

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended June 28, 2026

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-34460

KRATOS DEFENSE & SECURITY SOLUTIONS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

13-3818604

(I.R.S. Employer Identification No.)

1 Chisholm Trail, Suite 300
Round Rock, TX
(Address of principal executive offices)

78681

(Zip Code)

(512) 238-9840

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 par value	KTOS	The NASDAQ Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 31, 2026, 187,721,327 shares of the registrant's common stock were outstanding.

KRATOS DEFENSE & SECURITY SOLUTIONS, INC.
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED JUNE 28, 2026
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

**KRATOS DEFENSE & SECURITY SOLUTIONS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS**
(in millions, except par value and number of shares)

	June 28, 2026	December 28, 2025
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,437.6	\$ 560.6
Accounts receivable, net	171.3	165.0
Unbilled receivables, net	405.4	292.4
Inventoried costs, net	235.9	188.2
Prepaid expenses	24.1	12.9
Other current assets	82.2	43.8
Total current assets	2,356.5	1,262.9
Property, plant and equipment, net	419.4	361.9
Operating lease right-of-use assets, net	50.6	43.4
Goodwill	871.2	595.7
Intangible assets, net	220.8	53.9
Other assets	159.4	144.4
Investment in joint venture	11.9	5.0
Total assets	\$ 4,089.8	\$ 2,467.2
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 104.8	\$ 69.6
Accrued expenses	95.9	60.5
Accrued compensation	92.2	82.3
Billings in excess of costs and earnings on uncompleted contracts	93.6	73.4
Current portion of operating lease liabilities	13.8	12.8
Current portion of finance lease liabilities	5.1	3.4
Other current liabilities	19.9	9.0
Total current liabilities	425.3	311.0
Operating lease liabilities, net of current portion	39.9	33.8
Finance lease liabilities, net of current portion	134.8	95.8
Other long-term liabilities	63.0	30.3
Total liabilities	663.0	470.9
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Preferred stock, \$0.001 par value, 5,000,000 shares authorized, 0 shares issued and outstanding at June 28, 2026 and December 28, 2025	—	—
Common stock, \$0.001 par value, 245,000,000 shares authorized and 187,557,916 shares issued and outstanding at June 28, 2026; 195,000,000 shares authorized and 168,875,032 shares issued and outstanding at December 28, 2025.	0.2	0.2
Additional paid-in capital	4,051.6	2,635.9
Accumulated other comprehensive income	0.6	2.1
Accumulated deficit	(625.6)	(641.9)
Total stockholders' equity	3,426.8	1,996.3
Total liabilities and stockholders' equity	\$ 4,089.8	\$ 2,467.2

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

KRATOS DEFENSE & SECURITY SOLUTIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share amounts)
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 28, 2026	June 29, 2025	June 28, 2026	June 29, 2025
Service revenues	\$ 169.7	\$ 134.9	\$ 303.7	\$ 237.3
Product sales	289.1	216.6	526.1	416.8
Total revenues	458.8	351.5	829.8	654.1
Cost of service revenues	131.6	107.2	230.9	182.9
Cost of product sales	227.1	170.5	409.2	323.8
Total costs	358.7	277.7	640.1	506.7
Gross profit	100.1	73.8	189.7	147.4
Selling, general and administrative expenses	87.3	59.9	159.6	116.9
Merger and acquisition expenses	0.8	—	2.7	—
Research and development expenses	13.6	10.2	24.3	20.2
Operating income (loss)	(1.6)	3.7	3.1	10.3
Other income (expense):				
Interest income (expense), net	10.2	(1.2)	14.7	(2.1)
Other income (expense), net	(1.6)	2.1	(1.0)	1.8
Total other income (expense), net	8.6	0.9	13.7	(0.3)
Income before income taxes	7.0	4.6	16.8	10.0
Provision for income taxes	2.6	1.7	0.5	2.6
Net income	\$ 4.4	\$ 2.9	\$ 16.3	\$ 7.4
Basic income per common share	\$ 0.02	\$ 0.02	\$ 0.09	\$ 0.05
Diluted income per common share	\$ 0.02	\$ 0.02	\$ 0.09	\$ 0.05
Weighted average common shares outstanding:				
Basic	188.6	155.7	182.7	154.9
Diluted	190.1	157.4	184.8	156.9

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

KRATOS DEFENSE & SECURITY SOLUTIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in millions)
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 28, 2026	June 29, 2025	June 28, 2026	June 29, 2025
Net income	\$ 4.4	\$ 2.9	\$ 16.3	\$ 7.4
Change in unrealized cash flow hedge (net of taxes of \$0.0 million and \$0.1 million for the three and six month periods ended June 29, 2025)	—	—	—	(0.5)
Change in cumulative translation adjustment, net of tax	(0.5)	2.7	(1.5)	3.8
Comprehensive income	<u>\$ 3.9</u>	<u>\$ 5.6</u>	<u>\$ 14.8</u>	<u>\$ 10.7</u>

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

KRATOS DEFENSE & SECURITY SOLUTIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the three months ended June 28, 2026 and June 29, 2025
(in millions)
(Unaudited)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amounts				
Balance, March 30, 2025	153.3	\$ 0.2	\$ 2,046.7	\$ 0.1	\$ (659.4)	\$ 1,387.6
Stock-based compensation	—	—	8.6	—	—	8.6
Restricted stock issued and related taxes	0.2	—	(2.1)	—	—	(2.1)
Issuance of common stock for equity raise	15.0	—	555.9	—	—	555.9
Issuance of common stock for acquisitions	0.1	—	4.4	—	—	4.4
Net income	—	—	—	—	2.9	2.9
Other comprehensive income, net of tax	—	—	—	2.7	—	2.7
Balance, June 29, 2025	<u>168.6</u>	<u>\$ 0.2</u>	<u>\$ 2,613.5</u>	<u>\$ 2.8</u>	<u>\$ (656.5)</u>	<u>\$ 1,960.0</u>

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amounts				
Balance, March 29, 2026	187.4	\$ 0.2	\$ 4,038.7	\$ 1.1	\$ (630.0)	\$ 3,410.0
Stock-based compensation	—	—	16.3	—	—	16.3
Restricted stock issued and related taxes	0.2	—	(4.2)	—	—	(4.2)
Issuance of common stock for equity raise	—	—	(0.2)	—	—	(0.2)
Issuance of common stock for acquisitions	—	—	1.0	—	—	1.0
Net income	—	—	—	—	4.4	4.4
Other comprehensive loss, net of tax	—	—	—	(0.5)	—	(0.5)
Balance, June 28, 2026	<u>187.6</u>	<u>\$ 0.2</u>	<u>\$ 4,051.6</u>	<u>\$ 0.6</u>	<u>\$ (625.6)</u>	<u>\$ 3,426.8</u>

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

KRATOS DEFENSE & SECURITY SOLUTIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the six months ended June 28, 2026 and June 29, 2025
(in millions)
(Unaudited)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amounts				
Balance, December 29, 2024	151.1	\$ 0.2	\$ 2,017.4	\$ (0.5)	\$ (663.9)	\$ 1,353.2
Stock-based compensation	—	—	17.3	—	—	\$ 17.3
Issuance of common stock for employee stock purchase plan and stock awards	0.3	—	4.6	—	—	\$ 4.6
Restricted stock issued and related taxes	1.0	—	(18.3)	—	—	\$ (18.3)
Issuance of common stock for equity raise	15.0	—	555.9	—	—	\$ 555.9
Issuance of common stock for acquisitions	1.2	—	36.6	—	—	\$ 36.6
Loss on interest rate swap contract	—	—	—	(0.5)	—	\$ (0.5)
Net income	—	—	—	—	7.4	\$ 7.4
Other comprehensive income, net of tax	—	—	—	3.8	—	\$ 3.8
Balance, June 29, 2025	<u>168.6</u>	<u>\$ 0.2</u>	<u>\$ 2,613.5</u>	<u>\$ 2.8</u>	<u>\$ (656.5)</u>	<u>\$ 1,960.0</u>

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amounts				
Balance, December 28, 2025	168.9	\$ 0.2	\$ 2,635.9	\$ 2.1	\$ (641.9)	\$ 1,996.3
Stock-based compensation	—	—	31.3	—	—	31.3
Issuance of common stock for employee stock purchase plan and stock awards	0.1	—	5.3	—	—	5.3
Restricted stock issued and related taxes	1.1	—	(59.1)	—	—	(59.1)
Issuance of common stock for equity raise	16.5	—	1,348.4	—	—	1,348.4
Issuance of common stock for acquisitions	1.0	—	89.8	—	—	89.8
Net income	—	—	—	—	16.3	16.3
Other comprehensive loss, net of tax	—	—	—	(1.5)	—	(1.5)
Balance, June 28, 2026	<u>187.6</u>	<u>\$ 0.2</u>	<u>\$ 4,051.6</u>	<u>\$ 0.6</u>	<u>\$ (625.6)</u>	<u>\$ 3,426.8</u>

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

KRATOS DEFENSE & SECURITY SOLUTIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(Unaudited)

	Six Months Ended	
	June 28, 2026	June 29, 2025
Operating activities:		
Net income	\$ 16.3	\$ 7.4
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	38.9	22.2
Deferred income taxes	2.1	—
Amortization of lease right-of-use assets	6.9	6.0
Stock-based compensation	31.3	17.3
Amortization of deferred financing costs	0.2	0.3
Provision for doubtful accounts	0.1	—
Changes in assets and liabilities, net of acquisitions:		
Accounts receivable	16.7	(23.1)
Unbilled receivables	(104.3)	(49.9)
Inventoried costs	(24.8)	(7.3)
Prepaid expenses and other assets	(36.6)	(27.3)
Operating lease liabilities	(7.5)	(5.7)
Accounts payable	23.0	17.5
Accrued expenses	20.6	9.1
Accrued compensation	(3.2)	—
Billings in excess of costs and earnings on uncompleted contracts	(10.7)	(5.1)
Income tax receivable and payable	(3.9)	(0.9)
Other liabilities	(3.5)	(1.4)
Net cash used in operating activities	(38.4)	(40.9)
Investing activities:		
Cash paid for acquisitions, net of cash acquired	(346.8)	—
Investment in joint venture	(6.9)	—
Proceeds from sale of assets	13.5	—
Capital expenditures	(37.1)	(43.1)
Proceeds from state grant for capital construction	2.0	—
Net cash used in investing activities	(375.3)	(43.1)
Financing activities:		
Proceeds from the issuance of common stock, net of issuance costs	1,348.4	555.9
Repayment under credit facility and term loan	—	(5.0)
Debt issuance costs	(1.4)	—
Payments under finance leases	(2.0)	(0.9)
Payments of employee taxes withheld from share-based awards	(59.1)	(18.3)
Proceeds from shares issued under equity plans	5.3	4.6
Net cash provided by financing activities	1,291.2	536.3
Net cash provided	877.5	452.3
Effect of exchange rate changes on cash and cash equivalents	(0.5)	2.0
Net increase in cash and cash equivalents	877.0	454.3
Cash and cash equivalents at beginning of period	560.6	329.3
Cash and cash equivalents at end of period	\$ 1,437.6	\$ 783.6
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 0.1	\$ 5.5
Cash paid for income taxes	\$ 5.8	\$ 3.4
Non-cash investing and financing activities:		
Finance lease obligation recognized	\$ 42.3	\$ —
Capital expenditures included in accounts payable and accrued expenses	\$ 9.1	\$ 4.9
Common stock issuance for contingent acquisition consideration	\$ 1.0	\$ —
Common stock issuance for acquisition	\$ 88.8	\$ 36.6

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

KRATOS DEFENSE & SECURITY SOLUTIONS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 1. Summary of Significant Accounting Policies

All references to the “Company” and “Kratos” refer to Kratos Defense & Security Solutions, Inc., a Delaware corporation, and its subsidiaries.

(a) Basis of Presentation

The information as of June 28, 2026 and for the three and six months ended June 28, 2026 and June 29, 2025 is unaudited. The condensed consolidated balance sheet as of December 28, 2025 was derived from the Company’s audited consolidated financial statements at that date. In the opinion of management, these unaudited condensed consolidated financial statements include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the Company’s financial position, results of operations and cash flows for the interim periods presented. The results have been prepared in accordance with the instructions to Form 10-Q and do not necessarily include all information and footnotes necessary for presentation in accordance with generally accepted accounting principles in the U.S. (“GAAP”). These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the related notes included in the Company’s audited annual consolidated financial statements for the fiscal year ended December 28, 2025, included in the Company’s Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (the “SEC”) on February 23, 2026 (the “Form 10-K”). Interim operating results are not necessarily indicative of operating results expected in subsequent periods or for the year as a whole.

(b) Principles of Consolidation

The condensed consolidated financial statements include the accounts of the Company and its 100% owned subsidiaries. Investments in entities over which the Company has the ability to exercise significant influence, but not control, are accounted for under the equity method. All inter-company transactions have been eliminated in consolidation.

(c) Fiscal Year

The Company has a 52/53 week fiscal year ending on the last Sunday of the calendar year. The three month periods ended June 28, 2026 and June 29, 2025 consisted of 13-week periods. There are 52 calendar weeks in the fiscal years ending on December 27, 2026 and December 28, 2025.

(d) Use of Estimates

There have been no significant changes in the Company’s accounting estimates for the six months ended June 28, 2026 as compared to the accounting estimates described in the Form 10-K.

(e) Fair Value of Financial Instruments

The Company uses forward exchange contracts from time to time to manage foreign currency risks associated with certain transactions, specifically forecasted materials and salaries paid in foreign currencies. These derivative instruments are measured at fair value using observable market inputs such as interest rates. Based on these inputs, the derivative instruments are classified within Level 2 of the valuation hierarchy. At June 28, 2026, the derivative instruments were included in other current assets and other long-term liabilities on the Company’s condensed consolidated balance sheets. At December 28, 2025, the Company did not have any forward exchange contracts in place.

The Company also had entered into an interest rate swap contract in order to mitigate the exposure to interest rate movements associated with the Company’s Term Loan A. On June 30, 2025, in anticipation of the extinguishment of all outstanding Term Loan A debt under the 2022 Credit Facility, the Company terminated this interest rate swap contract.

The carrying amounts and the related fair values of the Company’s derivative instruments measured at fair value on a recurring basis at June 28, 2026 and December 28, 2025 are presented in Note 14.

The carrying value of all financial instruments, including cash equivalents, accounts receivable, unbilled receivables, accounts payable, accrued expenses, billings in excess of cost and earnings on uncompleted contracts and income taxes payable, approximated their estimated fair values at June 28, 2026 and December 28, 2025 due to the short-term nature of these instruments.

(f) Recent Accounting Pronouncements

In December 2025, the Financial Accounting Standards Board (“FASB”) issued Accounting Standard Update (“ASU”) No. 2025-10 *Accounting for Government Grants Received by Business Entities* (“ASU 2025-10”), which provides guidance on how companies should recognize, measure, and present government grants. The new standard ASU 2025-10 is effective for annual and interim reporting periods beginning after December 15, 2028. It allows for a modified prospective, modified retrospective, or retrospective approach to all government grants through a cumulative-effect adjustment. Early adoption is permitted. The Company is currently evaluating the impact of the adoption of ASU 2025-10 on its consolidated financial position, results of operations and cash flows.

In December 2025, the FASB issued ASU No. 2025-11 *Interim Reporting (Topic 270): Narrow-Scope Improvements* (“ASU 2025-11”). ASU 2025-11 clarifies the applicability of Topic 270 and the form and content of interim financial statements. ASU 2025-11 requires entities to disclose material events occurring since the last annual reporting period. The amendments in this update are effective for fiscal years beginning after December 15, 2027, including interim periods within those fiscal years. Early adoption is permitted. The Company may apply the amendments either prospectively or retrospectively to all periods presented. The Company is currently evaluating the disclosure impact of ASU 2025-11; however, the standard is not expected to have a material impact on its consolidated financial position, results of operations, or cash flows.

In September 2025, the FASB issued ASU No. 2025-06 *Targeted Improvements to the Accounting for Internal-Use Software (Subtopic 350-40)* (“ASU 2025-06”). ASU 2025-06 removes references to prescriptive software development stages and requires capitalization of internal-use software costs when it is probable that the software project will be completed and management has authorized and committed to funding the project. ASU 2025-06 is effective for the Company for fiscal years beginning after December 15, 2027, and interim periods within those fiscal years. The standard allows for prospective, modified prospective, or retrospective application to all periods presented. The Company is currently evaluating the impact of the adoption of ASU 2025-06 on its consolidated financial position, results of operations and cash flows.

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement (Topic 220): Reporting Comprehensive Income – Expense Disaggregation Disclosures* (“ASU 2024-03”), which requires the disclosure of amounts of purchases of inventory, employee compensation, depreciation, and intangible asset amortization included in each relevant expense caption. It also requires companies to include certain amounts that are already required to be disclosed under current GAAP in the same disclosure. Additionally, it requires companies to disclose a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively, and to disclose the total amount of selling expenses and, in annual reporting periods, an entity’s definition of selling expenses. ASU 2024-03 will be effective for annual periods beginning after December 15, 2026 and interim periods beginning after December 15, 2027 with early adoption permitted. ASU 2024-03 may be applied on a prospective basis with the option to apply the standard retrospectively. The Company is currently evaluating the impact of the adoption of ASU 2024-03; however, the standard is only disclosure-based and is not expected to have an impact on the Company’s consolidated financial position, results of operations or cash flows.

Other accounting standards updates adopted and/or issued, but not effective until after June 28, 2026, are not expected to have a material effect on the Company’s consolidated financial position, results of operations and/or cash flows.

(g) Joint Venture Arrangements

On February 26, 2025, the Company and RAFAEL Advanced Defense Systems, Ltd. (“RAFAEL”) announced an approximate 50/50 joint venture for the establishment of a U.S.-based merchant supplier of solid rocket motors (“SRMs”) and other energetics. The new joint venture, named Prometheus Energetics (“Prometheus”), will be headquartered on an approximately 500-acre site near the U.S. Navy and Army facility in Crane, Indiana. Kratos and RAFAEL (through its U.S. based subsidiary RAFAEL USA) have jointly committed up to a combined total of \$175 million in capital for the establishment of Prometheus and required property, plant, equipment and personnel needed for the new, state-of-the-art SRM and energetics manufacturing campus and facilities. After construction of the plant and once RAFAEL’s technology transfer is completed and certified for operations, Prometheus is projected to begin production of SRMs and energetics in 2027. As of the date of this Quarterly Report, the Company has incurred minimal amounts of expense related to the establishment of Prometheus and has contributed approximately \$11.9 million in capital which is recorded in the Condensed Consolidated Balance Sheets as “Investment in joint venture” accounted for under the equity method.

Note 2. Acquisitions

Orbit Technologies Ltd.

On November 4, 2025, the Company, Kratos Holdings U K Limited, a private limited company incorporated under the laws of England and Wales and an indirect wholly-owned subsidiary of the Company (“Kratos U K”), Kratos Acquisition Ltd., a company organized under the laws of the State of Israel and a direct wholly-owned subsidiary of Kratos U K (“Merger Sub”), and Orbit Technologies Ltd., a company organized under the laws of the State of Israel (“Orbit”), entered into an Agreement and Plan of Merger (the “Orbit Merger Agreement”), pursuant to which, on the terms and subject to the conditions set forth in the Orbit Merger Agreement, on March 2, 2026, Merger Sub merged with and into Orbit (the “Orbit Merger”), with Orbit continuing as the surviving corporation in the Orbit Merger as an indirect wholly-owned subsidiary of the Company and a direct subsidiary of Kratos U K. The Orbit Merger was completed on March 2, 2026. Prior to completion of the Orbit Merger, Orbit’s ordinary shares were publicly traded on the Tel Aviv Stock Exchange. The purchase price paid for 100 percent of the ordinary shares of Orbit was approximately \$352.7 million in cash, which was funded via cash on the Company’s balance sheet. The purchase price was determined based on \$13.725 for each Orbit ordinary share (the “Orbit Merger Consideration”), as set forth in the Orbit Merger Agreement. The acquired Orbit business is included in the KGS segment.

Orbit is a leading global provider of mission-critical satellite-based communication systems for mobile and unmanned aerial, seaborne, undersea and land systems, military vehicles and other systems. Orbit provides its hardware, products, and systems to major air forces, traditional prime contractors and emerging new defense and space companies. Orbit’s customers are worldwide, including Israel, the United States, Europe and the Pacific region.

The allocation of the total consideration for this acquisition to the tangible and identifiable intangible assets acquired and liabilities assumed is preliminary until the Company obtains final information regarding their fair values. However, the Company does not expect any adjustment to such allocations to be material to the Company’s consolidated financial statements. The operating results of this acquisition have been included in the Company’s results of operations from the effective acquisition date.

The excess of the purchase price over the fair value of the tangible and identifiable intangible assets acquired and liabilities assumed in the acquisition was allocated to goodwill. The goodwill represents the value the Company expects to be created by integrating the acquired Orbit business with Kratos’ related products and customers.

The transaction has been accounted for using the acquisition method of accounting, which requires, among other things, that the identifiable assets acquired and the liabilities assumed be recognized at their fair values as of the acquisition date. These preliminary fair value measurements are based primarily on significant inputs not observable in the marketplace and thus represent Level 3 measurements.

A summary of the consideration paid for the acquired Orbit business is as follows (in millions):

Cash paid	\$	352.7
Total consideration	\$	352.7

The following table summarizes the preliminary allocation of the purchase price over the estimated fair values of the Orbit assets acquired and liabilities assumed (in millions):

Cash	\$	42.3
Accounts receivable		26.6
Inventory		18.8
Other current assets		7.0
Property and equipment		15.6
Intangible assets		114.8
Other assets		0.5
Total assets acquired		225.6
Total liabilities assumed		(60.4)
Goodwill		187.5
Total consideration transferred	\$	352.7

Based on the Company's preliminary estimate of fair value as of March 2, 2026, the identifiable intangible assets include the amounts in the following table (\$ in millions):

Intangible	Estimated Life	Value
Customer relationships	10	24.7
Contracts and backlog	2	21.5
Developed technology	5	9.9
Trade names	7	58.7
Total		\$ 114.8

The amounts of revenue and operating loss of the acquired Orbit business included in the Company's consolidated statement of operations for the three months ended June 28, 2026 were \$21.4 million and \$3.5 million, respectively, and for the six months ended June 28, 2026 were \$34.8 million and \$0.1 million, respectively.

The goodwill recorded in this transaction is not tax-deductible.

Nomad Global Communication Solutions, Incorporated

On February 11, 2026, the Company and the other parties thereto entered into an Agreement and Plan of Merger (the "Nomad Merger Agreement") pursuant to which the Company acquired Nomad Global Communication Solutions, Incorporated, a Montana corporation ("Nomad"). The Nomad acquisition was consummated on February 11, 2026. Nomad is a company that focuses on the design and manufacture of connected mobile operations centers.

Pursuant to the Nomad Merger Agreement, the purchase consideration consisted of (i) 972,136 shares of Kratos common stock with a fair value of \$88.8 million issued on February 11, 2026 to the former Nomad shareholders in a private placement, and (ii) approximately \$36.8 million in cash paid to extinguish certain of Nomad's existing indebtedness and fund certain transaction-related expenses.

In addition, the transaction includes post-closing contingent consideration and holdback arrangements with the following terms, measured at acquisition-date fair value in accordance with ASC 805:

- Contingent Consideration (\$10.0 million recognized amount): Corresponds to the contractual provision requiring the issuance of up to \$10 million of additional shares of Kratos common stock upon the achievement of certain future financial performance metrics. This contingent consideration is classified as a liability and is subject to subsequent remeasurement through earnings at each reporting period until the contingencies are resolved.
- Compliance, Tax, and Other Matters Holdback (\$8.0 million recognized amount): Corresponds to holdback amounts set aside from the purchase price to satisfy potential post-closing adjustments or liabilities related to compliance, tax, and other specified matters. These amounts are held for potential claims by the Company against the sellers and are

payable to the sellers or refundable to the Company upon resolution. During the six months ended June 28, 2026, the Company issued \$1.0 million of common stock in partial settlement of certain holdback matters that were satisfied. Accordingly, on April 17, 2026, the Company registered 14,768 shares with the SEC of Kratos common stock issued to the former Nomad shareholders on April 16, 2026 related to the settlement of \$1.0 million of certain holdback matters.

- Indemnification Holdback (\$5.0 million recognized amount): Corresponds to holdback amounts designated for general post-closing indemnification claims. These funds are held for potential claims arising from breaches of representations or warranties and are payable to the sellers upon expiration of the holdback period, net of valid claims brought by the Company.

The purchase price is subject to adjustment for net working capital and indebtedness, as defined in the Merger Agreement. Kratos granted the former shareholders of Nomad certain registration rights under the Nomad Merger Agreement and registered the 972,136 shares of Kratos common stock issued to the former Nomad shareholders on February 11, 2026 with the SEC on February 12, 2026. The Company incurred approximately \$1.1 million of acquisition-related costs in connection with the Nomad acquisition, which were expensed as incurred and recorded within Selling, general and administrative expenses. The acquired Nomad business is included in the KGS segment.

During the second quarter of 2026, the Company received the final valuation report from its external valuation experts and finalized the fair value of the tangible and identifiable intangible assets acquired and liabilities assumed. However, the overall purchase price allocation remains preliminary and subject to change during the measurement period (which will not exceed one year from the acquisition date). Specifically, the Company is still in the process of assessing and finalizing certain acquired tax positions and deferred taxes.

Any subsequent adjustments to these tax-related balances during the measurement period will result in a corresponding adjustment to goodwill. The Company does not expect any such adjustments to be material to its consolidated financial statements.

The excess of the purchase price over the fair value of the tangible and identifiable intangible assets acquired and liabilities assumed in the acquisition was allocated to goodwill. The goodwill represents the value the Company expects to be created by integrating the acquired Nomad business with Kratos' related products and customers.

The transaction has been accounted for using the acquisition method of accounting, which requires, among other things, that the identifiable assets acquired and the liabilities assumed be recognized at their fair values as of the acquisition date. These preliminary fair value measurements are based primarily on significant inputs not observable in the marketplace and thus represent Level 3 measurements.

A summary of the consideration paid for the acquired Nomad business is as follows (in millions):

Common stock issued	\$	88.8
Cash paid		36.8
Holdback - contingent consideration		10.0
Holdback - compliance, tax and other		8.0
Holdback - indemnification escrow		5.0
Total consideration	\$	<u>148.6</u>

The following table summarizes the allocation of the purchase price over the estimated fair values of the Nomad assets acquired and liabilities assumed (\$ in millions):

Cash	\$	0.4
Accounts receivable		9.2
Inventory		3.9
Property and equipment		20.5
Intangible assets		67.9
Other assets		24.7
Total assets acquired		<u>126.6</u>
Total liabilities assumed		(66.0)
Goodwill		88.0
Total consideration transferred	\$	<u>148.6</u>

Based on the Company's preliminary estimate of fair value as of February 11, 2026, the identifiable intangible assets include the amounts in the following table (in millions):

Intangible	Estimated Life	Value
Customer relationships	7	46.0
Developed technology	9	21.0
Trade names	8	0.9
Total		<u>\$ 67.9</u>

The amounts of revenue and operating loss of the Nomad acquisition included in the Company's consolidated statement of operations for the three months ended June 28, 2026 were \$18.8 million and \$1.7 million, respectively, and for the six months ended June 28, 2026 were \$26.2 million and \$3.0 million, respectively.

The goodwill recorded in this transaction is not tax-deductible.

Pro Forma Financial Information (Unaudited)

The following table summarizes the supplemental condensed consolidated statements of operations information on an unaudited pro forma basis as if the acquisitions of Orbit and Nomad occurred on December 30, 2024 and include adjustments that were directly attributable to the Orbit and Nomad acquisition transactions. There are no material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and income. The pro forma results are for illustrative purposes only for the applicable period and do not purport to be indicative of the actual results that would have occurred had the applicable transaction been completed as of the beginning of the period, nor are they indicative of results of operations that may occur in the future.

