States Navy SSAT Program that was required prior to the commencement of production, which we currently expect to begin early next year."

Eric DeMarco, President & CEO of Kratos, said, "The United States Navy is one of our company's most important customers, and the Kratos and USN teams have in unison achieved this critically important milestone. We expect to enter into production on the SSAT Program in 2017, along with another Kratos unmanned aerial target drone program that we have under contract. These two programs are the primary drivers in our expectation to double the size of our unmanned systems business over the next two years."

About Kratos Defense & Security Solutions

Kratos Defense & Security Solutions, Inc. (Nasdaq:KTOS) is a mid-tier government contractor at the forefront of the Department of Defense's Third Offset Strategy. Kratos is a leading technology, intellectual property and proprietary product and solution company focused on the United States and its allies' national security. Kratos is the industry leader in high performance unmanned aerial drone target systems used to test weapon systems and to train the warfighter, and is a provider of high performance unmanned combat aerial systems for force multiplication and amplification. Kratos is also an industry leader in satellite communications, microwave electronics, cyber security/warfare, missile defense and combat systems. Kratos has primarily an engineering and technically oriented work force of approximately 2,800. Substantially all of Kratos' work is performed on a military base, in a secure facility or at a critical infrastructure location. Kratos' primary end customers are National Security related agencies. News and information are available at 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 27, 2015, and in subsequent reports on Forms 10-Q and 8-K and other filings made with the SEC by Kratos.

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