For the three and six months ended June 28, 2026 and June 29, 2025 (all amounts, except per share amounts, are in millions):

	Three Months Ended		Six Months Ended	
	June 28, 2026	June 29, 2025	June 28, 2026	June 29, 2025
Pro forma revenues	\$ 458.8	\$ 387.7	\$ 840.3	\$ 725.0
Pro forma net income before tax	\$ 7.0	\$ 1.1	\$ (4.3)	\$ 0.6
Pro forma net income (loss)	\$ 4.4	\$ (0.2)	\$ (4.8)	\$ (1.1)
Basic pro forma income (loss) per share	\$ 0.02	\$ —	\$ (0.03)	\$ (0.01)
Diluted pro forma income (loss) per share	\$ 0.02	\$ —	\$ (0.03)	\$ (0.01)

Norden Millimeter, Inc.

On January 27, 2025, the Company and Kratos Microwave, Inc., a subsidiary of the Company (“Kratos Microwave”), entered into an Asset Purchase Agreement (the “Purchase Agreement”) to acquire certain of the assets (the “Purchased Assets”) of Norden Millimeter, Inc. (“Norden”) and assume certain liabilities (the “Assumed Liabilities”) of Norden. Norden focuses on microwave and millimeter wave products. Pursuant to the Purchase Agreement, on February 4, 2025, the acquisition was completed following the satisfaction of all closing conditions and (a) the Company issued 1,095,674 shares of its common stock, with a deemed value of \$32.2 million, to Norden in a private placement, (b) the Company agreed to issue up to \$6 million worth of additional shares of its common stock to Norden in the future upon release of certain holdback amounts, and (c) Kratos Microwave agreed to assume the Assumed Liabilities, in each case, in exchange for the Purchased Assets. Included in these Assumed Liabilities was a contingent bonus liability of \$5.0 million payable to certain former employees of Norden. Kratos granted Norden certain registration rights under the Asset Purchase Agreement and registered the 1,095,674 shares with the SEC on February 7, 2025. The Purchased Assets and Assumed Liabilities are included in the KGS segment.

The operating results of this acquisition have been included in the Company’s results of operations from the effective acquisition date.

The excess of the purchase price over the fair value of the tangible and identifiable intangible assets acquired and liabilities assumed in the acquisition was allocated to goodwill. The goodwill represents the value the Company expects to be created by integrating the acquired Norden assets with Kratos’ related products and customers.

The acquisition has been accounted for using the acquisition method of accounting, which requires, among other things, that the identifiable assets acquired and the liabilities assumed be recognized at their fair values as of the acquisition date. These fair value measurements are based primarily on significant inputs not observable in the marketplace and thus represent Level 3 measurements.

The following table summarizes the allocation of the purchase price over the estimated fair values of the Norden assets acquired and liabilities assumed (in millions):

Accounts receivable	\$	1.8
Inventory		6.1
Other current assets		0.1
Property and equipment		1.5
Intangible assets		9.7
Deferred tax asset		1.2
Total assets acquired		20.4
Total liabilities assumed		(10.1)
Goodwill		26.9
Total assets acquired	\$	37.2

The identifiable intangible assets as of February 4, 2025 included customer relationships of \$5.8 million with a useful life of 10 years, contracts and backlog of \$1.4 million with a useful life of 2 years, developed technology of \$1.4 million with a useful life of 5 years, trade names of \$0.6 million with a useful life of 7 years, and a non-compete agreement valued at \$0.5 million with a useful life of 5 years. The goodwill recorded in this transaction is expected to be tax-deductible.

The value of customer relationships was estimated using the multi-period excess earnings method (“MPEEM”), an income approach (Level 3), which converts projected revenues and costs into cash flows. To reflect the fact that certain other assets contribute to the cash flows generated, the returns for these contributory assets were removed to arrive at estimated cash flows solely attributable to the acquired customer relationships, which were discounted at a rate of 7.5% to determine the fair value referred to above. The value of contracts and backlog referred to above was also estimated using MPEEM. The value of developed technology referred to above was estimated using the relief-from royalty method, an income approach (Level 3), which estimates the cost savings that accrue to the owner of the intangible asset that would otherwise be payable as royalties or license fees on revenues earned through the use of the asset. A royalty rate was applied to the projected revenues associated with the developed technology intangible asset to determine the amount of savings, which was discounted at a rate of 8.8% to determine the fair value. The value of trade names referred to above was also estimated using the relief-from royalty method. A royalty rate was applied to the projected revenues associated with the trade names intangible asset to determine the amount of savings, which was discounted at a rate of 8.8% to determine the fair value referred to above. Quantitative information about significant unobservable inputs utilized to measure the fair value of Level 3 assets includes a range of discount rates from 6% to 12% and a weighted average discount rate of 8.8%.

The amounts of revenue and operating income of the acquired Norden assets included in the Company’s consolidated statement of operations for the year ended December 28, 2025 were \$22.3 million and \$2.6 million, respectively.

A summary of the consideration paid for the acquired assets is as follows (in millions):

Common stock issued and cash paid	\$	32.3
Holdback, net of \$1.1 million purchase price adjustment		4.9
Total consideration	\$	<u>37.2</u>

Note 3. Revenue Recognition

The Company has adopted the FASB ASU 2014-09, *Revenue from Contracts with Customers*, and the related amendments, which are codified into Accounting Standards Codification (“ASC”) 606 (“ASC 606”). To determine revenue recognition for arrangements that the Company determines are within the scope of ASC 606, the Company performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in each contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation. Once the contract is identified and determined to be within the scope of ASC 606, the Company assesses the goods or services promised within each contract, determines those that are performance obligations, and assesses whether each promised good or service is distinct. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

The Company capitalizes incremental costs of obtaining a contract, primarily sales commissions, and certain costs to fulfill a contract when such costs are expected to be recovered. These costs are recorded within Other Current Assets or Other Assets on the Condensed Consolidated Balance Sheets. As of June 28, 2026, these assets were not expected to have a material effect on the Company’s consolidated financial position, results of operations and/or cash flows. The Company amortizes these costs on a systematic basis consistent with the transfer of control of the related goods or services. The Company also applies the practical expedient to expense the incremental costs of obtaining a contract when the expected amortization period is one year or less.

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in ASC 606. The majority of the Company’s contracts have a single performance obligation as the promise to transfer the individual goods or services is not separately identifiable from other promises in the contracts and, therefore, not distinct. For contracts with multiple performance obligations, the Company allocates the contract’s transaction price to each performance obligation based on the relative standalone selling price of each distinct good or service in the contract. The primary method used to estimate standalone selling price is the expected-cost-plus-margin approach, under which the Company forecasts the expected costs of satisfying a performance obligation and then adds an appropriate margin for that distinct good or service.

For the majority of contracts, the Company satisfies the underlying performance obligations over time as the customer obtains control or receives benefits as work is performed on the contract. The Company generally recognizes revenue over time as work is performed on long-term contracts because of the continuous transfer of control to the customer. For U.S. government

contracts, this continuous transfer of control to the customer is supported by clauses in the contract that allow the customer to unilaterally terminate the contract for convenience, pay for costs incurred plus a reasonable profit and take control of any work in process. Similarly, for non-U.S. government contracts, the customer typically controls the work in process as evidenced either by contractual termination clauses or by our rights to payment of the transaction price associated with work performed to date on products or services that do not have an alternative use to the Company. As a result, under ASC 606, revenue is recognized over time using the cost-to-cost method (cost incurred relative to total estimated cost at completion).

Remaining Performance Obligations

The Company calculates revenues from remaining performance obligations as the dollar value of the remaining performance obligations on executed contracts. On June 28, 2026, the Company had approximately \$2.084 billion of remaining performance obligations. The Company expects to recognize approximately 35% of the remaining performance obligations as revenue in fiscal year 2026, an additional 35% in fiscal year 2027, and the balance thereafter.

Contract Estimates

Due to the nature of the work required to be performed on many performance obligations, the estimation of total revenue and cost at completion is complex, subject to many variables, and requires significant judgment. On a quarterly basis, the Company conducts its contract cost Estimate at Completion (“EAC”) process by reviewing the progress and execution of outstanding performance obligations within its contracts. As part of this process, management reviews information including, but not limited to, any outstanding key contract matters, progress towards completion and the related program schedule, identified risks and opportunities and the related changes in estimates of revenues and costs. The risks and opportunities include management’s judgment about the ability and cost to achieve the schedule (e.g., the number and type of milestone events), technical requirements (e.g., a newly-developed product versus a mature product) and other contract requirements. Management must make assumptions and estimates regarding labor productivity and availability, the complexity of the work to be performed, the availability of materials, the length of time to complete the performance obligation (e.g., to estimate increases in wages and prices for materials and related support cost allocations), execution by subcontractors, the availability and timing of funding from customers and overhead cost rates, among other variables.

In addition, certain of the Company’s long-term contracts contain award fees, incentive fees, or other provisions that can either increase or decrease the transaction price. These variable amounts generally are awarded upon achievement of certain performance metrics, program milestones, or cost targets and can be based upon customer discretion. Variable consideration is estimated at the most likely amount to which the Company is expected to be entitled. Estimated amounts are included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of the Company’s anticipated performance and all information (historical, current, and forecasted) that is reasonably available.

Contracts are often modified to account for changes in contract specifications and requirements. Contract modifications are considered to exist when the modification either creates new or changes the existing enforceable rights and obligations. Most of the Company’s contract modifications are for goods or services that are not distinct from the existing contract due to the significant integration service provided in the context of the contract and are accounted for as if they were part of that existing contract. The effect of a contract modification on the transaction price, and the measure of progress for the performance obligation to which it relates, is recognized as an adjustment to revenue (either as an increase in or a reduction of revenue) on a cumulative catch-up basis.

As a result of the EAC process, any quarterly adjustments to revenues, cost of sales, and the related impact to operating income are recognized as necessary in the period they become known. These adjustments may result from positive program performance, and may result in an increase in operating income during the performance of individual performance obligations, if it is determined the Company will be successful in mitigating the risks surrounding the technical, schedule and cost aspects of those performance obligations or realizing related opportunities. Likewise, these adjustments may result in a decrease in operating income if it is determined the Company will not be successful in mitigating these risks or realizing related opportunities. Changes in estimates of net sales, cost of sales, and the related impact to operating income are recognized quarterly on a cumulative catch-up basis, which recognizes in the current period the cumulative effect of the changes on current and prior periods. A significant change in one or more of these estimates could affect the profitability of one or more of the Company’s contracts. When estimates of total costs to be incurred on a performance obligation exceed total estimates of revenue to be earned, a provision for the entire loss on the performance obligation is recognized in the period the loss is determined. No cumulative catch-up adjustment on any one contract was material to the Company’s unaudited condensed

consolidated financial statements for the three and six-month periods ended June 28, 2026, and June 29, 2025. Likewise, total cumulative catch-up adjustments were not material for the three and six-month periods ended June 28, 2026, and June 29, 2025.

Contract Assets and Liabilities

For each of the Company's contracts, the timing of revenue recognition, customer billings, and cash collections results in a net contract asset or liability at the end of each reporting period. Fixed-price contracts are typically billed to the customer either using progress payments, whereby amounts are billed monthly as costs are incurred or work is completed, or performance based payments, which are based upon the achievement of specific, measurable events or accomplishments defined and valued at contract inception. Cost-type contracts are typically billed to the customer on a monthly or semi-monthly basis.

Contract assets consist of unbilled receivables, primarily related to long-term contracts where revenue recognized under the cost-to-cost method exceeds amounts billed to customers. Unbilled receivables are classified as current assets and, in accordance with industry practice, include amounts that may be billed and collected beyond one year due to the long-term nature of many of the Company's contracts. Accumulated contract costs in unbilled receivables include direct production costs, factory and engineering overhead, production tooling costs, and, for government contracts, recovery of allowable general and administrative expenses. Unbilled receivables also include certain estimates of variable consideration described above. The Company's contracts that give rise to contract assets are not considered to include a significant financing component as the payment terms are intended to protect the customer in the event the Company does not perform on its obligations under the contract.

Contract liabilities include advance payments and billings in excess of revenue recognized. Certain customers make advance payments prior to the satisfaction of the Company's performance obligations on the contract. These amounts are recorded as contract liabilities until such performance obligations are satisfied, either over time as costs are incurred or at a point in time when deliveries are made. The Company's contracts that give rise to contract liabilities do not include a significant financing component as the underlying advance payments received are generally utilized to pay for contract costs within a one-year period or are used to ensure the customer meets contractual requirements.

Net contract assets and liabilities are as follows (in millions):

	June 28, 2026	December 28, 2025	Net Change
Contract assets	\$ 405.4	\$ 292.4	\$ 113.0
Contract liabilities	\$ 93.6	\$ 73.4	\$ 20.2
Net contract assets	\$ 311.8	\$ 219.0	\$ 92.8

Contract assets increased \$113.0 million during the six months ended June 28, 2026, primarily due to higher unbilled receivables, net, including the impact of the recent acquisitions of Nomad and Orbit, during the six months ended June 28, 2026. There were no significant impairment losses related to any receivables or contract assets arising from the Company's contracts with customers during the six months ended June 28, 2026. Contract liabilities increased \$20.2 million during the six months ended June 28, 2026, primarily due to the impact of the recent acquisitions of Nomad and Orbit. For the three and six months ended June 28, 2026, the Company recognized revenue of \$17.0 million and \$47.8 million, respectively, that was previously included in the contract liabilities that existed at December 28, 2025. For the three and six months ended June 29, 2025, the Company recognized revenue of \$15.8 million and \$52.2 million, respectively, that was previously included in the contract liabilities that existed at December 29, 2024.

Disaggregation of Revenue

The following series of tables presents the Company's revenue disaggregated by several categories. For the majority of contracts, revenue is recognized over time as work is performed on the contract.

Revenue by contract type was as follows (in millions):

	Three Months Ended		Six Months Ended	
	June 28, 2026	June 29, 2025	June 28, 2026	June 29, 2025
Kratos Government Solutions				
Fixed price	\$ 256.6	\$ 170.3	\$ 470.8	\$ 336.8
Cost plus fee	109.2	94.8	168.3	152.8
Time and materials	13.9	13.2	29.0	28.2
Total Kratos Government Solutions	379.7	278.3	668.1	517.8
Unmanned Systems				
Fixed price	52.0	59.2	107.9	111.8
Cost plus fee	25.1	13.1	50.1	22.9
Time and materials	2.0	0.9	3.7	1.6
Total Unmanned Systems	79.1	73.2	161.7	136.3
Total Revenues	\$ 458.8	\$ 351.5	\$ 829.8	\$ 654.1

Revenue by customer was as follows (in millions):

	Three Months Ended		Six Months Ended	
	June 28, 2026	June 29, 2025	June 28, 2026	June 29, 2025
Kratos Government Solutions				
U.S. Government ⁽¹⁾	\$ 249.2	\$ 186.7	\$ 429.1	\$ 336.1
International ⁽²⁾	84.3	52.2	154.9	107.5
U.S. Commercial and other customers	46.2	39.4	84.1	74.2
Total Kratos Government Solutions	379.7	278.3	668.1	517.8
Unmanned Systems				
U.S. Government ⁽¹⁾	69.2	62.0	144.0	118.1
International ⁽²⁾	5.6	9.0	11.4	14.8
U.S. Commercial and other customers	4.3	2.2	6.3	3.4
Total Unmanned Systems	79.1	73.2	161.7	136.3
Total Revenues	\$ 458.8	\$ 351.5	\$ 829.8	\$ 654.1

⁽¹⁾ Sales to the U.S. Government include sales from contracts for which the Company is the prime contractor, as well as those for which the Company is a subcontractor and the ultimate customer is the U.S. Government. Each of the Company's segments derives substantial revenue from the U.S. Government. These sales include foreign military sales contracted through the U.S. Government.

⁽²⁾ International sales include sales from contracts for which the Company is the prime contractor, as well as those for which the Company is a subcontractor and the ultimate customer is an international customer. These sales include direct sales with governments outside the U.S. and commercial sales with customers outside the U.S.

Revenue by Geographic Area was as follows (in millions):

	Three Months Ended		Six Months Ended	
	June 28, 2026	June 29, 2025	June 28, 2026	June 29, 2025
United States	\$ 360.4	\$ 287.8	\$ 647.0	\$ 526.8
Other North America	9.1	3.4	18.1	9.3
Asia Pacific	26.7	22.9	43.6	38.7
Middle East	33.6	11.8	72.5	27.5
Europe	27.3	17.0	46.3	31.8
Other	1.7	8.6	2.3	20.0
Total Revenues	<u>\$ 458.8</u>	<u>\$ 351.5</u>	<u>\$ 829.8</u>	<u>\$ 654.1</u>

Note 4. Goodwill and Intangible Assets

(a) Goodwill

The carrying amounts of goodwill as of June 28, 2026 and December 28, 2025 by reportable segment are as follows (in millions):

	As of June 28, 2026		
	KGS	US	Total
Gross value	\$ 985.9	\$ 138.6	\$ 1,124.5
Less accumulated impairment	239.5	13.8	253.3
Net	<u>\$ 746.4</u>	<u>\$ 124.8</u>	<u>\$ 871.2</u>

	As of December 28, 2025		
	KGS	US	Total
Gross value	\$ 710.4	\$ 138.6	\$ 849.0
Less accumulated impairment	239.5	13.8	253.3
Net	<u>\$ 470.9</u>	<u>\$ 124.8</u>	<u>\$ 595.7</u>

The following table is a summary of preliminary goodwill (in millions):

	KGS	US	Total
Beginning balance as of December 28, 2025	\$ 470.9	\$ 124.8	\$ 595.7
Acquisition of Orbit Technologies, Ltd.	187.5	—	187.5
Acquisition of Nomad Global Communication Solutions, Incorporated.	88.0	—	88.0
Ending balance as of June 28, 2026	<u>\$ 746.4</u>	<u>\$ 124.8</u>	<u>\$ 871.2</u>

(b) Purchased Intangible Assets

The following table sets forth information for finite-lived and indefinite-lived intangible assets (in millions):

	As of June 28, 2026			As of December 28, 2025		
	Gross Value	Accumulated Amortization	Net Value	Gross Value	Accumulated Amortization	Net Value
Acquired finite-lived intangible assets:						
Customer relationships	\$ 157.4	\$ (73.0)	\$ 84.4	\$ 86.7	\$ (68.2)	\$ 18.5
Contracts and backlog	76.0	(53.3)	22.7	54.5	(47.7)	6.8
Non-compete Agreements	0.5	(0.1)	0.4	0.5	(0.1)	0.4
Developed technology and technical know-how	66.0	(33.0)	33.0	35.1	(30.8)	4.3
Trade names	64.1	(6.6)	57.5	4.4	(3.5)	0.9
In-process research and development	16.8	(0.9)	15.9	16.8	(0.7)	16.1
Total finite-lived intangible assets	380.8	(166.9)	213.9	198.0	(151.0)	47.0
Indefinite-lived trade names	6.9	—	6.9	6.9	—	6.9
Total intangible assets	<u>\$ 387.7</u>	<u>\$ (166.9)</u>	<u>\$ 220.8</u>	<u>\$ 204.9</u>	<u>\$ (151.0)</u>	<u>\$ 53.9</u>

Consolidated amortization expense related to intangible assets subject to amortization was \$10.1 million and \$2.8 million for the three months ended June 28, 2026 and June 29, 2025, respectively, and \$15.9 million and \$4.9 million for the six months ended June 28, 2026 and June 29, 2025, respectively.

The estimated future amortization expense of acquired intangible assets with finite lives for the remainder of 2026 and the next five fiscal years, and thereafter as of June 28, 2026 is as follows (in millions):

	Amount
2026	\$ 21.3
2027	40.2
2028	29.2
2029	27.5
2030	27.0
2031	25.2
Thereafter	43.5
Total	<u>\$ 213.9</u>

Note 5. Inventoried Costs, Net

Inventoried costs, net, consisted of the following components (in millions):

	June 28, 2026	December 28, 2025
Raw materials	\$ 137.2	\$ 109.4
Work in process	91.2	71.9
Finished goods	7.5	6.9
Total inventoried costs, net	<u>\$ 235.9</u>	<u>\$ 188.2</u>

Note 6. Net Income per Common Share

The Company calculates net income per share in accordance with FASB ASC Topic 260, *Earnings per Share* ("Topic 260"). Under Topic 260, basic net income per common share is calculated by dividing net income by the weighted-average number of common shares outstanding during the reporting period. Diluted net income per common share reflects the effects of potentially dilutive securities.

Diluted net income per share for the three and six months ended June 28, 2026 included the dilutive effect of an aggregate of 1.5 million and 2.1 million shares, respectively, of the Company's common stock granted to employees under stock-based compensation plans. Diluted net income per share for the three and six months ended June 29, 2025 included the dilutive effect of an aggregate of 1.7 million and 2.0 million shares, respectively, of the Company's common stock granted to employees under stock-based compensation plans.

Note 7. Leases

The Company leases certain facilities, office space, vehicles and equipment. Lease assets and lease liabilities are recognized at the commencement of an arrangement where it is determined at inception that a lease exists. Lease assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease. These assets and liabilities are initially recognized based on the present value of lease payments over the lease term calculated using an incremental borrowing rate generally applicable to the location of the lease asset, unless the implicit rate is readily determinable. Lease assets also include any upfront lease payments made and exclude lease incentives. Lease terms include options to extend or terminate the lease when it is reasonably certain that those options will be exercised. The Company has operating lease arrangements with lease and non-lease components. The non-lease components in these arrangements are not significant when compared to the lease components. For all operating leases, the Company accounts for the lease and non-lease components as a single component.

Variable lease payments are generally expensed as incurred. Leases with an initial term of 12 months or less are not recorded on the balance sheet, and the expense for these short-term leases is recognized on a straight-line basis over the lease term.

The depreciable life of lease assets and leasehold improvements is limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

The components of lease expense were as follows (in millions):

	Three Months Ended		Six Months Ended	
	June 28, 2026	June 29, 2025	June 28, 2026	June 29, 2025
Amortization of right of use assets - finance leases	\$ 2.1	\$ 0.8	\$ 4.0	\$ 1.6
Interest on lease liabilities - finance leases	2.0	0.8	3.8	1.6
Operating lease cost	4.2	3.5	8.0	7.1
Short-term lease cost	0.4	0.5	1.0	0.9
Sublease income	—	—	(0.1)	(0.1)
Total lease cost	<u>\$ 8.7</u>	<u>\$ 5.6</u>	<u>\$ 16.7</u>	<u>\$ 11.1</u>

The components of leases on the balance sheet were as follows (in millions):

	June 28, 2026	December 28, 2025
Operating leases:		
Operating lease right-of-use assets	\$ 50.6	\$ 43.4
Current portion of operating lease liabilities	\$ 13.8	\$ 12.8
Operating lease liabilities, net of current portion	\$ 39.9	\$ 33.8
Finance leases:		
Property, plant and equipment, net	\$ 118.2	\$ 86.2
Current portion of finance lease liabilities	\$ 5.1	\$ 3.4
Finance lease liabilities, net of current portion	\$ 134.8	\$ 95.8

Cash paid for amounts included in the measurement of lease liabilities was as follows (in millions):

	Three Months Ended		Six Months Ended	
	June 28, 2026	June 29, 2025	June 28, 2026	June 29, 2025
Finance lease - cash paid for interest	\$ 1.8	\$ 0.8	\$ 3.6	\$ 1.6
Finance lease - financing cash flows	\$ 1.1	\$ 0.5	\$ 2.0	\$ 0.9
Operating lease - operating cash flows (fixed payments)	\$ 4.2	\$ 3.6	\$ 8.2	\$ 7.0

Other supplemental noncash information (in millions):

	Three Months Ended		Six Months Ended	
	June 28, 2026	June 29, 2025	June 28, 2026	June 29, 2025
Operating lease liabilities arising from obtaining right-of-use assets	\$ 8.8	\$ 2.1	\$ 14.1	\$ 8.9
Finance lease liabilities arising from obtaining right-of-use assets	\$ 2.3	\$ —	\$ 42.3	\$ —

	June 28, 2026	June 29, 2025
Weighted-average remaining lease term (in years):		
Operating leases	5.48	4.42
Finance leases	14.62	13.32
Weighted-average discount rate:		
Operating leases	5.52 %	5.18 %
Finance leases	6.12 %	6.35 %

The maturity of lease liabilities is as follows (in millions):

	Operating Leases	Finance Leases
2026 ⁽¹⁾	\$ 8.1	\$ 6.4
2027	15.2	13.6
2028	12.4	13.9
2029	7.8	14.1
2030	4.6	13.7
Thereafter	15.2	151.1
Total lease payments	63.3	212.8
Less: imputed interest	(9.6)	(72.9)
Total present value of lease liabilities	\$ 53.7	\$ 139.9

⁽¹⁾ Excludes the six months ended June 28, 2026.

Note 8. Income Taxes

The provision for income taxes and the effective income tax rate are as follows (\$ in millions):

	Three Months Ended		Six Months Ended	
	June 28, 2026	June 29, 2025	June 28, 2026	June 29, 2025
Federal, state and foreign income tax expense	\$ 2.6	\$ 1.7	\$ 0.5	\$ 2.6
Effective income tax rate	37.1 %	35.4 %	3.0 %	25.6 %

The Company's effective tax rate (ETR) for the three months ended June 28, 2026 increased to a provision of 37.1% from a provision of 35.4% in the prior year period. The provision for income taxes for the three months ended June 28, 2026 and the three months ended June 29, 2025 included a benefit of \$1.7 million and \$0.6 million, respectively, for stock compensation related items.

The Company's effective tax rate (ETR) for the six months ended June 28, 2026 decreased to a provision of 3.0% from a provision of 25.6% in the prior year period principally due to increased tax benefits related to stock-based compensation. The provision for income taxes for the six months ended June 28, 2026 and the six months ended June 29, 2025 includes a benefit of \$8.9 million and \$2.2 million, respectively, for stock compensation related items.

The Company calculates its interim income tax provision in accordance with ASC Topic 270, "Interim Reporting," and ASC Topic 740, "Accounting for Income Taxes." The Company calculated the provision for income taxes during the interim reporting period by applying an estimate of the annual effective tax rate for the full fiscal year to "ordinary" income or loss (pretax income or loss excluding unusual or infrequently occurring discrete items) for the reporting period.

As of June 28, 2026, the Company had \$28.8 million of unrecognized tax benefits. Included in the balance of unrecognized tax benefits at June 28, 2026 are \$23.6 million that, if recognized, would impact the Company's effective income tax rate.

The Company recognizes interest and penalties related to unrecognized tax benefits in its provision for income taxes. For the six months ended June 28, 2026 and June 29, 2025, the Company recorded \$0.4 million and \$0.1 million expense, respectively, related to the increase in interest and penalties. For the six months ended June 28, 2026 and June 29, 2025, there was no material benefit recorded related to the removal of interest and penalties.

The Organization for Economic Co-operation and Development (OECD) has a framework to implement a global minimum corporate tax of 15% for companies with global revenue and profits above certain thresholds (referred to as Pillar 2). Although the U.S. has not enacted legislation to implement Pillar 2, certain countries in which we operate have adopted legislation, and other countries are in the process of introducing legislation to implement Pillar 2. The OECD issued new administrative guidance on January 5, 2026, with respect to Pillar 2 which modifies key aspects of the framework for countries to enact in their own laws. This new guidance reaffirms we do not expect Pillar 2 to have a material impact on our effective tax rate or our financial results or cash flows.

On July 4, 2025, the One Big Beautiful Bill Act (OBBBA) was enacted. Key income tax-related provisions of the OBBBA include the repeal of mandatory capitalization of U.S. based research and development expenditures under Internal Revenue Code (IRC) Section 174 (reinstating full expensing beginning in 2025), extension of bonus depreciation, and revisions to international tax regimes. The Company recognized the income tax effects of the OBBBA in the quarter it was enacted, and continues to recognize the tax effects, which were not material, in its quarter ended June 28, 2026.

Note 9. Debt

(a) 2022 Credit Facility

On February 18, 2022, the Company completed the refinancing of its then-outstanding \$90 million revolving credit facility and \$300 million 6.5% Senior Secured Notes, with a 5-year \$200 million Revolving Credit Facility and 5-year \$200 million Term Loan A (collectively, the “2022 Credit Facility”). The Company incurred debt issuance costs of \$3.3 million associated with the 2022 Credit Facility. On July 2, 2025, the Company extinguished all outstanding Term Loan A debt under the 2022 Credit Facility. The then-outstanding Term Loan A aggregate principal balance of \$177.5 million, plus accrued interest, was paid in full utilizing a portion of the proceeds received from the June 27, 2025 public equity offering, which is described further in Note 11. The Company incurred a loss on the extinguishment of the debt of \$0.5 million during the three months ended September 28, 2025 related to the write-off of unamortized debt issuance costs. The undrawn \$200 million revolving credit facility under the 2022 Credit Facility remained active and available to the Company through the February 20, 2026 refinancing described below.

The 2022 Credit Facility was governed by a Credit Agreement (the “2022 Credit Agreement”), which established a five-year senior secured credit facility which was comprised of a \$200 million Revolving Credit Facility (which included sub-facilities for the incurrence of up to \$10.0 million of swingline loans and the issuance of up to \$50.0 million of Letters of Credit) and the \$200 million Term Loan A. The 2022 Credit Agreement contemplated uncommitted incremental credit facilities of up to \$200 million (which amount would be reduced by the aggregate amount of any and all incremental credit facilities actually established under the 2022 Credit Agreement) plus additional uncommitted incremental capacity subject to a limitation based on the Company’s pro forma total net leverage ratio (including any such additional uncommitted incremental capacity).

Borrowings under the revolving credit facility and the term loan credit facility could take the form of base rate loans or Secured Overnight Financing Rate (“SOFR”) loans. Base rate loans under the 2022 Credit Agreement bore interest at a rate per annum equal to the sum of the Applicable Margin (as defined in the Credit Agreement) from time to time in effect plus the highest of (i) the Agent’s (as defined in the 2022 Credit Agreement) prime lending rate, as in effect at such time, (ii) the Federal Funds Rate (as defined in the 2022 Credit Agreement), as in effect at such time, plus 0.50%, (iii) the Adjusted Term SOFR (as defined in the 2022 Credit Agreement) for a one-month tenor in effect on such day, plus 1.00% and (iv) 1.00%. SOFR loans will bear interest at a rate per annum equal to the sum of the Applicable Margin from time to time in effect plus the Adjusted Term SOFR for an Interest Period (as defined in the 2022 Credit Agreement) selected by the Company of one, three or six months. The Applicable Margin varied between 1.25% and 2.25% per annum for SOFR loans and between 0.25% and 1.25% per annum for base rate loans, and is based on the Company’s total net leverage ratio from time to time.

The 2022 Credit Agreement contained certain covenants, which included, but were not limited to, restrictions on indebtedness, liens, fundamental changes, restricted payments, asset sales, and investments, and placed limits on various other payments.

On April 28, 2023, the Company entered into an interest rate swap contract to hedge U.S. dollar-one month Term SOFR in order to fix the interest rate movements associated with the Company’s Term Loan A. The initial hedge amount was \$195.0 million and amortized in accordance with Term Loan A. The swap was at a fixed rate of one-month term SOFR of 3.721% and settled monthly on the last day of each calendar month. The swap had an effective date of May 1, 2023 and was scheduled to terminate on May 1, 2026. On June 30, 2025, in anticipation of the extinguishment of Term Loan A, the Company terminated the swap. The Company received a payment of approximately \$0.3 million representing the termination value of the swap. Refer to Note 14 for further discussion of the accounting treatment of the swap arrangement.

On February 20, 2026, the Company completed the refinancing of its 2022 Credit Facility with a new 5-year \$300 million Revolving Credit Facility described below. There were no outstanding borrowings under the 2022 Credit Facility subsequent to the repayment in full of the Term Loan A under the 2022 Credit Facility on July 2, 2025. The outstanding letters of credit under the 2022 Credit Facility were transferred to the 2026 Credit Agreement described below.

(b) 2026 Credit Facility

On February 20, 2026, the Company entered into a Credit Agreement (the “2026 Credit Agreement”), by and among the Company, the guarantors from time to time party thereto, the lenders from time to time party thereto (the “Lenders”), and PNC Bank, National Association (the “Administrative Agent”), in its capacity as administrative agent, and as swingline loan lender and issuing lender. The 2026 Credit Agreement establishes a five-year senior secured credit facility which is comprised of a \$300 million revolving credit facility (which includes sub-facilities for the incurrence of up to \$35.0 million of swingline

loans and the issuance of up to \$50.0 million of Letters of Credit). Letters of credit outstanding under the 2022 Credit Agreement have been transferred to the 2026 Credit Agreement. The 2026 Credit Agreement contemplates uncommitted incremental credit facilities of up to \$135.0 million. The Company incurred \$1.4 million of debt issuance costs associated with the 2026 Credit Agreement. As of June 28, 2026, the Company has no amounts outstanding under the Revolving Credit Facility, with \$300.0 million remaining in borrowing capacity, less approximately \$2.1 million of letters of domestic letters of credit outstanding. Foreign letters of credit outstanding of \$29.0 million do not impact the availability of the Revolving Credit Facility.

The Company's obligations under the 2026 Credit Agreement are guaranteed by the Guarantors (as defined in the 2026 Credit Agreement). The Company's obligations under the 2026 Credit Agreement and the Guarantors' obligations under the Guaranty and Security Agreement (as defined in the 2026 Credit Agreement) are secured by first priority security interests in all assets of the loan parties that have executed the Guaranty and Security Agreement.

Borrowings under the revolving credit facility may take the form of base rate loans or SOFR loans. Base rate loans under the 2026 Credit Agreement will bear interest at a rate per annum equal to the sum of the Applicable Margin (as defined in the 2026 Credit Agreement) from time to time in effect plus the highest of (i) the Overnight Bank Funding Rate (as defined in the 2026 Credit Agreement), as in effect at such time, plus 0.50%, (ii) the Administrative Agent's prime lending rate, as in effect at such time, and (iii) the Daily Simple SOFR (as defined in the 2026 Credit Agreement) plus 1.00%, so long as Daily Simple SOFR is offered, ascertainable and not unlawful. SOFR loans will bear interest at a rate per annum equal to the sum of the Applicable Margin from time to time in effect plus the Term SOFR Rate for an Interest Period (as defined in the 2026 Credit Agreement) selected by the Company of one (1), three (3) or six (6) months. The Applicable Margin varies between 1.00% and 2.00% per annum for SOFR loans and between 0.00% and 1.00% per annum for base rate loans, and is based on the Company's total net leverage ratio from time to time.

The 2026 Credit Agreement contains certain covenants, which include, but are not limited to, restrictions on indebtedness, liens, fundamental changes, restricted payments, asset sales, and investments, and places limits on various other payments.

Events of default under the terms of the 2026 Credit Agreement include, but are not limited to:

- Failure of the Company to pay any principal of any loans in full when due and payable;
- Failure of the Company to pay any interest on any loan or any fee or other amount payable under the 2026 Credit Agreement within five business days after the date when due and payable;
- Failure of the Company or any of its subsidiaries to comply with certain covenants and agreements, subject to applicable grace periods and/or notice requirements; and
- Any representation or warranty made or deemed made by or on behalf of the Company or any of its subsidiaries in or in connection with the 2026 Credit Agreement or in any certificate, report, financial statement or other document submitted to the Administrative Agent or the Lenders by the Company or the Guarantors pursuant to or in connection with the 2026 Credit Agreement or any other loan document shall prove to be incorrect in any material respect (other than any representation or warranty that is expressly qualified by a Material Adverse Effect (as defined in the 2026 Credit Agreement) or other materiality, in which case such representation or warranty shall prove to be incorrect in any respect) when made or deemed made or submitted.

Subject to certain notice requirements and other conditions, upon the occurrence of an event of default, commitments may be terminated and the principal of, and interest then outstanding on, all of the loans may become immediately due and payable; however, where an event of default arises from certain bankruptcy events, the commitments shall automatically and immediately terminate and the principal of, and interest then outstanding on, all of the loans shall become immediately due and payable.

In connection with the execution of the transactions contemplated by the 2026 Credit Agreement, the 2022 Credit Agreement was terminated.

Pursuant to the 2026 Credit Agreement, the Company is subject to certain restrictions on its ability to pay dividends or make other distributions or payments on account of any redemption, retirement or purchase of any capital stock.

The Company has capitalized these costs to Other current assets and Other assets and is amortizing the debt issuance costs over the term of the facility. The unamortized balances at June 28, 2026 and December 28, 2025 were \$1.6 million and \$0.4 million, respectively.

Note 10. Segment Information

The Company operates in two reportable segments, KGS and US. The KGS reportable segment is comprised of an aggregation of KGS operating segments, including our microwave electronics products, space, satellite and cyber, training solutions, C5ISR/modular systems, turbine technologies, and defense and rocket support services operating segments. The US reportable segment consists of the Company's unmanned aerial, unmanned ground, unmanned seaborne and command, control and communications system products. The KGS and US reportable segments provide products, solutions and services for mission critical National Security programs. KGS and US customers primarily include National Security related agencies, the DoW, intelligence agencies and classified agencies, and to a lesser degree, international government agencies and domestic and international commercial customers.

There were not any significant intersegment sales, cost of sales and profit for the three and six month periods ended June 28, 2026 and June 29, 2025.

The Company's chief operating decision maker is the President and Chief Executive Officer. The chief operating decision maker uses segment operating income (loss) predominantly in the annual budget and forecasting process. The chief operating decision maker considers budget-to-actual variances on a quarterly basis when making decisions about the allocation of operating and capital resources to each segment. The chief operating decision maker also uses segment operating income (loss) to assess the performance of each segment by comparing the results of each segment with one another and in determining the compensation of certain employees.

(a) Summary Operating Results

The tables below provide information about the Company's reportable segments. In these tables total segment operating income (loss) of the reportable business segments is reconciled to the corresponding consolidated amount. "Unallocated amounts" includes costs for merger and acquisition expenses, stock-based compensation expenses, interest income (expense), net, and other income (expense), net, items not considered part of management's evaluation of segment operating income. See Note 3 (Revenue Recognition) to these condensed consolidated financial statements for segment revenues disaggregated by contract type, customer and geographic region. The summary operating results for the Company's reportable segments for the three and six month periods ended June 28, 2026 and June 29, 2025, are as follows (in millions):

Three Months Ended June 28, 2026	KGS	US	Totals
Service revenues	\$ 167.2	\$ 2.5	\$ 169.7
Product sales	212.5	76.6	289.1
Total revenues	379.7	79.1	458.8
Cost of service revenue	129.7	1.9	131.6
Cost of product sales	163.1	64.0	227.1
Total cost of sales	292.8	65.9	358.7
Selling, general & administrative expenses	59.9	11.1	71.0
Research & development expenses	12.7	0.9	13.6
Total segment operating income	14.3	1.2	15.5
Reconciliation of segment operating income			
Unallocated amounts:			
Merger and acquisition related expenses			\$ (0.8)
Stock compensation expense			(16.3)
Interest income (expense), net			10.2
Other income (expense), net			(1.6)
Income before income taxes			\$ 7.0

Revenues from foreign customers were approximately \$89.9 million or 20% of total revenue for the three months ended June 28, 2026. Revenues from any one foreign country did not exceed 10% of total revenues.

Six Months Ended June 28, 2026	KGS	US	Totals
Service revenues	\$ 298.5	\$ 5.2	\$ 303.7
Product sales	369.6	156.5	526.1
Total revenues	668.1	161.7	829.8
Cost of service revenue	226.9	4.0	230.9
Cost of product sales	278.8	130.4	409.2
Total cost of sales	505.7	134.4	640.1
Selling, general & administrative expenses	105.2	23.1	128.3
Research & development expenses	22.6	1.7	24.3
Total segment operating income	34.6	2.5	37.1
Reconciliation of segment operating income			
Unallocated amounts:			
Merger and acquisition related expenses		\$	(2.7)
Stock compensation expense			(31.3)
Interest income (expense), net			14.7
Other income (expense), net			(1.0)
Income before income taxes		\$	16.8

Revenues from foreign customers were approximately \$166.3 million or 20% of total revenue for the six months ended June 28, 2026. Revenues from any one foreign country did not exceed 10% of total revenues.

Three Months Ended June 29, 2025	KGS	US	Totals
Service revenues	\$ 133.0	\$ 1.9	\$ 134.9
Product sales	145.3	71.3	216.6
Total revenues	278.3	73.2	351.5
Cost of service revenue	105.4	1.8	107.2
Cost of product sales	110.7	59.8	170.5
Total cost of sales	216.1	61.6	277.7
Selling, general & administrative expenses	40.0	11.3	51.3
Research & development expenses	9.6	0.6	10.2
Total segment operating income (loss)	12.6	(0.3)	12.3
Reconciliation of segment operating income			
Unallocated amounts:			
Merger and acquisition related expenses		\$	—
Stock compensation expense			(8.6)
Interest income (expense), net			(1.2)
Other income (expense), net			2.1
Income before income taxes		\$	4.6

Revenues from foreign customers were approximately \$61.2 million or 17% of total revenue for the three months ended June 29, 2025. Revenues from any one foreign country did not exceed 10% of total revenues.

Six Months Ended June 29, 2025

	KGS	US	Totals
Service revenues	\$ 233.7	\$ 3.6	237.3
Product sales	284.1	132.7	416.8
Total revenues	517.8	136.3	654.1
Cost of service revenue	179.9	3.0	182.9
Cost of product sales	212.1	111.7	323.8
Total cost of sales	392.0	114.7	506.7
Selling, general & administrative expenses	77.0	22.6	99.6
Research & development expenses	19.2	1.0	20.2
Total segment operating income	29.6	(2.0)	27.6
Reconciliation of segment operating income			
Unallocated amounts:			
Merger and acquisition related expenses		\$	—
Stock compensation expense			(17.3)
Interest income (expense), net			(2.1)
Other income (expense), net			1.8
Income before income taxes		\$	10.0

Revenues from foreign customers were approximately \$122.3 million or 19% of total revenue for the six months ended June 29, 2025. Revenues from any one foreign country did not exceed 10% of total revenues.

(b) Capital Expenditures (in millions):

	Three Months Ended		Six Months Ended	
	June 28, 2026	June 29, 2025	June 28, 2026	June 29, 2025
Kratos Government Solutions	\$ 12.9	\$ 12.6	\$ 25.4	\$ 26.2
Unmanned Systems	4.2	7.8	10.9	16.8
Total reportable segment capital expenditures	17.1	20.4	36.3	43.0
Corporate capital expenditures	0.1	0.1	0.8	0.1
Total capital expenditures	\$ 17.2	\$ 20.5	\$ 37.1	\$ 43.1

(c) Depreciation and Amortization (in millions):

	Three Months Ended		Six Months Ended	
	June 28, 2026	June 29, 2025	June 28, 2026	June 29, 2025
Kratos Government Solutions	\$ 18.2	\$ 8.2	\$ 31.2	\$ 15.3
Unmanned Systems	3.9	3.6	7.7	6.9
Total depreciation and amortization	\$ 22.1	\$ 11.8	\$ 38.9	\$ 22.2

(d) Reportable Segment Assets (in millions):

	June 28, 2026	December 28, 2025
Kratos Government Solutions	\$ 2,256.8	\$ 1,472.9
Unmanned Systems	451.5	438.7
Total reportable segment assets	2,708.3	1,911.6
Corporate assets ⁽¹⁾	1,381.5	555.6
Total assets	\$ 4,089.8	\$ 2,467.2

⁽¹⁾Corporate assets primarily include cash and cash equivalents, deferred income tax assets, and property, plant and equipment used in our corporate operations.

Assets of foreign subsidiaries in the KGS segment were \$705.1 million and \$300.5 million as of June 28, 2026 and December 28, 2025, respectively. As of June 28, 2026, long-lived assets located in Israel totaled \$75.2 million, represented approximately 16% of our total consolidated long-lived assets. With the exception of Israel, no single foreign country accounted for more than 10% of the Company's total long-lived assets. For purposes of this disclosure, long-lived assets consist of property and equipment, net and operating lease right-of-use assets, and exclude cash, receivables, goodwill, and intangible assets.

Note 11. Stockholders Equity - Common Stock

On May 12, 2026, at the Company's Annual Meeting of Stockholders, the stockholders approved an amendment to the Company's Certificate of Incorporation. The amendment increased the number of authorized shares of the Company's common stock, par value \$0.001 per share, from 195,000,000 shares to 245,000,000 shares. The amendment became effective upon its filing with the Secretary of State of Delaware on May 20, 2026.

On February 26, 2026, the Company sold 16,428,571 shares of its common stock at a public offering price of \$84.00 per share in an underwritten offering. The Company received gross proceeds of approximately \$1,380.0 million. After deducting underwriting fees and other offering expenses, the Company received approximately \$1,348.4 million in net proceeds. The Company has used and intends to continue to use the net proceeds from the offering to fund (i) capital expenditures, (ii) product and software development, (iii) acquisitions, including the recent acquisitions of Nomad and Orbit, and (iv) general corporate purposes.

On June 27, 2025, the Company sold 14,935,065 shares of its common stock at a public offering price of \$38.50 per share in an underwritten offering. The Company received gross proceeds of approximately \$575.0 million. After deducting underwriting fees and other offering expenses, the Company received approximately \$555.9 million in net proceeds. The Company has used and expects to continue to use the net proceeds of this public equity offering (i) to fund investments and capital expenditures to scale and successfully execute on large, mission critical National Security priorities related to existing programs, recent program awards and significant high-probability pipeline opportunities; (ii) to finance important customer and program targeted acquisitions; (iii) and for general corporate purposes, including pay-down of debt and to pay fees and expenses in connection with this public equity offering. On July 2, 2025, the Company used a portion of the proceeds of the June 2025 public equity offering to pay off the then-outstanding \$177.5 million aggregate principal amount of the Term Loan A debt, plus accrued interest, under the 2022 Credit Facility. Following such repayment of the Term Loan A debt, the \$200 million revolving credit facility under the 2022 Credit Facility remained undrawn and available to the Company until the 2026 Credit Agreement was executed on February 20, 2026.

Note 12. Significant Customers

Revenue from the U.S. Government, which includes foreign military sales contracted through the U.S. Government, includes revenue from contracts for which the Company is the prime contractor as well as those for which the Company is a subcontractor and the ultimate customer is the U.S. Government. The KGS and US segments have substantial revenue from the U.S. Government. Sales to the U.S. Government amounted to approximately \$318.4 million and \$248.7 million, or 69% and 71% of total Kratos revenue, for the three months ended June 28, 2026 and June 29, 2025, respectively, and \$573.1 million and \$454.2 million, or 69% and 69% of total Kratos revenue, for the six months ended June 28, 2026 and June 29, 2025, respectively.

Note 13. Commitments and Contingencies

In addition to commitments and obligations in the ordinary course of business, the Company is subject to various claims, pending and potential legal actions for damages, investigations relating to governmental laws and regulations and other matters arising out of the normal conduct of the Company's business. The Company assesses contingencies to determine the degree of probability and range of possible loss for potential accrual in its unaudited condensed consolidated financial statements. An estimated loss contingency is accrued in the unaudited condensed consolidated financial statements if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Because litigation is inherently unpredictable and unfavorable resolutions could occur, assessing litigation contingencies is highly subjective and requires judgments about future events. When evaluating contingencies, the Company may be unable to provide a meaningful estimate due to a number of factors, including but not limited to the procedural status of the matter in question, the presence of complex or novel legal theories, and the ongoing discovery and development of information important to the matters. In addition, damage amounts claimed in litigation against it may be unsupported, exaggerated or unrelated to possible outcomes and, as such, are not meaningful indicators of its potential liability. The Company regularly reviews contingencies to determine the adequacy of its accruals and related disclosures. The amount of ultimate loss may differ from these estimates. It is possible that cash flows or results of operations could be materially affected in any particular period by the unfavorable resolution of one or more of these contingencies. Whether any losses finally determined in any claim, action, investigation or proceeding could reasonably have a material effect on the Company's business, financial condition, results of operations or cash flows will depend on a number of variables, including the timing and amount of such losses; the structure and type of any remedies; the

monetary significance any such losses, damages or remedies may have on the condensed consolidated financial statements; and the unique facts and circumstances of the particular matter that may give rise to additional factors.

Legal and Regulatory Matters

U.S. Government Cost Claims

The Company's contracts with the DoW are subject to audit by the Defense Contract Audit Agency ("DCAA"). As a result of these audits, from time to time the Company is advised of claims concerning potential disallowed, overstated or disputed costs. For example, during the course of audits of the Company's contracts, the DCAA is closely examining and questioning certain of the established and disclosed practices that it had previously audited and accepted. The Company's personnel regularly scrutinize costs incurred and allocated to contracts with the U.S. Government for compliance with regulatory standards. For those Company subsidiaries and fiscal years which have not yet been audited by the DCAA or for those audits which are in process which have not yet been completed by the DCAA, the Company cannot reasonably estimate the range of loss, if any, that may result given the inherent difficulty in predicting regulatory action, fines and penalties, if any, and the various remedies and levels of judicial review available to the Company in the event of an adverse finding. As a result, the Company has not recorded any liability related to these matters.

Other Litigation Matters

The Company is subject to normal and routine litigation arising from the ordinary course and conduct of business and, at times, as a result of mergers, acquisitions and dispositions. Such disputes include, for example, commercial, employment, intellectual property, environmental, and securities matters. The aggregate amounts accrued for these matters were not material to the condensed consolidated financial statements as of June 28, 2026. The Company intends to defend itself in any such matters and does not currently believe that the outcome of any such matters will have a material adverse impact on the Company's financial condition, results of operations or cash flows.

Note 14. Derivative Financial Instruments

The Company's derivative portfolio consists of forward exchange contracts used to manage foreign currency risks and previously consisted of an interest rate swap contract to hedge U.S. dollar-one month Term SOFR in order to mitigate the exposure to interest rate movements associated with the Company's Term Loan A. As noted below, the interest rate swap was terminated on June 30, 2025. Derivative financial instruments are recognized on the condensed consolidated balance sheets as either assets or liabilities and are measured at fair value.

Forward Exchange Contracts

Changes in the fair values of the foreign currency exchange contracts are recorded each period in earnings. The notional value of the Company's foreign currency exchange contracts at June 28, 2026 was \$30.2 million. At June 28, 2026, the fair value amounts of the foreign currency exchange contracts were a \$0.2 million asset and a \$0.2 million liability. The net gain from these forward exchange contracts was \$0.7 million for the six months ended June 28, 2026, and is included in other income (expense). As of December 28, 2025, the Company did not use hedge accounting for its foreign currency exchange contracts.

Interest Rate Swap Contract

On April 28, 2023, the Company entered into an interest rate swap contract with an initial notional amount of \$195.0 million to manage the variability of cash flows associated with the Term Loan A. The interest rate swap contract originally matured on May 1, 2026 and was terminated on June 30, 2025. The swap was at a fixed SOFR of 3.721% and settled monthly on the last day of each calendar month. The Company designated the interest rate swap contract as a cash flow hedge and assessed the hedge effectiveness both at the onset of the hedge and at regular intervals throughout the life of the derivative. Changes in fair value (gains and losses) related to derivative financial instruments that qualify as cash flow hedges were deferred in Accumulated Other Comprehensive Income (Loss) ("AOCI") until the underlying transaction was reflected in earnings. The net gain reclassified from AOCI from the interest rate swap reflected in earnings was \$0.3 million and \$0.6 million for the three and six months ended June 29, 2025, respectively, and was recorded as an offset to interest expense.

On June 30, 2025, in anticipation of the extinguishment of all outstanding Term Loan A debt under the 2022 Credit Facility, the Company terminated the interest rate swap contract referred to above. The Company received a payment of approximately \$0.3 million representing the termination value of the interest rate swap.

Note 15. Collaborative Arrangement

On June 3, 2025, the Company and GE Aerospace (“GE”) announced a formal teaming agreement to advance the development and production of engines for the next generation of affordable unmanned aerial systems and Collaborative Combat Aircraft-type (CCA-type) aircraft. This teaming agreement supersedes an earlier letter of intent and memorandum of understanding between the Company and GE related to the development, testing and fielding of these engines. Under this arrangement, Kratos and GE share in the risks and rewards of the program through various revenue, cost and profit-sharing payment structures. In accordance with FASB ASC Topic 808, *Collaborative Arrangements*, (“Topic 808”), the accounting for the arrangement is within the scope of ASC 606 for those promised goods and services for which GE is a customer, and the related amounts are presented in revenues and cost of sales as the promised goods and services are provided. The ASC 606 considerations and facts discussed in *Note 3. Revenue Recognition* apply to this arrangement. Amounts disclosed through June 28, 2026 include activity under the July 22, 2024 memorandum of understanding and the June 3, 2025 superseding teaming agreement. Through June 28, 2026, Kratos has recorded inception-to-date revenues of \$34.5 million and cost of sales of \$34.5 million related to this arrangement. For the three and six months ended June 28, 2026, Kratos has recorded revenues of \$0.8 million and \$3.0 million, respectively, and cost of sales of \$0.8 million and \$2.6 million, respectively, related to this arrangement.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This Quarterly Report on Form 10-Q (this "Quarterly Report") contains "forward-looking statements" relating to our future financial performance, the market for our services, our opportunities, and our expected future capital expenditures. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential," or "continue," the negative of such terms or other comparable terminology. These forward-looking statements reflect our current beliefs, expectations and projections, are based on assumptions, and are subject to known and unknown risks and uncertainties that could cause our actual results or achievements to differ materially from any future results or achievements expressed in or implied by our forward-looking statements. Many of these factors are beyond our ability to control or predict. As a result, you should not place undue reliance on forward-looking statements. Important risks and uncertainties that could cause our actual results or achievements to differ materially from the results or achievements reflected in our forward-looking statements include, but are not limited to: changes, cutbacks or delays in spending by the U.S. Department of War may occur which could cause delays or cancellations of key government contracts; delays to or the cancellation of our projects as a result of protest actions submitted by our competitors; changes in federal government (or other applicable) procurement laws, regulations, policies and budgets; the availability of government funding for the Company's products and services due to performance, cost growth, or other factors; changes in government and customer priorities and requirements; the potential of the current economic environment to adversely impact our business; currently unforeseen risks associated with any public health crisis; risks related to natural disasters or severe weather; changes in the scope or timing of our projects; the timing, rescheduling or cancellation of significant customer contracts and agreements, or consolidation by or the loss of key customers; risks of adverse regulatory action or litigation; risks related to our international operations; risks associated with debt leverage; failure to successfully achieve our integration, cost reduction or divestiture strategies; risks related to security breaches, cybersecurity attacks or other significant disruptions of our information systems; and competition in the marketplace, which could reduce revenues and profit margins, as well as the additional risks and uncertainties described in this Quarterly Report on Form 10-Q, in "Item 1A-Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended December 28, 2025 filed with the U.S. Securities and Exchange Commission (the "SEC") on February 23, 2026 (the "Form 10-K"), and in other reports that we have filed with the SEC. These forward-looking statements reflect our views and assumptions only as of the date such forward-looking statements are made. Except as required by law, we assume no responsibility for updating any forward-looking statements, whether as a result of new information, future events or otherwise.

All references to "us," "we," "our," the "Company" and "Kratos" refer to Kratos Defense & Security Solutions, Inc., a Delaware corporation, and its subsidiaries.

Overview

Kratos is a technology, products, system and software company addressing the defense, national security, and commercial markets. Kratos makes true internally funded research, development, capital and other investments, to rapidly develop, produce and field solutions that address our customers' mission critical needs and requirements. At Kratos, affordability is a technology, and we utilize proven, leading-edge approaches and technology, not unproven bleeding edge approaches or technology, with Kratos' approach designed to reduce cost, schedule and risk, enabling us to be first to market with cost effective solutions. We believe that Kratos is known as the innovative disruptive change agent in the industry, a company that is an expert in designing products and systems up front for successful rapid, large quantity, low-cost future manufacturing, which is a value add competitive differentiator for our large traditional prime system integrator partners and also to our government and commercial customers. Kratos intends to pursue program and contract opportunities as the prime or lead contractor when we believe our probability of win is high and any investment required by Kratos is within our capital resource comfort level. We intend to partner and team with a large, traditional system integrator when our assessment of probability of win is greater or required investment is beyond Kratos comfort level. Kratos' primary business areas include, virtualized ground systems for satellites and space vehicles including software for command & control (C2) and telemetry, tracking and control (TT&C), jet powered unmanned aerial drone systems, hypersonic vehicles and rocket systems, propulsion systems for drones, missiles, loitering munitions, supersonic systems, space craft and launch systems, command, control, communication, computing, combat, intelligence surveillance and reconnaissance (C5ISR) and microwave electronic products for missile, radar, air defense, missile defense, space, satellite, counter unmanned aircraft systems (CUAS), directed energy, communication and other systems, and virtual & augmented reality training systems for the warfighter. We believe that there is a generational recapitalization of the defense industrial base and weapon systems occurring globally, including with the United States and its allies, to address individual and potential collective peer and near peer threats, including Russia, China, North Korea and Iran. The Company currently has record levels of backlog and opportunity pipeline. The Company is currently making significant capital, property, plant, equipment and other internally funded investments including the procurement of supply chain components for 3,000 jet engines we expect to produce in the next 15 months to address backlog, expected

customer demand, current opportunity pipeline, and expected and potential future program and contract awards, including from or with the Department of War, traditional legacy prime systems integrators and partners and new defense technology companies. Additional investments include: unmanned jet powered aircraft including Kratos Valkyrie ahead of potential contract award; a hypersonic system fabrication and integration facility including for Kratos Zeus solid rocket motors (SRMs) and Erinyes hypersonic flight systems in Indiana; the purchase of long lead items for 60 Oriole SRM's and 60 Zeus SRM's for ballistic missile defense; related, hypersonic or other expected customer missions; relocation and expansion of our small turbojet engine production capacity in Michigan; establishment of a planned small turbofan jet engine production facility in Oklahoma; establishment of a radar maintenance overhaul and upgrade facility in Indiana; establishment of a hypersonic system related arc chamber in Indiana; expansion of our existing microwave electronics manufacturing facility in Israel; establishment of an additional microwave electronics facility in Israel, including a space qualified facility; expansion of our machining, milling, casting, 3D printing and additive manufacturing capable facility in the United States to support our jet engine and other product and system manufacturing requirements; establishment of a new facility related to the Sentinel intercontinental ballistic missile (ICBM) program; expansion of our unmanned jet drone manufacturing capability; and expansion of existing and construction of additional classified facilities for certain programs and contracts. Investments related to the Company's Prometheus venture with RAFAEL Advanced Defense Systems, Ltd and the new turbofan production facility in Oklahoma related to our arrangement with GE Aerospace are expected to ramp up in 2026 and 2027.

Industry Update

The United States, its allies and NATO are currently rebuilding their respective Defense Industrial Bases and there is currently an ongoing global recapitalization of weapon systems under way as a result of the deteriorating geopolitical situation, including as related to Russia, China, Iran, North Korea, etc. On July 4, 2025, the One Big Beautiful Bill Act (OBBBA), previously known as the Reconciliation Bill, was enacted. The OBBBA appropriated an additional \$156 billion for defense spending and national security priorities and is expected to result in increased investment by the DoW in defense modernization projects and increasing weapons and armaments production capacity. Approximately \$113 billion of the \$156 billion in OBBBA funding for defense and national security priorities was initially intended to be added to the final 2026 defense appropriations bill, as described below. The appropriated funds will remain available to be obligated until September 30, 2029 and expended through FY 2035. The OBBBA is expected to result in increased investments by the DoW in defense modernization projects and Pacific region deterrence.

On February 3, 2026 President Trump signed the Consolidated Appropriations Act, 2026 (H.R. 7148) a \$1.2 trillion funding package, that ended a brief government shutdown that began on February 1, 2026. This law provides funding for most federal agencies, including the DoW, through September 30, 2026. The funding bill includes \$838.7 billion in defense appropriations for the DoW. This \$838.7 billion, plus the approximate \$113 billion included in the OBBBA noted above, and including approximately \$45 billion in Department of Energy National Security related funds, brought the initial expected total U.S. Federal Fiscal Year 2026 National Security spend to approximately \$1 trillion. In February, 2026, the Secretary of War announced that the \$156 billion in the OBBBA for defense and National Security would be entirely expended in fiscal 2026, increasing the expected 2026 National Security spend above \$1 trillion.

On April 3, 2026, the Administration released the Fiscal Year 2027 Defense request proposal. This proposal seeks a \$1.5 trillion defense expenditure, including a large discretionary base funding of approximately \$1.15 trillion and an additional \$350 billion of mandatory funding through a new reconciliation bill. The fiscal 2027 Defense Request and related Reconciliation Bill are expected to include significant funding for Golden Dome, Space and Satellite communications, unmanned systems and artificial intelligence, missiles, radars and air defense systems, the nuclear triad and many other systems, initiatives and programs. Additionally, the Administration recently submitted an \$88 billion supplemental funding request for FY 2026, of which \$67 billion is intended to address costs associated with the Iran conflict and other defense priorities. The FY 2027 defense budget proposal and the 2026 supplemental funding request are subject to Congressional approval, and it is not assured when or if they will be enacted at the levels proposed or that increases in funding will result into increased orders for our programs.

The potential challenges presented by the recent U.S. Government shutdown, Presidential and Congressional changes, the current budgetary and deficit funding environment, the Trump Administration's stated fiscal policies, the uncertain tariff situation, the conflicts in Iran, Israel, Ukraine and Taiwan funding support, potential continuing heightened levels of inflation, ongoing supply chain disruption, and the challenging appropriations process, among other items, all continue to potentially create significant short and long-term risks to the industry and the Company. Additionally, the Trump Administration has executed certain executive orders directly related to significantly changing the current DoW procurement policies and procedures, and the Federal Acquisition Regulations, the potential impact of such changes, if effected either by executive orders or changes to the relevant law, to the industry, and to Kratos, is unknown at this time.

We believe continued budget and deficit funding pressures (which are expected), CRAs (which are also expected), future Federal Government debt ceiling issues, and potential Federal Government shutdowns could have serious negative consequences for the security of our country and the defense industrial base, including the Company and the related customers, employees, suppliers, investors, and communities that rely on companies in the defense industrial base. It is possible that budget and program decisions made in such an uncertain environment would have long-term implications for our Company and the entire defense industry. Additionally, funding for certain programs, including those in which we currently participate or are pursuing, may be reduced, delayed or cancelled, and budget uncertainty or funding cuts globally could adversely affect the viability of our customers, partners, teammates, subcontractors, suppliers, and our employee base.

Such a dynamic and challenging federal, DoW and National Security related budgetary environment may negatively impact our customers, partners, suppliers, business and programs, and could have a material adverse effect on our forecasts, estimates, financial position, results of operations and/or cash flows.

We also continue to be affected by various unfavorable macroeconomic conditions including adverse supply chain disruptions as well as cost increases that continue throughout the industry and for Kratos, and related delays in the receipt and delivery of materials, parts, supplies, etc., including the impact of the increased demand for certain electronics and SD cards resulting from consumption by AI data centers, which in certain instances and for certain items is significant. To mitigate the impact of these delays, we have implemented advanced and larger lot purchases of certain materials and parts, which has resulted in an increased use of our working capital, which is expected to continue. In addition, inflation and the related increased costs of inputs needed to execute our business, including materials, parts, supplies, consultants, subcontractors, vendors, etc., have significantly increased our business costs and have adversely impacted our operations, profit margins and financial forecasts.

Additionally, an industry wide shortage of qualified labor, and the cost of that labor for the Company and its labor base is a significant operational challenge. The cost of labor has increased significantly and current challenges in hiring, obtaining and retaining employees, including those employees requiring National Security clearances, is adversely impacting Kratos' ability to execute its business. The challenge of retaining skilled experienced production personnel has continued to negatively impact our operating margins, especially on our longer-term firm fixed-priced production contracts. There is also a significant industry wide labor shortage, including in the Science, Technology, Engineering, and Math (STEM) discipline areas, and also including employees willing and/or able to obtain National Security clearances, and for high level manufacturing and production disciplines.

We do believe that our business is well-positioned, including in areas that the Trump Administration, the DoW, national security related and other customers currently indicate are priorities for future defense spending. As noted above, we believe that there is a generational recapitalization of weapon systems and the defense industrial base occurring with the U.S. and its allies to address peer and near peer threats, including Russia, China, North Korea and Iran. We believe that the Company's position as a proven provider of military grade hardware, systems and software to address these threats for and with our customers and partners is recognized in the industry. We believe that the Company's military grade hardware, software and solution offerings, including jet unmanned aerial drones, rocket and hypersonic systems, C5ISR and air defense systems, jet engine and propulsion systems for missiles, drones, hypersonic and supersonic vehicles, microwave electronics for missile, radar and air defense systems, space and satellite communication systems and training systems, address mission critical priority areas of the DoW.

Reportable Segments

The Company currently operates in two reportable segments, KGS and US. The KGS reportable segment is comprised of an aggregation of KGS operating segments, including our microwave electronics products, space, satellite and cyber, training solutions, C5ISR/modular systems, turbine technologies, and defense and rocket support services operating segments. The US reportable segment consists of our unmanned aerial, unmanned ground, unmanned seaborne and command, control and communications system businesses.

We organize our business segments based primarily on the nature of the products, solutions and services offered. Transactions between segments are negotiated and accounted for under terms and conditions similar to other government and commercial contracts, and these intercompany transactions are eliminated in consolidation. For additional information regarding our reportable segments, see Note 10 of the accompanying unaudited condensed consolidated financial statements. From a customer and solutions perspective, we view our business as an integrated whole, leveraging skills and assets wherever possible.

Comparison of Results for the Three Months Ended June 28, 2026 to the Three Months Ended June 29, 2025

Revenues. Revenues by reporting segment for the three months ended June 28, 2026 and June 29, 2025 are as follows (dollars in millions):

	June 28, 2026	June 29, 2025	\$ change	% change
Kratos Government Solutions				
Service revenues	167.2	\$ 133.0	\$ 34.2	25.7 %
Product sales	212.5	145.3	67.2	46.2 %
Total Kratos Government Solutions	\$ 379.7	\$ 278.3	\$ 101.4	36.4 %
Unmanned Systems				
Service revenues	\$ 2.5	\$ 1.9	\$ 0.6	31.6 %
Product sales	76.6	71.3	5.3	7.4 %
Total Unmanned Systems	79.1	73.2	5.9	8.1 %
Total revenues	<u>\$ 458.8</u>	<u>\$ 351.5</u>	<u>\$ 107.3</u>	30.5 %
Total service revenues	\$ 169.7	\$ 134.9	\$ 34.8	25.8 %
Total product sales	289.1	216.6	72.5	33.5 %
Total revenues	<u>\$ 458.8</u>	<u>\$ 351.5</u>	<u>\$ 107.3</u>	30.5 %

Revenues increased \$107.3 million to \$458.8 million for the three months ended June 28, 2026 from \$351.5 million for the three months ended June 29, 2025. Revenues in our KGS segment increased \$101.4 million primarily due to increased revenues in our Defense Rocket Support business driven by our hypersonic systems business, as well as growth in our turbine technologies, microwave products and space and training businesses, and the contribution of \$18.8 million in revenue from the recent acquisition of Nomad Global Communication Solutions, and \$21.4 million in revenue from the recent acquisition of Orbit Technologies. Revenues in our US segment were \$79.1 million for the three months ended June 28, 2026, an increase of \$5.9 million from \$73.2 million in the three months ended June 29, 2025, primarily as a result of Valkyrie aircraft related production during the three months ended June 28, 2026.

Product sales increased \$72.5 million to \$289.1 million for the three months ended June 28, 2026 from \$216.6 million for the three months ended June 29, 2025, primarily due to the acquisitions of Nomad and Orbit, as well as increased production in our KGS and US segments. As a percentage of total consolidated revenues, product sales were 63.0% for the three months ended June 28, 2026 as compared to 61.6% for the three months ended June 29, 2025. Service revenues increased by \$34.8 million to \$169.7 million for the three months ended June 28, 2026 from \$134.9 million for the three months ended June 29, 2025, primarily related to increased activity in our defense rocket support business in our KGS segment.

Cost of Revenues. Cost of revenues increased \$81.0 million to \$358.7 million for the three months ended June 28, 2026 from \$277.7 million for the three months ended June 29, 2025. The increase in cost of revenues was primarily due to increased revenues in our Defense Rocket Support business driven by our hypersonic systems business, as well as the acquisitions of Nomad and Orbit and the impact of increased labor and material costs.

Gross Margin. Gross margin increased to 21.8% for the three months ended June 28, 2026 from 21.0% for the three months ended June 29, 2025. Margins on services increased to 22.5% for the three months ended June 28, 2026 from 20.5% for the three months ended June 29, 2025. Margins on products increased to 21.4% for the three months ended June 28, 2026 from 21.3% for the three months ended June 29, 2025. Margins in the KGS segment increased to 22.9% for the three months ended June 28, 2026 from 22.3% for the three months ended June 29, 2025. Margins in the US segment increased to 16.7% for the three months ended June 28, 2026 from 15.8% for the three months ended June 29, 2025.

Selling, General and Administrative ("SG&A") Expenses. SG&A expenses increased \$27.4 million to \$87.3 million for the three months ended June 28, 2026 from \$59.9 million for the three months ended June 29, 2025 due primarily to increased amortization expense of \$8.8 million related to the acquisitions of Nomad and Orbit, increased stock compensation expense of \$7.7 million, and the impact of increased revenue volume and headcount. As a percentage of revenues, SG&A increased to 19.0% at June 28, 2026 from 17.0% at June 29, 2025.

Research and Development ("R&D") Expenses. R&D expenses increased to \$13.6 million for the three months ended June 28, 2026 from \$10.2 million for June 29, 2025 primarily due to the acquisition of Orbit. As a percentage of revenues,

R&D increased to 3.0% for the three months ended June 28, 2026 from 2.9% for the three months ended June 29, 2025. R&D expenses are made by the Company, typically in conjunction with our customers, for the Company to achieve a “first to market” position with our products or technology. We also invest in R&D expenses to achieve market leading “designed in” positions on major programs, platforms or systems.

Total Other Income, Net. The total other income, net was \$8.6 million for the three months ended June 28, 2026 and \$0.9 million for the three months ended June 29, 2025. The net change of \$7.7 million between the three months ended June 29, 2025 and the three months ended June 28, 2026 is primarily related to the reduction of interest expense from the payoff of our long-term debt on July 2, 2025 and an increase in interest income on cash balances, which increased following our June 27, 2025 and February 26, 2026 public offerings.

Provision for Income Taxes. The provision for income taxes for the three months ended June 28, 2026 and the three months ended June 29, 2025 was \$2.6 million and \$1.7 million, respectively. The provision for income taxes for the three months ended June 28, 2026 and three months ended June 29, 2025 included a benefit of \$1.7 million and \$0.6 million, respectively, for stock compensation related items. For the three months ended June 28, 2026 and June 29, 2025, the Company utilized the annual effective tax rate method based on the forecasted information provided.

Comparison of Results for the Six Months Ended June 28, 2026 to the Six Months Ended June 29, 2025

Revenues. Revenues by reporting segment for the six months ended June 28, 2026 and June 29, 2025 are as follows (dollars in millions):

	June 28, 2026	June 29, 2025	\$ change	% change
Kratos Government Solutions				
Service revenues	\$ 298.5	\$ 233.7	\$ 64.8	27.7 %
Product sales	369.6	284.1	85.5	30.1 %
Total Kratos Government Solutions	\$ 668.1	\$ 517.8	\$ 150.3	29.0 %
Unmanned Systems				
Service revenues	\$ 5.2	\$ 3.6	\$ 1.6	44.4 %
Product sales	156.5	132.7	23.8	17.9 %
Total Unmanned Systems	161.7	136.3	25.4	18.6 %
Total revenues	\$ 829.8	\$ 654.1	\$ 175.7	26.9 %
Total service revenues	\$ 303.7	\$ 237.3	\$ 66.4	28.0 %
Total product sales	526.1	416.8	109.3	26.2 %
Total revenues	\$ 829.8	\$ 654.1	\$ 175.7	26.9 %

Revenues increased \$175.7 million to \$829.8 million for the six months ended June 28, 2026 from \$654.1 million for the six months ended June 29, 2025. Revenues in our KGS segment increased \$150.3 million, primarily due to increased revenues in our Defense Rocket Support business driven by our hypersonic business, as well as growth in our Space, Cyber and Training, Turbine Technologies and Microwave Products businesses, and the contribution of \$26.2 million and \$34.8 million in revenues from the acquisitions of Nomad and Orbit, respectively. Revenues in our US segment were \$161.7 million for the six months ended June 28, 2026, an increase of \$25.4 million from \$136.3 million for the six months ended June 29, 2025, primarily reflecting increased tactical drone activity during the six months ended June 28, 2026.

Product sales increased \$109.3 million to \$526.1 million for the six months ended June 28, 2026 from \$416.8 million for the six months ended June 29, 2025, primarily due to increased production activity in the Company’s US Segment and in the Defense Rocket Support, Space, Training and Cyber, Microwave Products and Turbine Technologies businesses in KGS, as well as the acquisitions of Nomad and Orbit. As a percentage of total revenue, product sales were 63.4% for the six months ended June 28, 2026 as compared to 63.7% for the six months ended June 29, 2025. Service revenues increased by \$66.4 million to \$303.7 million for the six months ended June 28, 2026 from \$237.3 million for the six months ended June 29, 2025. The increase was primarily related to increased activity in our defense rocket support businesses in our KGS segment.

Cost of Revenues. Cost of revenues increased \$133.4 million to \$640.1 million for the six months ended June 28, 2026 from \$506.7 million for the six months ended June 29, 2025. The increase in cost of revenues was primarily a result of the increase in revenues discussed above as well as the impact of increased labor and material costs.

Gross Margin. Gross margin increased to 22.9% for the six months ended June 28, 2026 from 22.5% for the six months ended June 29, 2025. Gross margin on services increased to 24.0% for the six months ended June 28, 2026 from 22.9% for the six months ended June 29, 2025. Gross margin on product sales decreased to 22.2% for the six months ended June 28, 2026 from 22.3% for the six months ended June 29, 2025. Gross margin in the KGS segment was 24.3% for the six months ended June 28, 2026, consistent with 24.3% for the six months ended June 29, 2025. Gross margin in the US segment increased to 16.9% for the six months ended June 28, 2026 from 15.8% for the six months ended June 29, 2025 due primarily to the more favorable mix of revenues in the six months ended June 28, 2026.

Selling, General and Administrative (“SG&A”) Expenses. SG&A expenses increased \$42.7 million from \$116.9 million for the six months ended June 29, 2025 to \$159.6 million for the six months ended June 28, 2026 due to increased amortization expense of \$13.4 million related to the acquisitions of Nomad and Orbit, increased stock compensation expense of \$14.0 million, and the impact of increased revenue volume and headcount. As a percentage of revenues, SG&A increased to 19.2% at June 28, 2026, from 17.9% at June 29, 2025.

Research and Development (“R&D”) Expenses. R&D expenses were \$24.3 million for the six months ended June 28, 2026 and \$20.2 million for the six months ended June 29, 2025. As a percentage of revenues, R&D expenses decreased to 2.9% for the six months ended June 28, 2026 from 3.1% for the six months ended June 29, 2025. R&D expenses are made by the Company, typically in conjunction with our customers, for the Company to achieve a “first to market” position with our products or technology. We also invest in R&D expenses to achieve market leading “designed in” positions on major programs, platforms or systems.

Total Other Income (Expense), Net. Total other income (expense), net increased to income of \$13.7 million for the six months ended June 28, 2026 from expense of \$0.3 million for the six months ended June 29, 2025. The increase in total other income (expense), net of \$14.0 million was primarily related to the reduction of interest expense from the payoff of our Term Loan A debt on July 2, 2025 and an increase in interest income on cash balances which increased following our June 27, 2025 and February 27, 2026 public offerings, and due to the receipt of a research and development tax related refund received by one of the Company’s international businesses.

Provision (benefit) for Income Taxes. The provision for income taxes for the six months ended June 28, 2026 and the six months ended June 29, 2025 was \$0.5 million and \$2.6 million, respectively. The provision for income taxes for the six months ended June 28, 2026 and the six months ended June 29, 2025 include a benefit of \$8.9 million and \$2.2 million, respectively, for stock compensation related items. For the six months ended June 28, 2026 and June 29, 2025, the Company utilized the annual effective tax rate method based on the forecasted information provided.

Backlog

On June 28, 2026, we had approximately \$2.084 billion of total backlog, of which \$1.572 billion was funded. We expect to recognize approximately 35% of the remaining total backlog as revenue in fiscal year 2026, an additional 35% in fiscal year 2027 and the balance thereafter. Our comparable total backlog balance as of June 29, 2025, was approximately \$1.414 billion, of which \$1.125 billion was funded. Backlog as of June 28, 2026 as compared to June 29, 2025 has increased primarily as a result of contract awards in our Space, Satellite and Training, Defense Rocket Support Services, Microwave Products and Unmanned Systems businesses, as well as the impact of the acquisitions of Nomad and Orbit which contributed approximately \$243.4 million to the increase in backlog.

Total backlog is our estimate of the amount of revenue expected to be realized over the remaining life of awarded contracts and task orders that we have in hand as of the measurement date. Total backlog can include award fees, incentive fees, or other variable consideration estimated based on the most likely amount we expect to be entitled to receive, to the extent that it is probable that a significant reversal of cumulative revenue recognized will not occur. Total backlog can include both funded and unfunded future revenue under government contracts. Total backlog does not include orders for which neither party has performed and which each party has the unilateral right to terminate a wholly unperformed contract without compensating the other party. As such, total backlog generally does not include options for additional performance obligations which have not been executed unless they are considered a material right of the base agreement/contract. For indefinite delivery or indefinite quantity contracts, only awarded or funded task orders are included for backlog purposes.

We define funded backlog as estimated future revenue under government contracts and task orders for which funding has been appropriated by Congress and authorized for expenditure by the applicable agency, plus an estimate of the future revenue expected to be realized from commercial contracts that are under firm orders. Funded backlog does not include the full potential value of our contracts because Congress often appropriates funds to be used by an agency for a particular program of a contract on a yearly or quarterly basis even though the contract may call for performance over a number of years. As a result, contracts typically are only partially funded at any point during their term, and all or some of the work to be performed under the contracts may remain unfunded unless and until Congress makes a subsequent appropriation and the procuring agency allocates funding to the contract.

Contracts undertaken by us may extend beyond one year. Accordingly, portions are carried forward from one year to the next as part of backlog. Because many factors affect the scheduling of projects, no assurance can be given as to when or if revenue will be realized on projects included in our backlog. Although funded backlog represents only business that is considered to be firm, we cannot guarantee that cancellations or scope adjustments will not occur. The majority of funded backlog represents contracts with terms that would entitle us to all or a portion of our costs incurred and potential fees upon cancellation by the customer.

A significant number of the programs that Kratos' systems, products and solutions support are multi-year/multi-decade in nature. Accordingly, based on historical customer usage or operational tempo, we have reasonable expectations or visibility of what ultimate orders for Kratos' systems, products and solutions will be. We do not include these expected amounts in our backlog until a related contract award is received.

Management believes that year-to-year comparisons of backlog are not necessarily indicative of future revenues. The actual timing of receipt of revenues, if any, on projects included in backlog could change because many factors affect the scheduling of projects. In addition, cancellations or adjustments to contracts may occur. Backlog is typically subject to large variations from quarter-to-quarter as existing contracts are renewed or new contracts are awarded. Additionally, all U.S. Government contracts included in backlog, whether or not funded, may be terminated at the convenience of the U.S. Government.

Liquidity and Capital Resources

As of June 28, 2026, we had cash and cash equivalents of \$1,437.6 million compared with cash and cash equivalents of \$560.6 million as of December 28, 2025, which includes \$78.1 million and \$30.3 million, respectively, of cash and cash equivalents held by our foreign subsidiaries. We are not presently aware of any restrictions on the repatriation of these funds, however, earnings of these foreign subsidiaries are essentially considered permanently invested in these foreign subsidiaries. If these funds were needed to fund our operations or satisfy obligations in the United States they could be repatriated, and their repatriation into the United States may cause us to incur additional foreign withholding taxes. We do not currently intend to repatriate these earnings.

Our total long-term debt at June 28, 2026 remains at zero reflecting the extinguishment on July 2, 2025 of all outstanding Term Loan A debt under the 2022 Credit Facility. The then outstanding Term Loan A aggregate principal balance of \$177.5 million, plus accrued interest, was paid in full utilizing a portion of the proceeds we received from the June 27, 2025 public equity offering that generated net proceeds of approximately \$555.9 million, which is described further in Note 11 to the accompanying unaudited condensed consolidated financial statements. The new undrawn \$300.0 million revolving credit facility (see Note 9) remains active and available to the Company less approximately \$2.1 million of domestic letters of credit outstanding. Foreign letters of credit outstanding of \$29.0 million do not impact the availability of the Revolving Credit Facility.

We use our operating cash flow to finance trade accounts receivable, fund necessary increases in inventory including increasing inventory stock levels and advance buys in larger lot sizes to gain pricing benefits where possible, in order to mitigate the impact of supply chain disruptions and price increases, utilize working capital to fund revenue growth, fund prepayments required for long lead items necessary for production, fund internal investments of engineering and software development costs, fund capital expenditures, our internal research and development investments and our ongoing operations, service our debt, enhance our security infrastructure, including cyber security infrastructure, and make strategic acquisitions. Financing trade accounts receivable is necessary because, on average, our customers do not pay us as quickly as we pay our vendors and employees for their goods and services because a number of our receivables are contractually billable and due to us only when certain contractual milestones are achieved. Financing increases in inventory balances are necessary to fulfill shipment requirements to meet delivery schedules of our customers, to fund advanced inventory purchases to mitigate supply chain disruptions and fluctuations in demand for critical components, and to fund production for work in progress and increased inventory levels and prepayments for long-lead materials related to production and revenue growth. These financing

requirements have increased and have recently negatively impacted our operating cash flows due to actions we have taken to advance inventory purchases in an attempt to mitigate supply chain disruptions and to bolster our inventory levels. For the six months ended June 28, 2026, approximately \$36.6 million of operating cash flow use was related to increases in prepaid expenses and other assets which also include certain vendor prepayments and deposits related to the procurement of long-lead materials and inventory and certain investments we are making for unmanned systems initiatives. Cash from continuing operations is primarily derived from our customer contracts in progress and associated changes in working capital components. Our days sales outstanding (“DSO”) have decreased from 124 days as of December 28, 2025 to 114 days at June 28, 2026, primarily reflecting the timing of outstanding contractual billing milestones and our internal revenue growth as well as the impact of the recent Nomad and Orbit acquisitions. Our DSO's are impacted by the achievement of contractual billing milestones such as equipment shipments and deliveries on certain products, the receipt of contractual funding, and for certain flight requirements that must be fulfilled on certain aerial target programs, or final milestone billings which are not due until completion on certain projects, and therefore we are unable to contractually bill for amounts outstanding related to those milestones at this time.

A summary of our net cash provided by (used in) operating activities, investing activities, and financing activities from our condensed consolidated statements of cash flows is as follows (in millions):

	Six Months Ended	
	June 28, 2026	June 29, 2025
Net cash used in operating activities	\$ (38.4)	\$ (40.9)
Net cash used in investing activities	(375.3)	(43.1)
Net cash provided by financing activities	1,291.2	536.3

Net cash used in operating activities was \$38.4 million for the six months ended June 28, 2026. Net cash used in operating activities for the six months ended June 28, 2026 was primarily a result of net income of \$16.3 million and changes in net working capital accounts of \$134.2 million partially offset by noncash charges of \$79.5 million which primarily includes stock compensation, depreciation and amortization. Net cash used in operating activities was \$40.9 million for the six months ended June 29, 2025. Net cash used in operating activities for the six months ended June 29, 2025 was primarily a result of net income of \$7.4 million and changes in net working capital accounts of \$94.1 million partially offset by noncash charges of \$45.8 million which includes stock compensation, depreciation and amortization.

Net cash used in investing activities was \$375.3 million for the six months ended June 28, 2026 and is comprised primarily of \$346.8 million of payments for acquisitions and \$37.1 million of capital expenditures. During the six months ended June 28, 2026, capital expenditures of approximately \$10.9 million were incurred in our US business, primarily related to our unmanned tactical initiative. We expect our capital expenditures for fiscal year 2026 to continue to be significant for investments we are making, specifically in our US business totaling approximately \$35 to \$40 million, including approximately \$25 to \$30 million for capital aerial drones and related support equipment. The Company is currently producing or anticipates producing several versions of the Valkyrie within the 24 unit production, based on routine communications with the customers, which mix and ultimate duration of the 24 Lot Build may change as a result. The Company's small jet engines are currently “designed in” on certain cruise missiles and loitering munitions, certain of which the Company may receive indications of or production contracts for, which could result in the Company ordering or acquiring related hardware for in 2026, which could impact our cash flow. Net cash used in investing activities was \$43.1 million for the six months ended June 29, 2025 and is comprised of \$43.1 million in capital expenditures. During the six months ended June 29, 2025, capital expenditures of approximately \$16.8 million were incurred in our US business, primarily related to our unmanned tactical initiative. During the six months ended June 28, 2026, the company funded \$6.9 million related to its investment in the Prometheus Energetics (“Prometheus”) joint venture with RAFAEL Advanced Defense Systems, Ltd. (“RAFAEL”). Kratos and RAFAEL (through its U.S. based subsidiary RAFAEL USA) have jointly committed up to a combined total of \$175 million in capital for the establishment of Prometheus and required property, plant, equity and personnel needed for the new, state-of-the-art SRM and energetics manufacturing campus and facilities. The Company expects to fund approximately \$50 million to the Prometheus joint venture during 2026.

Net cash provided by financing activities was \$1,291.2 million for the six months ended June 28, 2026, which included net proceeds from the issuance of common stock of approximately \$1,348.4 million (see Note 11 to the accompanying unaudited condensed consolidated financial statements) and employee stock purchase plan receipts of \$5.3 million. These receipts were partially offset by payroll withholding taxes paid from vested restricted stock traded for taxes of \$59.1 million, and payments made on financing lease obligations of \$2.0 million. Net cash used in financing activities was \$536.3 million for

the six months ended June 29, 2025, which included employee stock purchase plan receipts of \$4.6 million and net proceeds from the issuance of common stock of approximately \$555.9 million (see Note 11 to the accompanying unaudited condensed consolidated financial statements). These proceeds were partially offset by \$5.0 million of principal payments on our Term Loan A, payroll withholding taxes paid from vested restricted stock traded for taxes of \$18.3 million and payments made on financing lease obligations of \$0.9 million.

Contractual Obligations and Commitments

(a) 2022 Credit Facility

On February 18, 2022, the Company completed the refinancing of its then-outstanding \$90 million revolving credit facility and \$300 million 6.5% Senior Secured Notes, with a 5-year \$200 million Revolving Credit Facility and 5-year \$200 million Term Loan A (collectively, the “2022 Credit Facility”). The Company incurred debt issuance costs of \$3.3 million associated with the 2022 Credit Facility. On July 2, 2025, the Company extinguished all outstanding Term Loan A debt under the 2022 Credit Facility. The then-outstanding Term Loan A aggregate principal balance of \$177.5 million, plus accrued interest, was paid in full utilizing a portion of the proceeds received from the June 27, 2025 public equity offering, which is described further in Note 11. The Company incurred a loss on the extinguishment of the debt of \$0.5 million during the three months ended September 28, 2025 related to the write-off of unamortized debt issuance costs. This loss is included in Other income (expense) in the condensed consolidated statement of operations. The undrawn \$200 million revolving credit facility under the 2022 Credit Facility remained active and available to the Company through the February 20, 2026 refinancing described below.

The 2022 Credit Facility was governed by a Credit Agreement (the “2022 Credit Agreement”), which established a 5-year senior secured credit facility which was comprised of a \$200 million Revolving Credit Facility (which included sub-facilities for the incurrence of up to \$10.0 million of swingline loans and the issuance of up to \$50.0 million of Letters of Credit) and the \$200 million Term Loan A. The 2022 Credit Agreement contemplated uncommitted incremental credit facilities of up to \$200 million (which amount would be reduced by the aggregate amount of any and all incremental credit facilities actually established under the 2022 Credit Agreement) plus additional uncommitted incremental capacity subject to a limitation based on the Company’s pro forma total net leverage ratio (including any such additional uncommitted incremental capacity).

Borrowings under the revolving credit facility and the term loan credit facility may take the form of base rate loans or Secured Overnight Financing Rate (“SOFR”) loans. Base rate loans under the 2022 Credit Agreement bore interest at a rate per annum equal to the sum of the Applicable Margin (as defined in the Credit Agreement) from time to time in effect plus the highest of (i) the Agent’s (as defined in the 2022 Credit Agreement) prime lending rate, as in effect at such time, (ii) the Federal Funds Rate (as defined in the 2022 Credit Agreement), as in effect at such time, plus 0.50%, (iii) the Adjusted Term SOFR (as defined in the 2022 Credit Agreement) for a one-month tenor in effect on such day, plus 1.00% and (iv) 1.00%. SOFR loans will bear interest at a rate per annum equal to the sum of the Applicable Margin from time to time in effect plus the Adjusted Term SOFR for an Interest Period (as defined in the 2022 Credit Agreement) selected by the Company of one, three or six months. The Applicable Margin varied between 1.25% and 2.25% per annum for SOFR loans and between 0.25% and 1.25% per annum for base rate loans, and is based on the Company’s total net leverage ratio from time to time.

The 2022 Credit Agreement contained certain covenants, which included, but were not limited to, restrictions on indebtedness, liens, fundamental changes, restricted payments, asset sales, and investments, and placed limits on various other payments. The Company was in compliance with the covenants contained in the 2022 Credit Agreement as of the February 20, 2026 refinancing described below.

On April 28, 2023, the Company entered into an interest rate swap contract to hedge U.S. dollar-one month Term SOFR in order to fix the interest rate movements associated with the Company’s Term Loan A. The initial hedge amount was \$195.0 million and amortized in accordance with Term Loan A. The swap was at a fixed rate of one-month term SOFR of 3.721% and settled monthly on the last day of each calendar month. The swap had an effective date of May 1, 2023 and was scheduled to terminate on May 1, 2026. On June 30, 2025, in anticipation of the extinguishment of Term Loan A, the Company terminated the swap. The Company received a payment of approximately \$0.3 million representing the termination value of the swap. Refer to Note 14 for further discussion of the accounting treatment of the swap arrangement.

On February 20, 2026, the Company completed the refinancing of its 2022 Credit Facility with a new 5-year \$300 million Revolving Credit Facility described below. There were no outstanding borrowings under the 2022 Credit Facility subsequent to the repayment in full of the Term Loan A under the 2022 Credit Facility on July 2, 2025. The outstanding letters of credit under the 2022 Credit Facility were transferred to the 2026 Credit Agreement described below.

(b) 2026 Credit Facility

On February 20, 2026, the Company entered into a Credit Agreement (the “2026 Credit Agreement”), by and among the Company, the guarantors from time to time party thereto, the lenders from time to time party thereto (the “Lenders”), and PNC Bank, National Association (the “Administrative Agent”), in its capacity as administrative agent, and as swingline loan lender and issuing lender. The 2026 Credit Agreement establishes a five-year senior secured credit facility which is comprised of a \$300 million revolving credit facility (which includes sub-facilities for the incurrence of up to \$35.0 million of swingline loans and the issuance of up to \$50.0 million of Letters of Credit). Letters of credit outstanding under the 2022 Credit Agreement have been transferred to the 2026 Credit Agreement. The 2026 Credit Agreement contemplates uncommitted incremental credit facilities of up to \$135.0 million. As of June 28, 2026, the Company has no amounts outstanding under the Revolving Credit Facility, with \$300.0 million remaining in borrowing capacity, less approximately \$2.1 million of domestic letters of credit outstanding. Foreign letters of credit outstanding of \$29.0 million does not impact the availability of the Revolving Credit Facility.

The Company’s obligations under the 2026 Credit Agreement are guaranteed by the Guarantors (as defined in the 2026 Credit Agreement). The Company’s obligations under the 2026 Credit Agreement and the Guarantors’ obligations under the Guaranty and Security Agreement (as defined in the 2026 Credit Agreement) are secured by first priority security interests in all assets of the loan parties that have executed the Guaranty and Security Agreement.

Borrowings under the revolving credit facility may take the form of base rate loans or SOFR loans. Base rate loans under the 2026 Credit Agreement will bear interest at a rate per annum equal to the sum of the Applicable Margin (as defined in the 2026 Credit Agreement) from time to time in effect plus the highest of (i) the Overnight Bank Funding Rate (as defined in the 2026 Credit Agreement), as in effect at such time, plus 0.50%, (ii) the Administrative Agent’s prime lending rate, as in effect at such time, and (iii) the Daily Simple SOFR (as defined in the 2026 Credit Agreement) plus 1.00%, so long as Daily Simple SOFR is offered, ascertainable and not unlawful. SOFR loans will bear interest at a rate per annum equal to the sum of the Applicable Margin from time to time in effect plus the Term SOFR Rate for an Interest Period (as defined in the 2026 Credit Agreement) selected by the Company of one (1), three (3) or six (6) months. The Applicable Margin varies between 1.00% and 2.00% per annum for SOFR loans and between 0.00% and 1.00% per annum for base rate loans, and is based on the Company’s total net leverage ratio from time to time.

The 2026 Credit Agreement contains certain covenants, which include, but are not limited to, restrictions on indebtedness, liens, fundamental changes, restricted payments, asset sales, and investments, and places limits on various other payments.

Events of default under the terms of the 2026 Credit Agreement include, but are not limited to:

- Failure of the Company to pay any principal of any loans in full when due and payable;
- Failure of the Company to pay any interest on any loan or any fee or other amount payable under the 2026 Credit Agreement within five business days after the date when due and payable;
- Failure of the Company or any of its subsidiaries to comply with certain covenants and agreements, subject to applicable grace periods and/or notice requirements; and
- Any representation or warranty made or deemed made by or on behalf of the Company or any of its subsidiaries in or in connection with the 2026 Credit Agreement or in any certificate, report, financial statement or other document submitted to the Administrative Agent or the Lenders by the Company or the Guarantors pursuant to or in connection with the 2026 Credit Agreement or any other loan document shall prove to be incorrect in any material respect (other than any representation or warranty that is expressly qualified by a Material Adverse Effect (as defined in the 2026 Credit Agreement) or other materiality, in which case such representation or warranty shall prove to be incorrect in any respect) when made or deemed made or submitted.

Subject to certain notice requirements and other conditions, upon the occurrence of an event of default, commitments may be terminated and the principal of, and interest then outstanding on, all of the loans may become immediately due and payable; however, where an event of default arises from certain bankruptcy events, the commitments shall automatically and immediately terminate and the principal of, and interest then outstanding on, all of the loans shall become immediately due and payable.

In connection with the execution of the consummation of the transactions contemplated by the 2026 Credit Agreement, the 2022 Credit Agreement was terminated.

Pursuant to the 2026 Credit Agreement, the Company is subject to certain restrictions on its ability to pay dividends or make other distributions or payments on account of any redemption, retirement or purchase of any capital stock.

The Company has capitalized and is amortizing the debt issuance costs over the term of the facility. The unamortized balance at June 28, 2026 and December 28, 2025 were \$1.6 million and \$0.4 million respectively.

Other Liquidity Matters

We believe that our cash on hand, together with funds available under the undrawn \$300.0 million revolving credit facility under the 2026 Credit Facility and cash expected to be generated from operating activities, will be sufficient to fund our anticipated working capital and other cash needs for at least the next 12 months. As discussed below and in Part I, Item 1A, "Risk Factors" of our Annual Report on Form 10-K, our quarterly and annual operating results have fluctuated in the past and may vary in the future due to a variety of factors, many of which are outside our control. If the conditions in our industry deteriorate or our customers cancel or postpone projects or if we are unable to sufficiently increase our revenues or further reduce our expenses, we may experience a significant long-term negative impact to our financial results and cash flows from operations. In such a situation, we could fall out of compliance with our financial and other covenants, which, if not waived, could limit our liquidity and capital resources.

Critical Accounting Principles and Estimates

The foregoing discussion of our financial condition and results of operations is based on the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q. The preparation of these condensed consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, sales and expenses, and the related disclosures of contingencies. We base these estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ from these estimates.

Our results of operations for the three and six months ended June 28, 2026, include the activity of Nomad Global Communication Solutions, Incorporated ("Nomad GCS"), which was acquired on February 11, 2026, and Orbit Technologies, Ltd. ("Orbit"), which was acquired on March 2, 2026.

Pursuant to ASC 805, Business Combinations, the initial purchase price allocations for these acquisitions remain provisional as of June 28, 2026. The identification and valuation of intangible assets for Nomad GCS have been finalized, subject to pending tax-related adjustments, while the valuation for Orbit remains in progress. Accordingly, the excess of purchase consideration over the preliminary fair values of net assets acquired has been allocated to goodwill.

The process of identifying and valuing intangible assets requires significant management judgment and the use of estimates, including projected future cash flows and appropriate discount rates. These provisional estimates are subject to change during the measurement period (not to exceed one year from the acquisition dates) as additional information is obtained.

Any future allocation of value from non-amortizing goodwill to finite-lived identifiable intangible assets will likely result in an increase in amortization expense in future periods and may impact our deferred tax accounts. We will continue to evaluate the provisional amounts recognized for these acquisitions at each reporting period during the measurement period to determine if any adjustments are necessary based on new information obtained about facts and circumstances that existed as of the acquisition dates. We expect to refine these provisional amounts as the formal valuation processes for both acquisitions progresses.

There have been no other significant changes to our "Critical Accounting Policies or Estimates" as compared to the significant accounting policies described in our Annual Report on Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Since December 28, 2025, there have been no material changes in the quantitative or qualitative aspects of our market risk profile. For additional information regarding our exposure to certain market risks, see "Item 7A. Quantitative and

Qualitative Disclosures About Market Risk” included in our Annual Report on Form 10-K for the fiscal year ended December 28, 2025 that we filed with the SEC on February 23, 2026.

Item 4. Controls and Procedures.

Conclusions Regarding the Effectiveness of Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and that such information is accumulated and communicated to our management, including our Principal Executive Officer and Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost benefit relationship of possible controls and procedures.

As required by Rule 13a-15(b) promulgated under the Exchange Act, we carried out an evaluation, under the supervision and with the participation of our management, including our Principal Executive Officer and Principal Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report.

Based on the foregoing, our Principal Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of June 28, 2026.

Changes in Internal Control Over Financial Reporting

During the fiscal quarter ended March 29, 2026, the Company completed the acquisitions of Orbit Technologies Ltd. on March 2, 2026 and Nomad Global Communication Solutions, Incorporated on February 11, 2026. The Company is in the process of integrating the operations, systems and internal controls of these acquired businesses into its overall internal control over financial reporting environment and, as part of that process, is evaluating and, where appropriate, implementing additional controls and procedures related to financial reporting, including controls over purchase accounting and related estimates. Other than the integration activities associated with these acquisitions, there were no changes in the Company’s internal control over financial reporting during the fiscal quarter ended June 28, 2026 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

See Note 13 of the Notes to condensed consolidated financial statements contained within this Quarterly Report for a discussion of our legal proceedings.

Item 1A. Risk Factors.

In evaluating us and our common stock, we urge you to carefully consider the risks and other information in this Quarterly Report on Form 10-Q, as well as the risk factors disclosed in Item 1A. to Part I of our Annual Reports on Form 10-K, and other reports that we have filed with the SEC. Any of the risks discussed in such reports, as well as additional risks and uncertainties not currently known to us or that we currently deem immaterial, could materially and adversely affect our results of operations, financial condition or prospects. During the period covered by this Quarterly Report on Form 10-Q, there have been no material changes in our risk factors as previously disclosed.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

On April 16, 2026, pursuant to an Agreement and Plan of Merger among the Company, Nomad Global Communication Solutions, Incorporated, a Montana corporation (“Nomad”), the shareholders of Nomad, and the other parties thereto, the Company issued 14,768 shares of its common stock to the former Nomad shareholders. The shares were issued as part of the consideration for the Company’s acquisition of all of the outstanding capital stock of Nomad. The shares were issued in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) of the Securities Act as sales by an issuer not involving any public offering.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

(c) Rule 10b5-1 Trading Plans

During the fiscal quarter ended June 28, 2026, none of our directors or officers (as defined in Rule 16a-1 under the Exchange Act) adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" (as those terms are defined in Item 408 of Regulation S-K), except as described in the table below:

Name	Title	Action	Applicable Date	Expiration Date	Rule 10b5-1 Trading Arrangement? (Y/N) ⁽¹⁾	Aggregate Number of Securities Subject to Trading Arrangement
Eric DeMarco	Chief Executive Officer, President	Modification	5/15/2026	8/15/2029	Y	⁽²⁾ 1,500,000 ^{(3) (4)}
Deanna Lund	Executive Vice President, Chief Financial Officer	Adopted	6/13/2026	12/31/2028	Y	⁽³⁾ 199,285
Thomas Mills	President, C5ISR Systems	Adopted	5/29/2026	9/01/2027	Y	⁽³⁾ 9,011
Marie Mendoza	Senior Vice President, General Counsel	Adopted	6/12/2026	11/15/2028	Y	⁽³⁾ 43,002
Scot Jarvis	Director	Adopted	6/15/2026	12/31/2026	Y	⁽³⁾ 20,123
Steven Fendley	President, Unmanned Systems	Adopted	5/11/2026	8/31/2027	Y	⁽³⁾ 84,000

⁽¹⁾ Denotes whether the trading arrangement is intended to satisfy the affirmative defense of Rule 10b5-1(c).

⁽²⁾ On May 15, 2026, Mr. DeMarco modified a Rule 10b5-1 trading arrangement that was previously adopted on March 6, 2026 for the sale of up to 800,000 shares of our common stock over a period ending June 5, 2029.

⁽³⁾ This number represents the maximum number of shares of our common stock that may be sold pursuant to the trading arrangement. The number of shares actually sold will depend on the satisfaction of certain conditions set forth in the trading arrangement.

⁽⁴⁾ As of June 28, 2026, Mr. DeMarco beneficially owned (including indirect holdings) 1,124,690 shares of our common stock. In addition, as of June 28, 2026, 745,000 deferred restricted stock units (RSUs) granted to Mr. DeMarco, representing non-qualified deferred compensation, have vested but remain subject to a previously agreed to 5-year deferral period before issuance and release, which substantially all subject RSUs are scheduled to be released by January 2029, and an additional 750,000 RSUs granted to Mr. DeMarco are currently unvested and will only vest upon achievement of applicable vesting terms described in our proxy statement on Schedule 14A filed with the SEC on April 2, 2026. Each RSU represents a contingent right to receive one share of the Company's common stock.

Item 6. Exhibits.

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed-Furnished Herewith
		Form	Filing Date/ Period End Date	Exhibit	
3.1	Amended and Restated Certificate of Incorporation of Kratos Defense & Security Solutions, Inc., as amended.				*
3.2	Third Amended and Restated Bylaws of Kratos Defense & Security Solutions, Inc., as amended.	8-K	05/24/2024 (001-34460)	3.1	
4.1	Specimen Stock Certificate.	10-K	02/27/2017 (001-34460)	4.1	
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002.				*
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002				*
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Eric M. DeMarco.				*
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Deanna Lund.				*
101.INS	Inline XBRL Instance Document-the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document				*
101.SCH	Inline XBRL Taxonomy Extension Schema Document				*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document				*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document				*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document				*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document				*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				*

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

KRATOS DEFENSE & SECURITY SOLUTIONS, INC.

By: /s/ ERIC M. DEMARCO
Eric M. DeMarco
Chief Executive Officer, President
(Principal Executive Officer)

By: /s/ DEANNA H. LUND
Deanna H. Lund
Executive Vice President, Chief Financial Officer
(Principal Financial Officer)

By: /s/ MARIA CERVANTES DE BURGREN
Maria Cervantes de Burgreen
Vice President and Corporate Controller
(Principal Accounting Officer)

Date: August 4, 2026

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

WIRELESS FACILITIES, INC., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"), hereby certifies as follows:

1. The name of the Corporation is Wireless Facilities, Inc.
2. The original name of this Corporation is Wireless Facilities, Inc. and the date of filing the original Certificate of Incorporation of this Corporation with the Secretary of State of the State of Delaware was July 7, 1997.
3. The Amended and Restated Certificate of Incorporation of this Corporation, in the form attached hereto as Exhibit A, has been duly adopted by the Board of Directors and by the stockholders of the corporation in accordance with Sections 228, 242 and 245 of the General Corporation Law of the State of Delaware.
4. The Amended and Restated Certificate of Incorporation so adopted reads in full as set forth in Exhibit A attached hereto and hereby incorporated by reference.

IN WITNESS WHEREOF, Wireless Facilities, Inc. has caused this Amended and Restated Certificate of Incorporation to be signed by its Chief Executive Officer and Secretary this 2nd day of November, 1999.

/s/ Massih Tayebi
Massih Tayebi, Ph.D.
Chief Executive Officer and Secretary

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Exhibit A

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF
WIRELESS FACILITIES, INC.

I.

The name of this corporation is Wireless Facilities, Inc. II.

The address of the registered office of the corporation in the State of Delaware is 9 East Loockerman Street, City of Dover, County of Kent, and the name of the registered agent of the corporation in the State of Delaware at such address is National Registered Agents, Inc.

III.

The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware.

IV.

A. This corporation is authorized to issue two classes of stock to be designated, respectively, "Common Stock" and "Preferred Stock." The total number of shares which the corporation is authorized to issue is two hundred million (200,000,000) shares. One hundred ninety five million (195,000,000) shares shall be Common Stock, each having a par value of one tenth of one cent (\$0.001). Five million (5,000,000) shares shall be Preferred Stock, each having a par value of one tenth of one cent (\$0.001).

B. The Preferred Stock may be issued from time to time in one or more series. The Board of Directors is hereby authorized, by filing a certificate (a "Preferred Stock Designation") pursuant to the Delaware General Corporation Law, to fix or alter from time to time the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions of any wholly unissued series of Preferred Stock, and to establish from time to time the number of shares constituting any such series or any of them; and to increase or decrease the number of shares of any series subsequent to the issuance of shares of that series, but not below the number of shares of such series then outstanding. In case the number of shares of any series shall be decreased in accordance with the foregoing sentence, the shares constituting such decrease shall resume the status that they had prior to the adoption of the resolution originally fixing the number of shares of such series.

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V.

For the management of the business and for the conduct of the affairs of the corporation, and in further definition, limitation and regulation of the powers of the corporation, of its directors and of its stockholders or any class thereof, as the case may be, it is further provided that:

A. 1. The management of the business and the conduct of the affairs of the corporation shall be vested in its Board of Directors. The number of directors which shall constitute the whole Board of Directors shall be fixed exclusively by one or more resolutions adopted by the Board of Directors.

2. Board of Directors

a. Directors shall be elected at each annual meeting of stockholders to hold office until the next annual meeting. Each director shall hold office either until the expiration of the term for which elected or appointed and until a successor has been elected and qualified, or until such director's death, resignation or removal. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

b. No person entitled to vote at an election for directors may cumulate votes to which such person is entitled, unless, at the time of such election, the corporation (i) is subject to Section 2115(b) of the California General Corporation Law ("CGCL") and (ii) is not a "listed" corporation or ceases to be a "listed" corporation under Section 301.5 of the CGCL. During this time, every stockholder entitled to vote at an election for directors may cumulate such stockholder's votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which such stockholder's shares are otherwise entitled, or distribute the stockholder's votes on the same principle among as many candidates as such stockholder thinks fit. No stockholder, however, shall be entitled to so cumulate such stockholder's votes unless (i) the names of such candidate or candidates have been placed in nomination prior to the voting and (ii) the stockholder has given notice at the meeting, prior to the voting, of such stockholder's intention to cumulate such stockholder's votes. If any stockholder has given proper notice to cumulate votes, all stockholders may cumulate their votes for any candidates who have been properly placed in nomination. Under cumulative voting, the candidates receiving the highest number of votes, up to the number of directors to be elected, are elected.

3. Removal of Directors

a. During such time or times that the corporation is subject to Section 2115(b) of the CGCL, the Board of Directors or any individual director may be removed from office at any time without cause by the affirmative vote of the holders of at least a majority of the outstanding shares entitled to vote on such removal; provided, however, that unless the entire Board is removed, no individual director may be removed when the votes cast against such director's removal, or not consenting in writing to such removal, would be sufficient to elect that director if voted cumulatively at an election which the same total number of votes were cast (or, if such action is taken by written consent, all shares entitled to vote were voted) and the entire

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number of directors authorized at the time of such director's most recent election were then being elected.

b. At any time or times that the corporation is not subject to Section 2115(b) of the CGCL and subject to any limitations imposed by law, Section A(3)(a) above shall not apply and the Board of Directors or any director may be removed from office at any time with or without cause by the affirmative vote of the holders of a majority of the voting power of all then-outstanding shares of voting stock of the corporation, entitled to vote at an election of directors.

4. Vacancies

c. Subject to the rights of the holders of any series of Preferred Stock, any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other causes and any newly created directorships resulting from any increase in the number of directors, shall, unless the Board of Directors determines by resolution that any such vacancies or newly created directorships shall be filled by the stockholders, except as otherwise provided by law, be filled only by the affirmative vote of a majority of the directors then in office, even though less than a quorum of the Board of Directors, and not by the stockholders (except as stockholders may have such rights as described below). Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the director for which the vacancy was created or occurred and until such director's successor shall have been elected and qualified.

d. If at the time of filling any vacancy or any newly created directorship, the directors then in office shall constitute less than a majority of the whole board (as constituted immediately prior to any such increase), the Delaware Court of Chancery may, upon application of any stockholder or stockholders holding at least ten percent (10%) of the total number of the shares at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in offices as aforesaid, which election shall be governed by Section 211 of the DGCL.

e. At any time or times that the Corporation is subject to Section 2115(b) of the CGCL, if, after the filling of any vacancy by the directors then in office, where the number of such directors voting to fill, such vacancy who have been elected by stockholders shall constitute less than a majority of the directors then in office, then

(i) Any holder or holders of an aggregate of five percent (5%) or more of the total number of shares at the time outstanding having the right to vote for those directors may call a special meeting of stockholders; or

(ii) The Superior Court of the proper county shall, upon application of such stockholder or stockholders, summarily order a special meeting of stockholders, to be held to elect the entire board, all in accordance with Section 305(c) of the CGCL. The term of office of any director shall terminate upon that election of a successor.

B. 1. Subject to paragraph (h) of Section 43 of the Bylaws, the Bylaws may be altered or amended or new Bylaws adopted by the affirmative vote of at least sixty-six and two-thirds percent (66-2/3%) of the voting power of all of the then-outstanding shares of the voting stock of the Corporation entitled to vote. The Board of Directors shall also have the power to adopt, amend, or repeal Bylaws.

2. The directors of the Corporation need not be elected by written ballot unless the Bylaws so provide.

3. No action shall be taken by the stockholders of the Corporation except at an annual or special meeting of stockholders called in accordance with the Bylaws. No action shall be taken by the stockholders by written consent.

4. Advance notice of stockholder nominations for the election of directors and of business to be brought by stockholders before any meeting of the stockholders of the Corporation shall be given in the manner provided in the Bylaws of the Corporation.

VI.

A. The liability of the directors for monetary damages shall be eliminated to the fullest extent under applicable law.

B. This corporation is authorized to provide indemnification of agents (as defined in Section 317 of the CGCL) for breach of duty to the corporation and its shareholders through bylaw provisions or through agreements with the agents, or through shareholder resolutions, or otherwise, in excess of the indemnification otherwise permitted by Section 317 of the CGCL, subject, at any time or times the corporation is subject to Section 2115(b) to the limits on such excess indemnification set forth in Section 204 of the CGCL.

C. Any repeal or modification of this Article VI shall be prospective and shall not affect the rights under this Article VI in effect at the time of the alleged occurrence of any act or omission to act giving rise to liability or indemnification.

VII.

A. The corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, except as provided in paragraph B of this Article VII, and all rights conferred upon the stockholders herein are granted subject to this reservation.

B. Notwithstanding any other provisions of this Certificate of Incorporation or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of the voting stock required by law, this Certificate of Incorporation or any Preferred Stock Designation, the affirmative vote of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the voting power of all of the then-outstanding shares of the voting stock, voting together as a single class, shall be required to alter, amend or repeal Articles V, VI, and VII.

CERTIFICATE OF DESIGNATIONS, PREFERENCES AND RIGHTS

of

SERIES A PREFERRED STOCK

of

WIRELESS FACILITIES, INC.

I, Masood K. Tayebi, Chief Executive Officer of WIRELESS FACILITIES, INC., a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), in accordance with the provisions of Section 151 of the Delaware General Corporation Law, DO HEREBY CERTIFY:

That pursuant to the authority conferred upon the Board of Directors of the Corporation (the "Board of Directors") by the Certificate of Incorporation of the Corporation and by Section 151(g) of the Delaware General Corporation Law, on October 9, 2001, the Board of Directors adopted the following resolution, creating a series of shares of convertible preferred stock, Series A, designated as "Series A Preferred Stock":

"RESOLVED, that pursuant to the authority vested in the Board of Directors (the "Board of Directors") of WIRELESS FACILITIES, INC., a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), by the Certificate of Incorporation of the Corporation (the "Certificate of Incorporation"), the Board of Directors does hereby provide for the authorization and issuance of a series of convertible preferred stock, Series A, par value U.S.\$0.001 per share, of the Corporation, to be designated "Series A Preferred Stock," initially consisting of 63,637 shares, and to the extent that the designations, powers, preferences, and relative participating, optional, or other special rights, and the qualifications, limitations, and restrictions of the Series A Preferred Stock are not stated and expressed in the Certificate of Incorporation, the Board of Directors does hereby fix and herein state and express such designations, powers, preferences, and relative participating, optional, or other special rights, and the qualifications, limitations, and restrictions thereof, as follows:

1. Designation and Rank.

- (a) Sixty-three thousand six hundred thirty-seven (63,637) shares of the preferred stock of the Corporation, par value \$0.001 per share, shall be designated and known as the "Series A Preferred Stock."
- (b) The Series A Preferred Stock shall rank senior and prior to the common stock, par value U.S.\$0.001 per share, of the Corporation (the "Common Stock"), and all other classes or series of the capital stock (other than preferred stock) of the Corporation (now or hereafter authorized or issued), with respect to the payment of any dividends, the conversion rights set forth herein and any payment upon liquidation or redemption. The Corporation may not issue any additional classes or series of preferred stock with liquidation, redemption or conversion rights or right of payment of any kind that is senior to the Series A Preferred Stock, except pursuant to Section 12.

2. Dividend Rights.

From and after the date hereof, when and if the Board of Directors declares a dividend or distribution payable with respect to the then-outstanding shares of Common Stock (other than in additional shares of Common Stock or Common Stock Equivalents (as defined in Section 4(e)(i) below), the holders of the Series A Preferred Stock shall be entitled to the amount of dividends per share in the same form as such Common Stock dividends that would be payable on the largest number of whole shares of Common Stock into which a holder's aggregate shares of Series A Preferred Stock could then be converted pursuant to Section 4 hereof (such number to be determined as of the record date for the determination of holders of Common Stock entitled to receive such dividend).

3. Liquidation Rights.

(a) Liquidation Events. The occurrence of any of the following events shall be deemed a "Liquidation": (i) any liquidation, dissolution, or winding-up of the affairs of the Corporation; (ii) any transaction or series of related transactions in which securities of the Corporation representing 50% or more of the combined voting power of the Corporation's then outstanding voting securities are acquired by a person, entity or group of related persons or entities, excluding any consolidation or merger effected exclusively to change the domicile of the Corporation; (iii) any consolidation, merger or reorganization of the Corporation with or into any other corporation or other entity or person pursuant to which the holders of the Corporation's outstanding securities receive, pursuant to such transaction, securities in the surviving entity that represent less than 50% of the voting power of such surviving entity; or (iv) any sale, lease, exclusive license or other disposition of all or substantially all of the assets of the Corporation.

(b) Liquidation Preference.

(i) In the event of any Liquidation, whether voluntary or involuntary, before any payment of cash or distribution of other property shall be made to the holders of Common Stock, or any other class or series of stock subordinate in liquidation preference to the Series A Preferred Stock, the holders of the Series A Preferred Stock shall be entitled to receive out of the assets of the Corporation legally available for distribution to its stockholders, on behalf of each share of Series A Preferred Stock held by such holder, U.S.\$550.00 (the "Original Issue Price") (as appropriately adjusted for any combinations, divisions, or similar recapitalizations affecting the Series A Preferred Stock after issuance) and all accumulated or accrued and unpaid dividends thereon (collectively, the "Series A Liquidation Preference").

(ii) If, upon any Liquidation, the assets of the Corporation available for distribution to its stockholders are insufficient to pay the holders of the Series A Preferred Stock the full amounts to which they are entitled pursuant to clause (b)(i) above, the holders of the Series A Preferred Stock shall share pro rata in any distribution of assets in proportion to the respective amounts which would be payable to the holders of the Series A Preferred Stock and any other class or series of capital stock of the Corporation ranking on par with the Series A Preferred Stock in respect of the shares held by them if all amounts payable to them in respect of such were paid in full pursuant to clause (b)(i) above.

(iii)After the distributions described in clause (b)(i) or (b)(ii)

above have been paid, subject to the rights of any other class or series of capital stock of the Corporation that may from time to time come into existence, the remaining assets of the Corporation available for distribution to stockholders shall be distributed among the holders of Common Stock pro rata based on the number of shares of Common Stock held by each.

(c) Non-Cash Distributions. If any distribution to be made pursuant to this Section 3 is to be paid other than in cash or Common Stock or Common Stock Equivalents, the value of such distribution will be deemed its fair market value as determined in good faith by the Board of Directors. Any securities shall be valued as follows:

(i) Securities not subject to investment letter or other similar restrictions on free marketability covered by clause (ii) below:

(1)if traded on a securities exchange or through the Nasdaq National Market, the value shall be deemed to be the average of the closing prices of the securities on such quotation system over the thirty (30) trading day period ending three (3) trading days prior to the occurrence of the Liquidation;

(2)if actively traded over-the-counter, the value shall be deemed to be the average of the closing bid or sale prices (whichever is applicable) over the thirty (30) trading day period ending three (3) trading days prior to the occurrence of the Liquidation; and

(3)if there is no active public market, the value shall be the fair market value thereof, as determined by the Board of Directors.

(ii) The method of valuation of securities subject to investment letter or other restrictions on free marketability (other than restrictions arising solely by virtue of a stockholder's status as an affiliate or former affiliate) shall be to effectuate an appropriate discount from the market value, as determined by clause (i)(1), (2) or (3) of this Section 3(c), so as to reflect the approximate fair market value thereof, as determined by the Board of Directors.

(iii) The holders of at least a majority of the outstanding Series A Preferred Stock shall have the right to challenge any determination by the Board of Directors of fair market value pursuant to this Section 3(c), in which case the determination of fair market value shall be made by an independent appraiser selected jointly by the Board of Directors and the challenging parties, the cost of such appraisal to be borne equally by the Corporation and the challenging parties.

4. Conversion Rights.

The holders of the Series A Preferred Stock shall have conversion rights as follows (the "Conversion Right"):

(a) Conversion Price. The "Conversion Price" shall, initially, be U.S. \$5.50 per share and shall be subject to adjustment as set forth below in Sections 4(e) and 4(f).

(b) Automatic Conversion. If the closing price for the shares of the Corporation's Common Stock (trading on a securities exchange or through Nasdaq National Market or other national exchange or market) exceeds \$11.00 per share (as adjusted for events described in Section 4(e)(ii) and 4(e)(iii) below) for any thirty consecutive trading day period that begins after July 29, 2004, then, upon such occurrence, each share of Series A Preferred Stock shall be automatically converted into such number of fully paid and non-assessable shares of Common Stock as is determined by dividing (x) the Original Issue Price of such share of Series A Preferred Stock (including any accumulated or accrued but unpaid dividends thereon) by (y) the Conversion Price. The date of such conversion is herein referred to as the "Conversion Date."

(c) Optional Conversion. The holders of the Series A Preferred Stock shall have the right, at any time, to convert the shares of Series A Preferred Stock held by such holder into that number of shares of Common Stock into which such shares are convertible pursuant to Section 4(b) ("Optional Conversion"). In the event of any Optional Conversion, the date of the such conversion shall be referred to as the "Optional Conversion Date."

(d) Mechanics of Conversion. On the Conversion Date or Optional Conversion Date, as the case may be, (x) each holder shall tender such holder's shares of Series A Preferred Stock to the Corporation for cancellation, free and clear of encumbrances of any type or nature, and (y) the Corporation shall cause to be delivered to such holder a number of shares of Common Stock as calculated pursuant to Section 4(b) above, free and clear of encumbrances of any type or nature. Each holder and the Corporation shall take all other necessary or appropriate actions in connection with or to effect such closing.

(e) Certain Adjustments. To the extent that the holders of Series A Preferred Stock do not participate fully with other stockholders of the Corporation with respect to dividends paid pursuant to Section 2 hereof, the following adjustments shall be made to the Conversion Price:

(i) Adjustment for Common Stock Dividends and Distributions. If, at any time after the original issue date of the Series A Preferred Stock (the "Original Issue Date"), the Corporation makes, or fixes a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in additional shares of Common Stock or Common Stock Equivalents, in each such event the Conversion Price that is then in effect shall be decreased as of the time of such issuance or, in the event such record date is fixed, as of the close of business on such record date, by multiplying the Conversion Price then in effect by a fraction (i) the numerator of which is the total number of shares of Common Stock and Common Stock Equivalents issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and (ii) the denominator of which is the total number of shares of Common Stock and Common Stock Equivalents issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock or Common Stock Equivalents issuable in payment of such dividend or distribution; provided, however, that if such record date is fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter the Conversion Price shall be adjusted pursuant to this Section 4(e)(i) to reflect the actual payment of such dividend or distribution.

A "Common Stock Equivalent" shall mean each share of Common Stock into which securities or property or rights are convertible, exchangeable or exercisable for or into shares of Common Stock, or otherwise entitle the holder thereof to receive directly or indirectly, any of the foregoing.

(ii) Adjustments for Stock Splits, Stock Subdivisions and

Combinations. If, at any time after the Original Issue Date, the Corporation subdivides or combines the Common Stock without making a corresponding subdivision or combination of the Series A Preferred Stock, (A) in the case of a subdivision (including a stock split), the Conversion Price in effect immediately prior to such event shall be proportionately decreased and the number of shares of Common Stock purchasable thereunder shall be proportionately increased, and (B) in the case of a combination (including a reverse stock split), the Conversion Price in effect immediately prior to such event shall be proportionately increased and the number of shares of Common Stock purchasable thereunder shall be proportionately decreased. Any adjustment under this Section 4(e)(ii) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(iii) Adjustments for Reclassification, Reorganization and

Consolidation. In case of (A) any reclassification, reorganization, change or conversion of securities of the class issuable upon conversion of the Series A Preferred Stock (other than a change in par value, or from par value to no par value) into other shares or securities of the Corporation, or (B) any merger or consolidation of the Corporation with or into another entity (other than a Liquidation or a merger or consolidation with another entity in which the Corporation is the acquiring and the surviving entity and that does not result in any reclassification or change of outstanding securities issuable upon conversion of the Series A Preferred Stock) each holder of shares of Series A Preferred Stock shall have the right to receive, in lieu of the shares of Common Stock otherwise issuable upon the conversion of its shares of Series A Preferred Stock (and accumulated or accrued and unpaid dividends then-outstanding thereunder) in accordance with Section 4(b), the kind and amount of shares of stock and other securities, money and property receivable upon such reclassification, reorganization, change, merger or consolidation upon conversion by a holder of the maximum number of shares of Common Stock into which such shares of Series A Preferred Stock could have been converted immediately prior to such reclassification, reorganization, change, merger or consolidation, all subject to further adjustment as provided herein or with respect to such other securities or property by the terms thereof. The provisions of this clause (iii) shall similarly attach to successive reclassifications, reorganizations, changes, mergers and consolidations.

(f) Antidilution Adjustments. To the extent that (i) the Corporation issues after the Original Issue Date and before April 29, 2003, Additional Shares of Common Stock (as defined below) (in one or more transactions, whether or not related), (ii) each such issuance is at an Effective Price (as defined below) per share less than Conversion Price then in effect and (iii) the aggregate gross proceeds of such issuances exceed \$15 million, then the Conversion Price shall be adjusted to equal the lowest Effective Price received by the Corporation pursuant to any such issuance. The previous sentence will apply to any issuances of Additional Shares of Common Stock after the \$15 million threshold has been met (provided any such issuance is below the Conversion Price then in effect) but will not apply to any issuance of Additional Shares of

Common Stock occurring after April 29, 2003. Notwithstanding the foregoing, the Conversion Price shall in no event be lower than U.S.\$3.77.

(i) For the purpose of making any adjustment required under Section 4(f), the consideration received by the Company for any issue or sale of securities shall (A) to the extent it consists of cash, be computed at the net amount of cash received by the Company after deduction of any underwriting or similar commissions, compensation or concessions paid or allowed by the Company in connection with such issue or sale but without deduction of any expenses payable by the Company (except for purposes of determining if the \$15 million threshold referred to above has been met, in which case the consideration received will be deemed to be the aggregate gross proceeds received by the Company), (B) to the extent it consists of property other than cash, be computed at the fair value of that property as determined in good faith by the Board of Directors, and (C) if Additional Shares of Common Stock, Convertible Securities (as defined below) or rights or options to purchase either Additional Shares of Common Stock or Convertible Securities are issued or sold together with other stock or securities or other assets of the Company for a consideration which covers both, be computed as the portion of the consideration so received that may be reasonably determined in good faith by the Board of Directors to be allocable to such Additional Shares of Common Stock, Convertible Securities or rights or options; provided, however, that the holders of at least a majority of the outstanding Series A Preferred Stock shall have the right to challenge any determination by the Board of Directors of fair market value pursuant to this Section 4(f)(i), in which case the determination of fair market value shall be made by an independent appraiser selected jointly by the Board of Directors and the challenging parties, the cost of such appraisal to be borne equally by the Corporation and the challenging parties.

(ii) For the purpose of the adjustment required under this Section 4(f), if the Company issues or sells (A) stock or other securities convertible into, Additional Shares of Common Stock (such convertible stock or securities being herein referred to as "Convertible Securities") or (B) rights or options for the purchase of Additional Shares of Common Stock or Convertible Securities and if the Effective Price of such Additional Shares of Common Stock is less than the Conversion Price, in each case the Company shall be deemed to have issued at the time of the issuance of such rights or options or Convertible Securities the maximum number of Additional Shares of Common Stock issuable upon exercise or conversion thereof and to have received as consideration for the issuance of such shares an amount equal to the total amount of the consideration, if any, received by the Company for the issuance of such rights or options or Convertible Securities, plus, in the case of such rights or options, the minimum amounts of consideration, if any, payable to the Company upon the exercise of such rights or options, plus, in the case of Convertible Securities, the minimum amounts of consideration, if any, payable to the Company (other than by cancellation of liabilities or obligations evidenced by such Convertible Securities) upon the conversion thereof; provided that if in the case of Convertible Securities the minimum amounts of such consideration cannot be ascertained, but are a function of antidilution or similar protective clauses, the Company shall be deemed to have received the minimum amounts of consideration without reference to such clauses; provided further that if the minimum amount of consideration payable to the Company upon the exercise or conversion of rights, options or Convertible Securities is reduced over time or on the occurrence or non-occurrence of specified events other than by reason of antidilution adjustments, the Effective Price shall be recalculated using the figure to which such minimum amount of consideration is

reduced;
provided further that if the minimum amount of consideration payable to the Company upon the exercise or conversion of such rights, options or Convertible Securities is subsequently increased, the Effective Price shall be again recalculated using the increased minimum amount of consideration payable to the Company upon the exercise or conversion of such rights, options or Convertible Securities. No further adjustment of the Conversion Price, as adjusted upon the issuance of such rights, options or Convertible Securities, shall be made as a result of the actual issuance of Additional Shares of Common Stock on the exercise of any such rights or options or the conversion of any such Convertible Securities. If any such rights or options or the conversion privilege represented by any such Convertible Securities shall expire without having been exercised, the Conversion Price, as adjusted upon the issuance of such rights, options or Convertible Securities, shall be readjusted to the Conversion Price which would have been in effect had an adjustment been made on the basis that the only Additional Shares of Common Stock so issued were the Additional Shares of Common Stock, if any, actually issued or sold on the exercise of such rights or options or rights of conversion of such Convertible Securities, and such Additional Shares of Common Stock, if any, were issued or sold for the consideration actually received by the Company upon such exercise, plus the consideration, if any, actually received by the Company for the granting of all such rights or options, whether or not exercised, plus the consideration received for issuing or selling the Convertible Securities actually converted, plus the consideration, if any, actually received by the Company (other than by cancellation of liabilities or obligations evidenced by such Convertible Securities) on the conversion of such Convertible Securities.

"Additional Shares of Common Stock" shall mean all shares of Common Stock issued by the Company or deemed to be issued pursuant to this Section 4(f), whether or not subsequently reacquired or retired by the Company other than (A) shares of Common Stock and/or options, warrants or other Common Stock purchase rights, and the Common Stock issued or issuable pursuant to such options, warrants or other rights to employees, officers or directors of, or consultants or advisors to the Company or any subsidiary pursuant to stock purchase or stock option plans or other arrangements that are approved by the Board; (B) shares of Common Stock issued or issuable pursuant to any equipment loan or leasing arrangement, or debt financing from a bank or similar financial institution; (C) shares of Common Stock issued or issuable in connection with licensing transactions involving the Company and other entities, including (1) joint ventures, manufacturing, marketing or distribution arrangements or (2) technology transfer or development arrangements; provided that such transactions in (1) and (2) and the issuance of shares therein has been approved by a majority of the members of the Company's Board of Directors and the aggregate number of shares so issued does not exceed four million (4,000,000)(as adjusted for stock splits, stock dividends, stock combinations, recapitalizations and the like); and (D) any other issuances approved by the holders of a majority of the Series A Preferred Stock then outstanding.

The "Effective Price" of Additional Shares of Common Stock shall mean the quotient determined by dividing the total number of Additional Shares of Common Stock issued or sold, or deemed to have been issued or sold by the Company under this Section 4(f), into the aggregate consideration received, or deemed to have been received by the Company for such issue under this Section 4(f), for such Additional Shares of Common Stock.

5. Other Distributions.

In the event the Corporation provides the holders of its Common Stock with consideration that is not otherwise addressed in Section 4 (including, without limitation, declaring a distribution payable in securities, assets, cash or evidences of indebtedness issued by other persons or the Corporation (excluding cash dividends declared and paid by the Corporation out of retained earnings)), then, in each such case, the holders of the Series A Preferred Stock shall be entitled to a pro rata share of any such distribution as though such holders were holders of the number of shares of Common Stock of the Corporation as though the Series A Preferred Stock had been converted in whole as of the record date fixed for the determination of the holders of Common Stock of the Corporation entitled to receive such distribution.

6. Recapitalizations.

If at any time there occurs a recapitalization of the Common Stock (other than a subdivision, combination, or merger or sale of assets provided for in Section 4 hereof), the holders of the Series A Preferred Stock shall be entitled to receive upon conversion of the Series A Preferred Stock the number of shares of capital stock or other securities or property of the Corporation or otherwise to which a holder of the Common Stock deliverable upon conversion would have been entitled on such recapitalization. In any such case, appropriate adjustment shall be made in the application of the provisions of Section 4 hereof with respect to the rights of the holders of the Series A Preferred Stock after the recapitalization to the end that the provisions of Section 4 hereof (including adjustment of the Conversion Price then in effect and the number of shares purchasable upon conversion of the Series A Preferred Stock) shall be applicable after that event as nearly equivalent as may be practicable.

7. No Impairment.

The Corporation will not, by amendment of the Certificate of Incorporation or through any reorganization, recapitalization, transfer of assets, consolidation, merger, dissolution, issuance or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but will at all times in good faith assist in the carrying out of all the provisions hereof and in the taking of all such action as may be necessary or appropriate in order to protect the Conversion Right of the holders of the Series A Preferred Stock against impairment.

8. No Fractional Shares and Certificate as to Adjustments.

(a) No fractional shares of Common Stock will be issued upon the conversion of any share or shares of the Series A Preferred Stock. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series A Preferred Stock by a holder shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of a fraction of a share of Common Stock, the Corporation shall, in lieu of issuing any fractional share, pay the holder otherwise entitled to such fraction a sum in cash equal to such fraction multiplied by the closing price of the Corporation's Common Stock on the Nasdaq National Market (or any other national securities exchange on which the Common

Stock is then traded) on the day immediately preceding the conversion. All calculations under Section 4 hereof and this Section 8(a) shall be made to the nearest cent or to the nearest share, as the case may be.

(b) Upon the occurrence of each adjustment or readjustment of the Conversion Price pursuant to Section 4 hereof, the Corporation, at its expense, shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of shares of Series A Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request at any time of any holder of Series A Preferred Stock, use its reasonable best efforts to furnish or cause to be furnished to such holder a like certificate setting forth (i) such adjustment or readjustment, (ii) the Conversion Price at the time in effect, and (iii) the number of shares of Common Stock and the amount, if any, of other property which at the time would be received upon the conversion of a share of Series A Preferred Stock.

9. Reservation of Stock Issuable Upon Conversion.

The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Series A Preferred Stock, such number of its shares of Common Stock that shall from time to time be sufficient to effect the conversion of all outstanding shares of the Series A Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock not otherwise reserved for issuance shall not be sufficient to effect the conversion of all then outstanding shares of the Series A Preferred Stock, the Corporation shall take such corporate action that may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to its Certificate of Incorporation.

10. Notices.

Any notice required by the provisions hereof to be given to the holders of shares of Series A Preferred Stock shall be given in writing and shall be deemed to have been given (i) in the case of personal or hand delivery, on the date of such delivery, (ii) in the case of an internationally-recognized overnight delivery courier, on the second business day after the date when sent, (iii) in the case of mailing, on the fifth business day following that day on which the piece of mail containing such communication is posted and (iv) in the case of facsimile transmission, the date of telephone confirmation of receipt.

11. Voting Rights.

Holders of Series A Preferred Stock shall be entitled to vote on all matters submitted to a vote of the holders of the Corporation's Common Stock, including with respect to the election of directors of the Corporation, on an as if converted to Common Stock basis; provided, however, that the number of votes to which the Series A Preferred Stock is entitled shall be based on a conversion price of \$5.50 per share, giving effect to any future adjustments pursuant to Section

4(e) above,
but without giving any effect to any future adjustments pursuant to Section 4(f) above.

12. Protective Provisions.

Subject to the rights of any series of preferred stock that may from time to time come into existence, so long as any shares of Series A Preferred Stock are outstanding, the Corporation shall not without first obtaining the approval (by vote or written consent, as provided by law) of the holders of at least a majority of the then-outstanding shares of Series A Preferred Stock, voting separately as a series:

- (a) amend its Certificate of Incorporation (including the filing of a Certificate of Designations) so as to (i) increase the number of authorized shares of the Corporation's preferred stock or (ii) affect adversely the shares of Series A Preferred Stock or any holder thereof, including, without limitation, by creating any additional series of preferred stock (or issuing shares under any such series) that is senior or pari passu in liquidation preference, redemption right, conversion rights or right of payment to the Series A Preferred Stock;
- (b) after the date of this Certificate of Designation, create any new debt instrument or create or increase any new or existing bank line (or similar arrangement pursuant to which the Company is or becomes indebted), so that the Company's total indebtedness pursuant to such instruments, lines or arrangements exceeds \$105,000,000 in the aggregate; or
- (c) change the rights of the holders of the Series A Preferred Stock in any other respect;

provided, however, that the authorization and issuance of additional shares of Common Stock, and creation of any series of preferred stock (or issuing shares under any such series) that is junior in right of payment upon liquidation, redemption, conversion and payment rights and otherwise to the Series A Preferred Stock shall not be deemed to adversely affect the rights, preferences or privileges of the Series A Preferred Stock or any holder thereof or change the rights of the holders of the Series A Preferred Stock in any other respect.

The Series A Preferred Stock shall have no preemptive rights pursuant hereto.

13. Legend.

The Series A Preferred Stock and any underlying shares of Common Stock will be issued under an exemption or exemptions from registration under the Act. Accordingly, the certificates evidencing the Series A Preferred Stock and the underlying Common Stock shall, upon issuance, contain a legend, substantially in the form as follows:

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR APPLICABLE STATE SECURITIES LAWS AND NO INTEREST HEREIN MAY BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS (1) A REGISTRATION STATEMENT WITH RESPECT TO SUCH SECURITIES SHALL BE EFFECTIVE UNDER

THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR (2) SUCH SECURITIES ARE TRANSFERRED PURSUANT TO RULE 144 PROMULGATED UNDER THE ACT (OR ANY SUCCESSOR RULE) OR (3) THE ISSUER OF THESE SECURITIES SHALL HAVE RECEIVED AN OPINION OF COUNSEL FOR THE HOLDER OF THESE SECURITIES REASONABLY SATISFACTORY TO THE ISSUER THAT NO VIOLATION OF THE ACT OR SIMILAR STATE SECURITIES LAWS WILL BE INVOLVED IN SUCH TRANSFER.

14. Status of Converted Stock.

In the event any shares of Series A Preferred Stock shall be converted pursuant to Section 4 hereof, the shares so converted shall be canceled and shall not be reissuable by the Corporation.

[Signature page follows] 11.

IN
WITNESS WHEREOF, said Wireless Facilities, Inc. has caused this Certificate of Designations to be signed by Masood K. Tayebi, its Chief Executive Officer,
as of October 29, 2001.

WIRELESS FACILITIES, INC.

By: /s/ Masood K. Tayebi
Name: Masood K. Tayebi Title: Chief Executive Officer

CERTIFICATE OF DESIGNATIONS, PREFERENCES AND RIGHTS

of
SERIES B PREFERRED STOCK
of
WIRELESS FACILITIES, INC.

I, Masood K. Tayebi, Chief Executive Officer of WIRELESS FACILITIES, INC., a corporation organized and existing under the laws of the State of Delaware (the "Corporation" or the "Company")), in accordance with the provisions of Section 151 of the Delaware General Corporation Law, DO HEREBY CERTIFY:

That pursuant to the authority conferred upon the Board of Directors of the Corporation (the "Board of Directors") by the Certificate of Incorporation of the Corporation and by Section 151(g) of the Delaware General Corporation Law, on May 16, 2002, the Board of Directors adopted the following resolution, creating a series of shares of convertible preferred stock, Series B, designated as "Series B Preferred Stock":

"RESOLVED, that pursuant to the authority vested in the Board of Directors (the "Board of Directors") of WIRELESS FACILITIES, INC., a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), by the Certificate of Incorporation of the Corporation (the "Certificate of Incorporation"), the Board of Directors does hereby provide for the authorization and issuance of a series of convertible preferred stock, Series B, par value U.S.\$0.001 per share, of the Corporation, to be designated "Series B Preferred Stock," initially consisting of 90,000 shares, and to the extent that the designations, powers, preferences, and relative participating, optional, or other special rights, and the qualifications, limitations, and restrictions of the Series B Preferred

Stock are not stated and expressed in the Certificate of Incorporation, the Board of Directors does hereby fix and herein state and express such designations, powers, preferences, and relative participating, optional, or other special rights, and the qualifications, limitations, and restrictions thereof, as follows:

1. Designation and Rank.

(a) Ninety thousand (90,000) shares of the preferred stock of the Corporation, par value \$0.001 per share, shall be designated and known as the "Series B Preferred Stock."

(b) The Series B Preferred Stock shall rank senior and prior to the common stock, par value U.S.\$0.001 per share, of the Corporation (the "Common Stock"), and all other classes or series of the capital stock (other than preferred stock) of the Corporation (now or hereafter authorized or issued), with respect to the payment of any dividends, the conversion rights set forth herein and any payment upon liquidation or redemption. The Series B Preferred Stock shall rank on par with the Series A Preferred Stock of the Corporation with respect to the payment of any dividends, the conversion rights set forth herein and any payment upon liquidation or redemption. The Corporation may not issue any additional classes or series of preferred stock with liquidation, redemption or conversion rights or right of payment of any kind that is senior to the Series B Preferred Stock, except pursuant to Section 12.

2. Dividend Rights.

From and after the date hereof, when and if the Board of Directors declares a dividend or distribution payable with respect to the then-outstanding shares of Common Stock (other than in additional shares of Common Stock or Common Stock Equivalents (as defined in Section 4(e)(i) below), the holders of the Series B Preferred Stock shall be entitled to the amount of dividends per share in the same form as such Common Stock dividends that would be payable on the largest number of whole shares of Common Stock into which a holder's aggregate shares of Series B Preferred Stock could then be converted pursuant to Section 4 hereof (such number to be determined as of the record date for the determination of holders of Common Stock entitled to receive such dividend).

3. Liquidation Rights.

(a) Liquidation Events. The occurrence of any of the following events shall be deemed a "Liquidation": (i) any liquidation, dissolution, or winding-up of the affairs of the Corporation; (ii) any transaction or series of related transactions in which securities of the Corporation representing 50% or more of the combined voting power of the Corporation's then outstanding voting securities are acquired by a person, entity or group of related persons or entities, excluding any consolidation or merger effected exclusively to change the domicile of the Corporation; (iii) any consolidation, merger or reorganization of the Corporation with or into any other corporation or other entity or person pursuant to which the holders of the Corporation's outstanding securities receive, pursuant to such transaction, securities in the surviving entity that represent less than 50% of the voting power of such surviving entity; or (iv) any sale, lease, exclusive license or other disposition of all or substantially all of the assets of the Corporation.

(b) Liquidation Preference.

(i) In the event of any Liquidation, whether voluntary or involuntary, before any payment of cash or distribution of other property shall be made to the holders of Common Stock, or any other class or series of stock subordinate in liquidation preference to the Series B Preferred Stock, the holders of the Series B Preferred Stock shall be entitled to receive out of the assets of the Corporation legally available for distribution to its stockholders, on behalf of each share of Series B Preferred Stock held by such holder, U.S.\$500.00 (the "Original Issue Price") (as appropriately adjusted for any combinations, divisions, or similar recapitalizations affecting the Series B Preferred Stock after issuance) and all accumulated or accrued and unpaid dividends thereon (collectively, the "Series B Liquidation Preference").

(ii) If, upon any Liquidation, the assets of the Corporation available for distribution to its stockholders are insufficient to pay the holders of the Series B Preferred Stock the full amounts to which they are entitled pursuant to clause (b)(i) above, the holders of the Series B Preferred Stock shall share pro rata in any distribution of assets in proportion to the respective amounts which would be payable to the holders of the Series B Preferred Stock and any other class or series of capital stock of the Corporation ranking on par with the Series B Preferred Stock in respect of the shares held by them if all amounts payable to them in respect of such were paid in full pursuant to clause (b)(i) above.

(iii) After the distributions described in clause (b)(i) or (b)(ii)

above have been paid, subject to the rights of any other class or series of capital stock of the Corporation that may from time to time come into existence, the remaining assets of the Corporation available for distribution to stockholders shall be distributed among the holders of Common Stock pro rata based on the number of shares of Common Stock held by each.

(c) Non-Cash Distributions. If any distribution to be made pursuant to this Section 3 is to be paid other than in cash or Common Stock or Common Stock Equivalents, the value of such distribution will be deemed its fair market value as determined in good faith by the Board of Directors. Any securities shall be valued as follows:

(i) Securities not subject to investment letter or other similar restrictions on free marketability covered by clause (ii) below:

(1) if traded on a securities exchange or through the Nasdaq

National Market, the value shall be deemed to be the average of the closing prices of the securities on such quotation system over the thirty (30) trading day period ending three (3) trading days prior to the occurrence of the Liquidation;

(2) if actively traded over-the-counter, the value shall be

deemed to be the average of the closing bid or sale prices (whichever is applicable) over the thirty (30) trading day period ending three (3) trading days prior to the occurrence of the Liquidation; and

(3) if there is no active public market, the value shall be the

fair market value thereof, as determined by the Board of Directors.

(ii) The method of valuation of securities subject to investment

letter or other restrictions on free marketability (other than restrictions arising solely by virtue of a stockholder's status as an affiliate or former affiliate) shall be to effectuate an appropriate discount from the market value, as determined by clause (i)(1), (2) or (3) of this Section 3(c), so as to reflect the approximate fair market value thereof, as determined by the Board of Directors.

(iii) The holders of at least a majority of the outstanding Series B

Preferred Stock shall have the right to challenge any determination by the Board of Directors of fair market value pursuant to this Section 3(c), in which case the determination of fair market value shall be made by an independent appraiser selected jointly by the Board of Directors and the challenging parties, the cost of such appraisal to be borne equally by the Corporation and the challenging parties.

4. Conversion Rights.

The holders of the Series B Preferred Stock shall have conversion rights as follows (the "Conversion Right"):

(a) Conversion Price. The "Conversion Price" shall, initially, be U.S.\$5.00

per share and shall be subject to adjustment as set forth below in Sections 4(e) and 4(f).

(b) Automatic Conversion. If the closing price for the shares of the Corporation's Common Stock (trading on a securities exchange or through Nasdaq National Market or other national exchange or market) exceeds \$11.00 per share (as adjusted for events described in Section 4(e)(ii) and 4(e)(iii) below) for any thirty consecutive trading day period that begins after February 28, 2005, then, upon such occurrence, each share of Series B Preferred Stock shall be automatically converted into such number of fully paid and non-assessable shares of Common Stock as is determined by dividing (x) the Original Issue Price of such share of Series B Preferred Stock (including any accumulated or accrued but unpaid dividends thereon) by (y) the Conversion Price. The date of such conversion is herein referred to as the "Conversion Date."

(c) Optional Conversion. The holders of the Series B Preferred Stock shall have the right, at any time, to convert the shares of Series B Preferred Stock held by such holder into that number of shares of Common Stock into which such shares are convertible pursuant to Section 4(b) ("Optional Conversion"). In the event of any Optional Conversion, the date of such conversion shall be referred to as the "Optional Conversion Date."

(d) Mechanics of Conversion. On the Conversion Date or Optional Conversion Date, as the case may be, (x) each holder shall tender such holder's shares of Series B Preferred Stock to the Corporation for cancellation, free and clear of encumbrances of any type or nature, and (y) the Corporation shall cause to be delivered to such holder a number of shares of Common Stock as calculated pursuant to Section 4(b) above, free and clear of encumbrances of any type or nature. Each holder and the Corporation shall take all other necessary or appropriate actions in connection with or to effect such closing.

(e) Certain Adjustments. To the extent that the holders of Series B Preferred Stock do not participate fully with other stockholders of the Corporation with respect to dividends paid pursuant to Section 2 hereof, the following adjustments shall be made to the Conversion Price:

(i) Adjustment for Common Stock Dividends and Distributions. If, at any time after the original issue date of the Series B Preferred Stock (the "Original Issue Date"), the Corporation makes, or fixes a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in additional shares of Common Stock or Common Stock Equivalents, in each such event the Conversion Price that is then in effect shall be decreased as of the time of such issuance or, in the event such record date is fixed, as of the close of business on such record date, by multiplying the Conversion Price then in effect by a fraction (i) the numerator of which is the total number of shares of Common Stock and Common Stock Equivalents issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and (ii) the denominator of which is the total number of shares of Common Stock and Common Stock Equivalents issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock or Common Stock Equivalents issuable in payment of such dividend or distribution; provided, however, that if such record date is fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter the Conversion Price shall be adjusted pursuant to this Section 4(e)(i) to reflect the actual payment of such dividend or distribution.

"Common Stock Equivalent" shall mean each share of Common Stock into which securities or property or rights are convertible, exchangeable or exercisable for or into shares of Common Stock, or otherwise entitle the holder thereof to receive directly or indirectly, any of the foregoing.

(ii) Adjustments for Stock Splits, Stock Subdivisions and

Combinations. If, at any time after the Original Issue Date, the Corporation subdivides or combines the Common Stock without making a corresponding subdivision or combination of the Series B Preferred Stock, (A) in the case of a subdivision (including a stock split), the Conversion Price in effect immediately prior to such event shall be proportionately decreased and the number of shares of Common Stock purchasable thereunder shall be proportionately increased, and (B) in the case of a combination (including a reverse stock split), the Conversion Price in effect immediately prior to such event shall be proportionately increased and the number of shares of Common Stock purchasable thereunder shall be proportionately decreased. Any adjustment under this Section 4(e)(ii) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(iii) Adjustments for Reclassification, Reorganization and

Consolidation. In case of (A) any reclassification, reorganization, change or conversion of securities of the class issuable upon conversion of the Series B Preferred Stock (other than a change in par value, or from par value to no par value) into other shares or securities of the Corporation, or (B) any merger or consolidation of the Corporation with or into another entity (other than a Liquidation or a merger or consolidation with another entity in which the Corporation is the acquiring and the surviving entity and that does not result in any reclassification or change of outstanding securities issuable upon conversion of the Series B Preferred Stock) each holder of shares of Series B Preferred Stock shall have the right to receive, in lieu of the shares of Common Stock otherwise issuable upon the conversion of its shares of Series B Preferred Stock (and accumulated or accrued and unpaid dividends then-outstanding thereunder) in accordance with Section 4(b), the kind and amount of shares of stock and other securities, money and property receivable upon such reclassification, reorganization, change, merger or consolidation upon conversion by a holder of the maximum number of shares of Common Stock into which such shares of Series B Preferred Stock could have been converted immediately prior to such reclassification, reorganization, change, merger or consolidation, all subject to further adjustment as provided herein or with respect to such other securities or property by the terms thereof. The provisions of this clause (iii) shall similarly attach to successive reclassifications, reorganizations, changes, mergers and consolidations.

(f) Antidilution Adjustments. To the extent that (i) the Corporation issues

after the Original Issue Date and before November 28, 2003, Additional Shares of Common Stock (as defined below) (in one or more transactions, whether or not related), (ii) each such issuance is at an Effective Price (as defined below) per share less than Conversion Price then in effect and (iii) the aggregate gross proceeds of such issuances exceed \$15 million, then the Conversion Price shall be adjusted to equal the lowest Effective Price received by the Corporation pursuant to any such issuance. The previous sentence will apply to any issuances of Additional Shares of Common Stock after the \$15 million threshold has been met (provided any such issuance is below the Conversion Price then in effect) but will not apply to any issuance of Additional

Shares of Common Stock occurring after November 28, 2003. Notwithstanding the foregoing, the Conversion Price shall in no event be lower than U.S.\$[4.17].

(i) For the purpose of making any adjustment required under Section 4(f), the consideration received by the Company for any issue or sale of securities shall (A) to the extent it consists of cash, be computed at the net amount of cash received by the Company after deduction of any underwriting or similar commissions, compensation or concessions paid or allowed by the Company in connection with such issue or sale but without deduction of any expenses payable by the Company (except for purposes of determining if the \$15 million threshold referred to above has been met, in which case the consideration received will be deemed to be the aggregate gross proceeds received by the Company), (B) to the extent it consists of property other than cash, be computed at the fair value of that property as determined in good faith by the Board of Directors, and (C) if Additional Shares of Common Stock, Convertible Securities (as defined below) or rights or options to purchase either Additional Shares of Common Stock or Convertible Securities are issued or sold together with other stock or securities or other assets of the Company for a consideration which covers both, be computed as the portion of the consideration so received that may be reasonably determined in good faith by the Board of Directors to be allocable to such Additional Shares of Common Stock, Convertible Securities or rights or options; provided, however, that the holders of at least a majority of the outstanding Series B Preferred Stock shall have the right to challenge any determination by the Board of Directors of fair market value pursuant to this Section 4(f)(i), in which case the determination of fair market value shall be made by an independent appraiser selected jointly by the Board of Directors and the challenging parties, the cost of such appraisal to be borne equally by the Corporation and the challenging parties.

(ii) For the purpose of the adjustment required under this Section 4(f), if the Company issues or sells (A) stock or other securities convertible into, Additional Shares of Common Stock (such convertible stock or securities being herein referred to as "Convertible Securities") or (B) rights or options for the purchase of Additional Shares of Common Stock or Convertible Securities and if the Effective Price of such Additional Shares of Common Stock is less than the Conversion Price, in each case the Company shall be deemed to have issued at the time of the issuance of such rights or options or Convertible Securities the maximum number of Additional Shares of Common Stock issuable upon exercise or conversion thereof and to have received as consideration for the issuance of such shares an amount equal to the total amount of the consideration, if any, received by the Company for the issuance of such rights or options or Convertible Securities, plus, in the case of such rights or options, the minimum amounts of consideration, if any, payable to the Company upon the exercise of such rights or options, plus, in the case of Convertible Securities, the minimum amounts of consideration, if any, payable to the Company (other than by cancellation of liabilities or obligations evidenced by such Convertible Securities) upon the conversion thereof; provided that if in the case of Convertible Securities the minimum amounts of such consideration cannot be ascertained, but are a function of antidilution or similar protective clauses, the Company shall be deemed to have received the minimum amounts of consideration without reference to such clauses; provided further that if the minimum amount of consideration payable to the Company upon the exercise or conversion of rights, options or Convertible Securities is reduced over time or on the occurrence or non-occurrence of specified events other than by reason of antidilution adjustments, the Effective Price shall be recalculated using the figure to which such minimum amount of consideration is

reduced;
provided further that if the minimum amount of consideration payable to the Company upon the exercise or conversion of such rights, options or Convertible Securities is subsequently increased, the Effective Price shall be again recalculated using the increased minimum amount of consideration payable to the Company upon the exercise or conversion of such rights, options or Convertible Securities. No further adjustment of the Conversion Price, as adjusted upon the issuance of such rights, options or Convertible Securities, shall be made as a result of the actual issuance of Additional Shares of Common Stock on the exercise of any such rights or options or the conversion of any such Convertible Securities. If any such rights or options or the conversion privilege represented by any such Convertible Securities shall expire without having been exercised, the Conversion Price, as adjusted upon the issuance of such rights, options or Convertible Securities, shall be readjusted to the Conversion Price which would have been in effect had an adjustment been made on the basis that the only Additional Shares of Common Stock so issued were the Additional Shares of Common Stock, if any, actually issued or sold on the exercise of such rights or options or rights of conversion of such Convertible Securities, and such Additional Shares of Common Stock, if any, were issued or sold for the consideration actually received by the Company upon such exercise, plus the consideration, if any, actually received by the Company for the granting of all such rights or options, whether or not exercised, plus the consideration received for issuing or selling the Convertible Securities actually converted, plus the consideration, if any, actually received by the Company (other than by cancellation of liabilities or obligations evidenced by such Convertible Securities) on the conversion of such Convertible Securities.

"Additional Shares of Common Stock" shall mean all shares of Common Stock issued by the Company or deemed to be issued pursuant to this Section 4(f), whether or not subsequently reacquired or retired by the Company other than (A) shares of Common Stock and/or options, warrants or other Common Stock purchase rights, and the Common Stock issued or issuable pursuant to such options, warrants or other rights to employees, officers or directors of, or consultants or advisors to the Company or any subsidiary pursuant to stock purchase or stock option plans or other arrangements that are approved by the Board; (B) shares of Common Stock issued or issuable pursuant to any equipment loan or leasing arrangement, or debt financing from a bank or similar financial institution; (C) shares of Common Stock issued or issuable in connection with licensing transactions involving the Company and other entities, including (1) joint ventures, manufacturing, marketing or distribution arrangements or (2) technology transfer or development arrangements; provided that such transactions in (1) and (2) and the issuance of shares therein has been approved by a majority of the members of the Company's Board of Directors and the aggregate number of shares so issued does not exceed four million (4,000,000)(as adjusted for stock splits, stock dividends, stock combinations, recapitalizations and the like); and (D) any other issuances approved by the holders of a majority of the Series B Preferred Stock then outstanding.

The "Effective Price" of Additional Shares of Common Stock shall mean the quotient determined by dividing the total number of Additional Shares of Common Stock issued or sold, or deemed to have been issued or sold by the Company under this Section 4(f), into the aggregate consideration received, or deemed to have been received by the Company for such issue under this Section 4(f), for such Additional Shares of Common Stock.

5. Other Distributions.

In the event the Corporation provides the holders of its Common Stock with consideration that is not otherwise addressed in Section 4 (including, without limitation, declaring a distribution payable in securities, assets, cash or evidences of indebtedness issued by other persons or the Corporation (excluding cash dividends declared and paid by the Corporation out of retained earnings)), then, in each such case, the holders of the Series B Preferred Stock shall be entitled to a pro rata share of any such distribution as though such holders were holders of the number of shares of Common Stock of the Corporation as though the Series B Preferred Stock had been converted in whole as of the record date fixed for the determination of the holders of Common Stock of the Corporation entitled to receive such distribution.

6. Recapitalizations.

If at any time there occurs a recapitalization of the Common Stock (other than a subdivision, combination, or merger or sale of assets provided for in Section 4 hereof), the holders of the Series B Preferred Stock shall be entitled to receive upon conversion of the Series B Preferred Stock the number of shares of capital stock or other securities or property of the Corporation or otherwise to which a holder of the Common Stock deliverable upon conversion would have been entitled on such recapitalization. In any such case, appropriate adjustment shall be made in the application of the provisions of Section 4 hereof with respect to the rights of the holders of the Series B Preferred Stock after the recapitalization to the end that the provisions of Section 4 hereof (including adjustment of the Conversion Price then in effect and the number of shares purchasable upon conversion of the Series B Preferred Stock) shall be applicable after that event as nearly equivalent as may be practicable.

7. No Impairment.

The Corporation will not, by amendment of the Certificate of Incorporation or through any reorganization, recapitalization, transfer of assets, consolidation, merger, dissolution, issuance or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but will at all times in good faith assist in the carrying out of all the provisions hereof and in the taking of all such action as may be necessary or appropriate in order to protect the Conversion Right of the holders of the Series B Preferred Stock against impairment.

8. No Fractional Shares and Certificate as to Adjustments.

(a) No fractional shares of Common Stock will be issued upon the conversion of any share or shares of the Series B Preferred Stock. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series B Preferred Stock by a holder shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of a fraction of a share of Common Stock, the Corporation shall, in lieu of issuing any fractional share, pay the holder otherwise entitled to such fraction a sum in cash equal to such fraction multiplied by the closing price of the Corporation's Common Stock on the Nasdaq National Market (or any other national securities exchange on which the Common

Stock is then traded) on the day immediately preceding the conversion. All calculations under Section 4 hereof and this Section 8(a) shall be made to the nearest cent or to the nearest share, as the case may be.

(b) Upon the occurrence of each adjustment or readjustment of the Conversion Price pursuant to Section 4 hereof, the Corporation, at its expense, shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of shares of Series B Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request at any time of any holder of Series B Preferred Stock, use its reasonable best efforts to furnish or cause to be furnished to such holder a like certificate setting forth (i) such adjustment or readjustment, (ii) the Conversion Price at the time in effect, and (iii) the number of shares of Common Stock and the amount, if any, of other property which at the time would be received upon the conversion of a share of Series B Preferred Stock.

9. Reservation of Stock Issuable Upon Conversion.

The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Series B Preferred Stock, such number of its shares of Common Stock that shall from time to time be sufficient to effect the conversion of all outstanding shares of the Series B Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock not otherwise reserved for issuance shall not be sufficient to effect the conversion of all then outstanding shares of the Series B Preferred Stock, the Corporation shall take such corporate action that may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to its Certificate of Incorporation.

10. Notices.

Any notice required by the provisions hereof to be given to the holders of shares of Series B Preferred Stock shall be given in writing and shall be deemed to have been given (i) in the case of personal or hand delivery, on the date of such delivery, (ii) in the case of an internationally-recognized overnight delivery courier, on the second business day after the date when sent, (iii) in the case of mailing, on the fifth business day following that day on which the piece of mail containing such communication is posted, and (iv) in the case of facsimile transmission, the date of telephone confirmation of receipt.

11. Voting Rights.

Holders of Series B Preferred Stock shall be entitled to vote on all matters submitted to a vote of the holders of the Corporation's Common Stock, including with respect to the election of directors of the Corporation, on an as if converted to Common Stock basis; provided, however, that the number of votes to which the Series B Preferred Stock is entitled shall be based on a conversion price of \$5.00 per share, giving effect to any future adjustments pursuant to Section

but without giving any effect to any future adjustments pursuant to Section 4(f) above.

12. Protective Provisions.

Subject to the rights of any series of preferred stock that may from time to time come into existence, so long as any shares of Series B Preferred Stock are outstanding, the Corporation shall not without first obtaining the approval (by vote or written consent, as provided by law) of the holders of at least a majority of the then-outstanding shares of Series B Preferred Stock, voting separately as a series:

- (a) amend its Certificate of Incorporation (including the filing of a Certificate of Designations) so as to (i) increase the number of authorized shares of the Corporation's preferred stock or (ii) affect adversely the shares of Series B Preferred Stock or any holder thereof, including, without limitation, by creating any additional series of preferred stock (or issuing shares under any such series) that is senior or pari passu in liquidation preference, redemption right, conversion rights or right of payment to the Series B Preferred Stock;
- (b) after the date of this Certificate of Designation, create any new debt instrument or create or increase any new or existing bank line (or similar arrangement pursuant to which the Company is or becomes indebted), so that the Company's total indebtedness pursuant to such instruments, lines or arrangements exceeds \$105,000,000 in the aggregate; or
- (c) change the rights of the holders of the Series B Preferred Stock in any other respect;

provided, however, that the authorization and issuance of additional shares of Common Stock, and creation of any series of preferred stock (or issuing shares under any such series) that is junior in right of payment upon liquidation, redemption, conversion and payment rights and otherwise to the Series B Preferred Stock shall not be deemed to adversely affect the rights, preferences or privileges of the Series B Preferred Stock or any holder thereof or change the rights of the holders of the Series B Preferred Stock in any other respect.

The Series B Preferred Stock shall have no preemptive rights pursuant hereto.

13. Legend.

The Series B Preferred Stock and any underlying shares of Common Stock will be issued under an exemption or exemptions from registration under the Act. Accordingly, the certificates evidencing the Series B Preferred Stock and the underlying Common Stock shall, upon issuance, contain a legend, substantially in the form as follows:

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR APPLICABLE STATE SECURITIES LAWS AND NO INTEREST HEREIN MAY BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS (1) A REGISTRATION STATEMENT WITH RESPECT TO SUCH SECURITIES SHALL BE EFFECTIVE UNDER

THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR (2) SUCH SECURITIES ARE TRANSFERRED PURSUANT TO RULE 144 PROMULGATED UNDER THE ACT (OR ANY SUCCESSOR RULE) OR (3) THE ISSUER OF THESE SECURITIES SHALL HAVE RECEIVED AN OPINION OF COUNSEL FOR THE HOLDER OF THESE SECURITIES REASONABLY SATISFACTORY TO THE ISSUER THAT NO VIOLATION OF THE ACT OR SIMILAR STATE SECURITIES LAWS WILL BE INVOLVED IN SUCH TRANSFER.

14. Status of Converted Stock.

In the event any shares of Series B Preferred Stock shall be converted pursuant to Section 4 hereof, the shares so converted shall be canceled and shall not be reissuable by the Corporation.

[Signature page follows]

IN WITNESS WHEREOF, said Wireless Facilities, Inc. has caused this Certificate of Designations to be signed by Masood K. Tayebi, its Chief Executive Officer, as of May 28, 2002.

WIRELESS FACILITIES, INC.

By: /s/Masood K. Tayebi

Name: Masood K. Tayebi Title: Chief Executive Officer

**CERTIFICATE OF CORRECTION OF THE CERTIFICATE OF DESIGNATIONS, PREFERENCES AND RIGHTS OF SERIES B PREFERRED STOCK OF
WIRELESS FACILITIES, INC.**

WIRELESS FACILITIES, INC. (the “*Corporation*”), a corporation organized and existing under and by virtue of the Delaware General Corporation Law, DOES HEREBY CERTIFY:

1. The name of the Corporation is Wireless Facilities, Inc.

1. The instrument being corrected is entitled: Certificate of Designations, Preferences and Rights of Series B Preferred Stock of Wireless Facilities, Inc., which was filed on May 30, 2002 with the Secretary of State of the State of Delaware (the “*Certificate of Designations*”).
2. The caption for the second paragraph was inadvertently omitted. The caption should be inserted to read “FIRST:”.
3. Article 1, Section 4(f) of the Certificate of Designations had a typographical error. The dollar amount in the last sentence should be U.S.\$4.17 not U.S.\$4.72.
5. The penultimate paragraph was inadvertently omitted. It should read in its entirety as follows:

“SECOND: That the authorization of, and the filing of this Certificate of Designations relating to, the Series B Preferred Stock has been duly approved by the holders of the Company's Series A Preferred Stock in accordance with the Company's Amended and Restated Certificate of Incorporation, as amended by the Certificate of Designations filed on October 29, 2001, and Section 242 of the Delaware General Corporation Law.”

6. The Certificate of Designations, Preferences and Rights of Series B Preferred Stock, as corrected, is set forth in its entirety as **Exhibit A** hereto.

IN WITNESS WHEREOF, Wireless Facilities, Inc., acting pursuant to Section 103(f) of the Delaware General Corporation Law, has caused this Corrected Certificate of Designations, Preferences and Rights of Series B Preferred Stock to be signed by its Vice President, Legal Affairs, General Counsel and Secretary this 30th day of May, 2002.

Wireless Facilities, Inc.

By: /s/ Wm. Bradford Weller Wm. Bradford Weller
Vice President, Legal Affairs, General Counsel and Secretary

FORM OF CERTIFICATE OF DESIGNATIONS
CERTIFICATE OF DESIGNATIONS, PREFERENCES AND RIGHTS
of
SERIES B PREFERRED STOCK
of
WIRELESS FACILITIES, INC.

I, Masood K. Tayebi, Chief Executive Officer of WIRELESS FACILITIES, INC., a corporation organized and existing under the laws of the State of Delaware (the "Corporation" or the "Company")), in accordance with the provisions of Section 151 of the Delaware General Corporation Law, DO HEREBY CERTIFY:

FIRST: That pursuant to the authority conferred upon the Board of Directors of the Corporation (the "Board of Directors") by the Certificate of Incorporation of the Corporation and by Section 151(g) of the Delaware General Corporation Law, on May 16, 2002, the Board of Directors adopted the following resolution, creating a series of shares of convertible preferred stock, Series B, designated as "Series B Preferred Stock":

"RESOLVED, that pursuant to the authority vested in the Board of Directors (the "Board of Directors") of WIRELESS FACILITIES, INC., a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), by the Certificate of Incorporation of the Corporation (the "Certificate of Incorporation"), the Board of Directors does hereby provide for the authorization and issuance of a series of convertible preferred stock, Series B, par value U.S.\$0.001 per share, of the Corporation, to be designated "Series B Preferred Stock," initially consisting of 90,000 shares, and to the extent that the designations, powers, preferences, and relative participating, optional, or other special rights, and the qualifications, limitations, and restrictions of the Series B Preferred Stock are not stated and expressed in the Certificate of Incorporation, the Board of Directors does hereby fix and herein state and express such designations, powers, preferences, and relative participating, optional, or other special rights, and the qualifications, limitations, and restrictions thereof, as follows:

1. Designation and Rank.

(a) Ninety thousand (90,000) shares of the preferred stock of the Corporation, par value \$0.001 per share, shall be designated and known as the "Series B Preferred Stock."

(b) The Series B Preferred Stock shall rank senior and prior to the common stock, par value U.S.\$0.001 per share, of the Corporation (the "Common Stock"), and all other classes or series of the capital stock (other than preferred stock) of the Corporation (now or hereafter authorized or issued), with respect to the payment of any dividends, the conversion rights set forth herein and any payment upon liquidation or redemption. The Series B Preferred Stock shall rank on par with the Series A Preferred Stock of the Corporation with respect to the payment of any dividends, the conversion rights set forth herein and any payment upon liquidation or redemption. The Corporation may not issue any additional classes or series of preferred stock with liquidation, redemption or conversion rights or right of payment of any kind that is senior to the Series B Preferred Stock, except pursuant to Section 12.

2. Dividend Rights.

From and after the date hereof, when and if the Board of Directors declares a dividend or distribution payable with respect to the then-outstanding shares of Common Stock (other than in additional shares of Common Stock or Common Stock Equivalents (as defined in Section 4(e)(i) below), the holders of the Series B Preferred Stock shall be entitled to the amount of dividends per share in the same form as such Common Stock dividends that would be payable on the largest number of whole shares of Common Stock into which a holder's aggregate shares of Series B Preferred Stock could then be converted pursuant to Section 4 hereof (such number to be determined as of the record date for the determination of holders of Common Stock entitled to receive such dividend).

3. Liquidation Rights.

(a) Liquidation Events. The occurrence of any of the following events shall be deemed a "Liquidation": (i) any liquidation, dissolution, or winding-up of the affairs of the Corporation; (ii) any transaction or series of related transactions in which securities of the Corporation representing 50% or more of the combined voting power of the Corporation's then outstanding voting securities are acquired by a person, entity or group of related persons or entities, excluding any consolidation or merger effected exclusively to change the domicile of the Corporation; (iii) any consolidation, merger or reorganization of the Corporation with or into any other corporation or other entity or person pursuant to which the holders of the Corporation's outstanding securities receive, pursuant to such transaction, securities in the surviving entity that represent less than 50% of the voting power of such surviving entity; or (iv) any sale, lease, exclusive license or other disposition of all or substantially all of the assets of the Corporation.

(b) Liquidation Preference.

(i) In the event of any Liquidation, whether voluntary or involuntary, before any payment of cash or distribution of other property shall be made to the holders of Common Stock, or any other class or series of stock subordinate in liquidation preference to the Series B Preferred Stock, the holders of the Series B Preferred Stock shall be entitled to receive out of the assets of the Corporation legally available for distribution to its stockholders, on behalf of each share of Series B Preferred Stock held by such holder, U.S.\$500.00 (the "Original Issue Price") (as appropriately adjusted for any combinations, divisions, or similar recapitalizations affecting the Series B Preferred Stock after issuance) and all accumulated or accrued and unpaid dividends thereon (collectively, the "Series B Liquidation Preference").

(ii) If, upon any Liquidation, the assets of the Corporation available for distribution to its stockholders are insufficient to pay the holders of the Series B Preferred Stock the full amounts to which they are entitled pursuant to clause (b)(i) above, the holders of the Series B Preferred Stock shall share pro rata in any distribution of assets in proportion to the respective amounts which would be payable to the holders of the Series B Preferred Stock and any other class or series of capital stock of the Corporation ranking on par with the Series B Preferred Stock in respect of the shares held by them if all amounts payable to them in respect of such were paid in full pursuant to clause (b)(i) above.

(iii) After the distributions described in clause (b)(i) or (b)(ii)

above have been paid, subject to the rights of any other class or series of capital stock of the Corporation that may from time to time come into existence, the remaining assets of the Corporation available for distribution to stockholders shall be distributed among the holders of Common Stock pro rata based on the number of shares of Common Stock held by each.

(c) Non-Cash Distributions. If any distribution to be made pursuant to this Section 3 is to be paid other than in cash or Common Stock or Common Stock Equivalents, the value of such distribution will be deemed its fair market value as determined in good faith by the Board of Directors. Any securities shall be valued as follows:

(i) Securities not subject to investment letter or other similar restrictions on free marketability covered by clause (ii) below:

(1) if traded on a securities exchange or through the Nasdaq

National Market, the value shall be deemed to be the average of the closing prices of the securities on such quotation system over the thirty (30) trading day period ending three (3) trading days prior to the occurrence of the Liquidation;

(2) if actively traded over-the-counter, the value shall be

deemed to be the average of the closing bid or sale prices (whichever is applicable) over the thirty (30) trading day period ending three (3) trading days prior to the occurrence of the Liquidation; and

(3) if there is no active public market, the value shall be the

fair market value thereof, as determined by the Board of Directors.

(ii) The method of valuation of securities subject to investment

letter or other restrictions on free marketability (other than restrictions arising solely by virtue of a stockholder's status as an affiliate or former affiliate) shall be to effectuate an appropriate discount from the market value, as determined by clause (i)(1), (2) or (3) of this Section 3(c), so as to reflect the approximate fair market value thereof, as determined by the Board of Directors.

(iii) The holders of at least a majority of the outstanding Series B

Preferred Stock shall have the right to challenge any determination by the Board of Directors of fair market value pursuant to this Section 3(c), in which case the determination of fair market value shall be made by an independent appraiser selected jointly by the Board of Directors and the challenging parties, the cost of such appraisal to be borne equally by the Corporation and the challenging parties.

4. Conversion Rights.

The holders of the Series B Preferred Stock shall have conversion rights as follows (the "Conversion Right"):

(a) Conversion Price. The "Conversion Price" shall, initially, be U.S.\$5.00

per share and shall be subject to adjustment as set forth below in Sections 4(e) and 4(f).

(b) Automatic Conversion. If the closing price for the shares of the Corporation's Common Stock (trading on a securities exchange or through Nasdaq National Market or other national exchange or market) exceeds \$11.00 per share (as adjusted for events described in Section 4(e)(ii) and 4(e)(iii) below) for any thirty consecutive trading day period that begins after February 28, 2005, then, upon such occurrence, each share of Series B Preferred Stock shall be automatically converted into such number of fully paid and non-assessable shares of Common Stock as is determined by dividing (x) the Original Issue Price of such share of Series B Preferred Stock (including any accumulated or accrued but unpaid dividends thereon) by (y) the Conversion Price. The date of such conversion is herein referred to as the "Conversion Date."

(c) Optional Conversion. The holders of the Series B Preferred Stock shall have the right, at any time, to convert the shares of Series B Preferred Stock held by such holder into that number of shares of Common Stock into which such shares are convertible pursuant to Section 4(b) ("Optional Conversion"). In the event of any Optional Conversion, the date of such conversion shall be referred to as the "Optional Conversion Date."

(d) Mechanics of Conversion. On the Conversion Date or Optional Conversion Date, as the case may be, (x) each holder shall tender such holder's shares of Series B Preferred Stock to the Corporation for cancellation, free and clear of encumbrances of any type or nature, and (y) the Corporation shall cause to be delivered to such holder a number of shares of Common Stock as calculated pursuant to Section 4(b) above, free and clear of encumbrances of any type or nature. Each holder and the Corporation shall take all other necessary or appropriate actions in connection with or to effect such closing.

(e) Certain Adjustments. To the extent that the holders of Series B Preferred Stock do not participate fully with other stockholders of the Corporation with respect to dividends paid pursuant to Section 2 hereof, the following adjustments shall be made to the Conversion Price:

(i) Adjustment for Common Stock Dividends and Distributions. If, at any time after the original issue date of the Series B Preferred Stock (the "Original Issue Date"), the Corporation makes, or fixes a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in additional shares of Common Stock or Common Stock Equivalents, in each such event the Conversion Price that is then in effect shall be decreased as of the time of such issuance or, in the event such record date is fixed, as of the close of business on such record date, by multiplying the Conversion Price then in effect by a fraction (i) the numerator of which is the total number of shares of Common Stock and Common Stock Equivalents issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and (ii) the denominator of which is the total number of shares of Common Stock and Common Stock Equivalents issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock or Common Stock Equivalents issuable in payment of such dividend or distribution; provided, however, that if such record date is fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter the Conversion Price shall be adjusted pursuant to this Section 4(e)(i) to reflect the actual payment of such dividend or distribution.

"Common Stock Equivalent" shall mean each share of Common Stock into which securities or property or rights are convertible, exchangeable or exercisable for or into shares of Common Stock, or otherwise entitle the holder thereof to receive directly or indirectly, any of the foregoing.

(ii) Adjustments for Stock Splits, Stock Subdivisions and

Combinations. If, at any time after the Original Issue Date, the Corporation subdivides or combines the Common Stock without making a corresponding subdivision or combination of the Series B Preferred Stock, (A) in the case of a subdivision (including a stock split), the Conversion Price in effect immediately prior to such event shall be proportionately decreased and the number of shares of Common Stock purchasable thereunder shall be proportionately increased, and (B) in the case of a combination (including a reverse stock split), the Conversion Price in effect immediately prior to such event shall be proportionately increased and the number of shares of Common Stock purchasable thereunder shall be proportionately decreased. Any adjustment under this Section 4(e)(ii) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(iii) Adjustments for Reclassification, Reorganization and

Consolidation. In case of (A) any reclassification, reorganization, change or conversion of securities of the class issuable upon conversion of the Series B Preferred Stock (other than a change in par value, or from par value to no par value) into other shares or securities of the Corporation, or (B) any merger or consolidation of the Corporation with or into another entity (other than a Liquidation or a merger or consolidation with another entity in which the Corporation is the acquiring and the surviving entity and that does not result in any reclassification or change of outstanding securities issuable upon conversion of the Series B Preferred Stock) each holder of shares of Series B Preferred Stock shall have the right to receive, in lieu of the shares of Common Stock otherwise issuable upon the conversion of its shares of Series B Preferred Stock (and accumulated or accrued and unpaid dividends then-outstanding thereunder) in accordance with Section 4(b), the kind and amount of shares of stock and other securities, money and property receivable upon such reclassification, reorganization, change, merger or consolidation upon conversion by a holder of the maximum number of shares of Common Stock into which such shares of Series B Preferred Stock could have been converted immediately prior to such reclassification, reorganization, change, merger or consolidation, all subject to further adjustment as provided herein or with respect to such other securities or property by the terms thereof. The provisions of this clause (iii) shall similarly attach to successive reclassifications, reorganizations, changes, mergers and consolidations.

(f) Antidilution Adjustments. To the extent that (i) the Corporation issues

after the Original Issue Date and before November 30, 2003, Additional Shares of Common Stock (as defined below) (in one or more transactions, whether or not related), (ii) each such issuance is at an Effective Price (as defined below) per share less than Conversion Price then in effect and (iii) the aggregate gross proceeds of such issuances exceed \$15 million, then the Conversion Price shall be adjusted to equal the lowest Effective Price received by the Corporation pursuant to any such issuance. The previous sentence will apply to any issuances of Additional Shares of Common Stock after the \$15 million threshold has been met (provided any such issuance is below the Conversion Price then in effect) but will not apply to any issuance of Additional

Common Stock occurring after November 30, 2003. Notwithstanding the foregoing, the Conversion Price shall in no event be lower than U.S.\$4.17. _____ Shares of

(i) For the purpose of making any adjustment required under Section 4(f), the consideration received by the Company for any issue or sale of securities shall (A) to the extent it consists of cash, be computed at the net amount of cash received by the Company after deduction of any underwriting or similar commissions, compensation or concessions paid or allowed by the Company in connection with such issue or sale but without deduction of any expenses payable by the Company (except for purposes of determining if the \$15 million threshold referred to above has been met, in which case the consideration received will be deemed to be the aggregate gross proceeds received by the Company), (B) to the extent it consists of property other than cash, be computed at the fair value of that property as determined in good faith by the Board of Directors, and (C) if Additional Shares of Common Stock, Convertible Securities (as defined below) or rights or options to purchase either Additional Shares of Common Stock or Convertible Securities are issued or sold together with other stock or securities or other assets of the Company for a consideration which covers both, be computed as the portion of the consideration so received that may be reasonably determined in good faith by the Board of Directors to be allocable to such Additional Shares of Common Stock, Convertible Securities or rights or options; provided, however, that the holders of at least a majority of the outstanding Series B Preferred Stock shall have the right to challenge any determination by the Board of Directors of fair market value pursuant to this Section 4(f)(i), in which case the determination of fair market value shall be made by an independent appraiser selected jointly by the Board of Directors and the challenging parties, the cost of such appraisal to be borne equally by the Corporation and the challenging parties.

(ii) For the purpose of the adjustment required under this Section

4(f), if the Company issues or sells (A) stock or other securities convertible into, Additional Shares of Common Stock (such convertible stock or securities being herein referred to as "Convertible Securities") or (B) rights or options for the purchase of Additional Shares of Common Stock or Convertible Securities and if the Effective Price of such Additional Shares of Common Stock is less than the Conversion Price, in each case the Company shall be deemed to have issued at the time of the issuance of such rights or options or Convertible Securities the maximum number of Additional Shares of Common Stock issuable upon exercise or conversion thereof and to have received as consideration for the issuance of such shares an amount equal to the total amount of the consideration, if any, received by the Company for the issuance of such rights or options or Convertible Securities, plus, in the case of such rights or options, the minimum amounts of consideration, if any, payable to the Company upon the exercise of such rights or options, plus, in the case of Convertible Securities, the minimum amounts of consideration, if any, payable to the Company (other than by cancellation of liabilities or obligations evidenced by such Convertible Securities) upon the conversion thereof; provided that if in the case of Convertible Securities the minimum amounts of such consideration cannot be ascertained, but are a function of antidilution or similar protective clauses, the Company shall be deemed to have received the minimum amounts of consideration without reference to such clauses; provided further that if the minimum amount of consideration payable to the Company upon the exercise or conversion of rights, options or Convertible Securities is reduced over time or on the occurrence or non-occurrence of specified events other than by reason of antidilution adjustments, the Effective Price shall be recalculated using the figure to which such minimum amount of consideration is

reduced;
provided further that if the minimum amount of consideration payable to the Company upon the exercise or conversion of such rights, options or Convertible Securities is subsequently increased, the Effective Price shall be again recalculated using the increased minimum amount of consideration payable to the Company upon the exercise or conversion of such rights, options or Convertible Securities. No further adjustment of the Conversion Price, as adjusted upon the issuance of such rights, options or Convertible Securities, shall be made as a result of the actual issuance of Additional Shares of Common Stock on the exercise of any such rights or options or the conversion of any such Convertible Securities. If any such rights or options or the conversion privilege represented by any such Convertible Securities shall expire without having been exercised, the Conversion Price, as adjusted upon the issuance of such rights, options or Convertible Securities, shall be readjusted to the Conversion Price which would have been in effect had an adjustment been made on the basis that the only Additional Shares of Common Stock so issued were the Additional Shares of Common Stock, if any, actually issued or sold on the exercise of such rights or options or rights of conversion of such Convertible Securities, and such Additional Shares of Common Stock, if any, were issued or sold for the consideration actually received by the Company upon such exercise, plus the consideration, if any, actually received by the Company for the granting of all such rights or options, whether or not exercised, plus the consideration received for issuing or selling the Convertible Securities actually converted, plus the consideration, if any, actually received by the Company (other than by cancellation of liabilities or obligations evidenced by such Convertible Securities) on the conversion of such Convertible Securities.

"Additional Shares of Common Stock" shall mean all shares of Common Stock issued by the Company or deemed to be issued pursuant to this Section 4(f), whether or not subsequently reacquired or retired by the Company other than (A) shares of Common Stock and/or options, warrants or other Common Stock purchase rights, and the Common Stock issued or issuable pursuant to such options, warrants or other rights to employees, officers or directors of, or consultants or advisors to the Company or any subsidiary pursuant to stock purchase or stock option plans or other arrangements that are approved by the Board; (B) shares of Common Stock issued or issuable pursuant to any equipment loan or leasing arrangement, or debt financing from a bank or similar financial institution; (C) shares of Common Stock issued or issuable in connection with licensing transactions involving the Company and other entities, including (1) joint ventures, manufacturing, marketing or distribution arrangements or (2) technology transfer or development arrangements; provided that such transactions in (1) and (2) and the issuance of shares therein has been approved by a majority of the members of the Company's Board of Directors and the aggregate number of shares so issued does not exceed four million (4,000,000)(as adjusted for stock splits, stock dividends, stock combinations, recapitalizations and the like); and (D) any other issuances approved by the holders of a majority of the Series B Preferred Stock then outstanding.

The "Effective Price" of Additional Shares of Common Stock shall mean the quotient determined by dividing the total number of Additional Shares of Common Stock issued or sold, or deemed to have been issued or sold by the Company under this Section 4(f), into the aggregate consideration received, or deemed to have been received by the Company for such issue under this Section 4(f), for such Additional Shares of Common Stock.

5. Other Distributions.

In the event the Corporation provides the holders of its Common Stock with consideration that is not otherwise addressed in Section 4 (including, without limitation, declaring a distribution payable in securities, assets, cash or evidences of indebtedness issued by other persons or the Corporation (excluding cash dividends declared and paid by the Corporation out of retained earnings)), then, in each such case, the holders of the Series B Preferred Stock shall be entitled to a pro rata share of any such distribution as though such holders were holders of the number of shares of Common Stock of the Corporation as though the Series B Preferred Stock had been converted in whole as of the record date fixed for the determination of the holders of Common Stock of the Corporation entitled to receive such distribution.

6. Recapitalizations.

If at any time there occurs a recapitalization of the Common Stock (other than a subdivision, combination, or merger or sale of assets provided for in Section 4 hereof), the holders of the Series B Preferred Stock shall be entitled to receive upon conversion of the Series B Preferred Stock the number of shares of capital stock or other securities or property of the Corporation or otherwise to which a holder of the Common Stock deliverable upon conversion would have been entitled on such recapitalization. In any such case, appropriate adjustment shall be made in the application of the provisions of Section 4 hereof with respect to the rights of the holders of the Series B Preferred Stock after the recapitalization to the end that the provisions of Section 4 hereof (including adjustment of the Conversion Price then in effect and the number of shares purchasable upon conversion of the Series B Preferred Stock) shall be applicable after that event as nearly equivalent as may be practicable.

7. No Impairment.

The Corporation will not, by amendment of the Certificate of Incorporation or through any reorganization, recapitalization, transfer of assets, consolidation, merger, dissolution, issuance or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but will at all times in good faith assist in the carrying out of all the provisions hereof and in the taking of all such action as may be necessary or appropriate in order to protect the Conversion Right of the holders of the Series B Preferred Stock against impairment.

8. No Fractional Shares and Certificate as to Adjustments.

(a) No fractional shares of Common Stock will be issued upon the conversion of any share or shares of the Series B Preferred Stock. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series B Preferred Stock by a holder shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of a fraction of a share of Common Stock, the Corporation shall, in lieu of issuing any fractional share, pay the holder otherwise entitled to such fraction a sum in cash equal to such fraction multiplied by the closing price of the Corporation's Common Stock on the Nasdaq National Market (or any other national securities exchange on which the Common

Stock is then traded) on the day immediately preceding the conversion. All calculations under Section 4 hereof and this Section 8(a) shall be made to the nearest cent or to the nearest share, as the case may be.

(b) Upon the occurrence of each adjustment or readjustment of the Conversion Price pursuant to Section 4 hereof, the Corporation, at its expense, shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of shares of Series B Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request at any time of any holder of Series B Preferred Stock, use its reasonable best efforts to furnish or cause to be furnished to such holder a like certificate setting forth (i) such adjustment or readjustment, (ii) the Conversion Price at the time in effect, and (iii) the number of shares of Common Stock and the amount, if any, of other property which at the time would be received upon the conversion of a share of Series B Preferred Stock.

9. Reservation of Stock Issuable Upon Conversion.

The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Series B Preferred Stock, such number of its shares of Common Stock that shall from time to time be sufficient to effect the conversion of all outstanding shares of the Series B Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock not otherwise reserved for issuance shall not be sufficient to effect the conversion of all then outstanding shares of the Series B Preferred Stock, the Corporation shall take such corporate action that may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to its Certificate of Incorporation.

10. Notices.

Any notice required by the provisions hereof to be given to the holders of shares of Series B Preferred Stock shall be given in writing and shall be deemed to have been given (i) in the case of personal or hand delivery, on the date of such delivery, (ii) in the case of an internationally-recognized overnight delivery courier, on the second business day after the date when sent, (iii) in the case of mailing, on the fifth business day following that day on which the piece of mail containing such communication is posted, and (iv) in the case of facsimile transmission, the date of telephone confirmation of receipt.

11. Voting Rights.

Holders of Series B Preferred Stock shall be entitled to vote on all matters submitted to a vote of the holders of the Corporation's Common Stock, including with respect to the election of directors of the Corporation, on an as if converted to Common Stock basis; provided, however, that the number of votes to which the Series B Preferred Stock is entitled shall be based on a conversion price of \$5.00 per share, giving effect to any future adjustments pursuant to Section

4(e) above, but without giving any effect to any future adjustments pursuant to Section 4(f) above.

12. Protective Provisions.

Subject to the rights of any series of preferred stock that may from time to time come into existence, so long as any shares of Series B Preferred Stock are outstanding, the Corporation shall not without first obtaining the approval (by vote or written consent, as provided by law) of the holders of at least a majority of the then-outstanding shares of Series B Preferred Stock, voting separately as a series:

- (a) amend its Certificate of Incorporation (including the filing of a Certificate of Designations) so as to (i) increase the number of authorized shares of the Corporation's preferred stock or (ii) affect adversely the shares of Series B Preferred Stock or any holder thereof, including, without limitation, by creating any additional series of preferred stock (or issuing shares under any such series) that is senior or pari passu in liquidation preference, redemption right, conversion rights or right of payment to the Series B Preferred Stock;
- (b) after the date of this Certificate of Designation, create any new debt instrument or create or increase any new or existing bank line (or similar arrangement pursuant to which the Company is or becomes indebted), so that the Company's total indebtedness pursuant to such instruments, lines or arrangements exceeds \$105,000,000 in the aggregate; or
- (c) change the rights of the holders of the Series B Preferred Stock in any other respect;

provided, however, that the authorization and issuance of additional shares of Common Stock, and creation of any series of preferred stock (or issuing shares under any such series) that is junior in right of payment upon liquidation, redemption, conversion and payment rights and otherwise to the Series B Preferred Stock shall not be deemed to adversely affect the rights, preferences or privileges of the Series B Preferred Stock or any holder thereof or change the rights of the holders of the Series B Preferred Stock in any other respect.

The Series B Preferred Stock shall have no preemptive rights pursuant hereto.

13. Legend.

The Series B Preferred Stock and any underlying shares of Common Stock will be issued under an exemption or exemptions from registration under the Act. Accordingly, the certificates evidencing the Series B Preferred Stock and the underlying Common Stock shall, upon issuance, contain a legend, substantially in the form as follows:

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR APPLICABLE STATE SECURITIES LAWS AND NO INTEREST HEREIN MAY BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS (1) A REGISTRATION STATEMENT WITH RESPECT TO SUCH SECURITIES SHALL BE EFFECTIVE UNDER

THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR (2) SUCH SECURITIES ARE TRANSFERRED PURSUANT TO RULE 144 PROMULGATED UNDER THE ACT (OR ANY SUCCESSOR RULE) OR (3) THE ISSUER OF THESE SECURITIES SHALL HAVE RECEIVED AN OPINION OF COUNSEL FOR THE HOLDER OF THESE SECURITIES REASONABLY SATISFACTORY TO THE ISSUER THAT NO VIOLATION OF THE ACT OR SIMILAR STATE SECURITIES LAWS WILL BE INVOLVED IN SUCH TRANSFER.

14. Status of Converted Stock.

In the event any shares of Series B Preferred Stock shall be converted pursuant to Section 4 hereof, the shares so converted shall be canceled and shall not be reissuable by the Corporation.

SECOND: That the authorization of, and the filing of this Certificate of Designations relating to, the Series B Preferred Stock has been duly approved by the holders of the Company's Series A Preferred Stock in accordance with the Company's Amended and Restated Certificate of Incorporation, as amended by the Certificate of Designations filed on October 29, 2001, and Section 242 of the Delaware General Corporation Law.

[Signature page follows]

IN WITNESS WHEREOF, said Wireless Facilities, Inc. has caused this Certificate of Designations to be signed by Masood K. Tayebi, its Chief Executive Officer, as of May 30, 2002.

WIRELESS FACILITIES, INC.

By: /s/ Masood K. Tayebi

Name: Masood K. Tayebi Title: Chief Executive Officer

**CERTIFICATE OF DESIGNATION OF THE
SERIES C PREFERRED STOCK OF
WIRELESS FACILITIES, INC.**

Pursuant to Section 151 of the General Corporation Law of the State of

Delaware

The undersigned officers of Wireless Facilities, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware (the "*Corporation*"), in accordance with the provisions of Section 103 thereof, **DO HEREBY CERTIFY**:

That, pursuant to the authority conferred upon the Board of Directors of the Corporation by its Amended and Restated Certificate of Incorporation (the "*Certificate*"), the said Board of Directors unanimously adopted the following resolution by written consent on December 16, 2004, which resolution remains in full force and effect on the date hereof, creating a series of Preferred Stock having a par value of \$0.001 per share, designated as Series C Preferred Stock (the "*Series C Preferred Stock*") out of the Corporation's shares of preferred stock of the par value of \$0.001 per share (the "*Preferred Stock*");

RESOLVED, that pursuant to the authority vested in the Board of Directors in accordance with the provisions of its Certificate, the Board of Directors does hereby create, authorize and provide for 1,200,000 shares of its authorized Preferred Stock to be designated and issued as the Series C Preferred Stock, having the voting powers, designation, relative, participating, optional and other special rights, preferences and qualifications, limitations and restrictions that are set forth as follows:

2. Voting Rights. The holders of one one-hundredth (1/100) of a share (a "*Unit*") of Series C Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each Unit of Series C Preferred Stock shall entitle the holder thereof to one vote on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall, at any time after the December 16, 2004 (the "*Rights Declaration Date*"), (i) declare any dividend on outstanding shares of Common Stock payable in shares of Common Stock, (ii) subdivide outstanding shares of Common Stock or (iii) combine the outstanding shares of Common Stock into a smaller number of shares, then in each such case the number of votes per Unit to which holders of Units of Series C Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction (y) the numerator of which shall be the number of shares of Common Stock outstanding immediately after such event and (z) the denominator of which shall be the number of shares of Common Stock that were outstanding immediately prior to such event; and

(B) Except as otherwise provided herein, in the Certificate or the Bylaws of the Corporation or as required by law, the holders of Units of Series C Preferred Stock and the holders of shares of Common Stock shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

3. Reacquired Shares. Any Units of Series C Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such Units shall, upon their cancellation, become authorized but unissued shares (or fractions of shares) of Preferred Stock and may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein.

4. Liquidation, Dissolution or Winding Up. (A) Upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, no distribution shall be made (i) to the holders of shares of junior stock, unless the holders of Units of Series C Preferred Stock shall have received, subject to adjustment as hereinafter provided in paragraph (B), the greater of either (a) \$0.01 per Unit plus an amount equal to accrued and unpaid dividends and distributions thereon to the date of such payment, or (b) the amount equal to the aggregate per share amount to be distributed to holders of shares of Common Stock, or (ii) to the holders of shares of parity stock, unless simultaneously therewith distributions are made ratably on Units of Series C Preferred Stock and all other shares of such parity stock in proportion to the total amounts to which the holders of Units of Series C Preferred Stock are entitled under clause (i)(a) of this sentence and to which the holders of shares of such parity stock are entitled, in each case upon such liquidation, dissolution or winding up.

(B) In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on outstanding shares of Common Stock payable in shares of Common Stock, (ii) subdivide outstanding shares of Common Stock, or (iii) combine outstanding shares of Common Stock into a smaller number of shares, then in each such case the aggregate amount to which holders of Units of Series C Preferred Stock were entitled immediately prior to such event pursuant to clause (i)(b) of paragraph (A) of this Section 3 shall be adjusted by multiplying such amount by a fraction (y) the numerator of which shall be the number of shares of Common Stock that are outstanding immediately after such event and (z) the denominator of which shall be the number of shares of Common Stock that were outstanding immediately prior to such event.

6. Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or converted into other stock or securities, cash and/or any other property, then in any such case Units of Series C Preferred Stock shall at the same time be similarly exchanged for or converted into an amount per Unit (subject to the provision for adjustment hereinafter set forth) equal to the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is converted or exchanged. In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on outstanding shares of Common Stock payable in shares of Common Stock, (ii) subdivide outstanding shares of Common Stock, or (iii) combine outstanding Common Stock into a smaller number of shares, then in each such case the amount set forth in

the immediately preceding sentence with respect to the exchange or conversion of Units of Series C Preferred Stock shall be adjusted by multiplying such amount by a fraction (y) the numerator of which shall be the number of shares of Common Stock that are outstanding immediately after such event and (z) the denominator of which shall be the number of shares of Common Stock that were outstanding immediately prior to such event.

7. Redemption. The Units of Series C Preferred Stock and shares of Series C Preferred Stock shall not be redeemable.

8. Ranking. The Units of Series C Preferred Stock and shares of Series C Preferred Stock shall rank junior to all other series and any other class of

Preferred Stock (now or hereafter authorized or issued by the Corporation) as to the payment of dividends, conversion, redemption or liquidation rights and the distribution of assets, unless the terms of any such series or class shall provide otherwise.

9. Fractional Shares. The Series C Preferred Stock may be issued in Units or other fractions of a share, which Units or fractions shall entitle the

holder, in proportion to such holder's units or fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series C Preferred Stock.

10. Amendment. At any time when any Units of Series C Preferred Stock are outstanding, neither the Certificate of the Corporation nor this

Certificate of Designation shall be amended in any manner that would materially alter or change the powers, preferences or special rights of the Units of Series C Preferred Stock so as to affect them adversely without the affirmative vote of the holders of a majority or more of the outstanding Units of Series C Preferred Stock, voting separately as a class.

11. Certain Definitions. As used in this resolution with respect to the Series C Preferred Stock, the following terms shall have the following meanings:

(A) The term "Common Stock" shall mean the class of stock designated as the common stock, par value \$0.001 per share, of the Corporation at the date hereof or any other class of stock resulting from successive changes or reclassification of the common stock.

(B) The term "junior stock" shall mean the Common Stock and any other class or series of capital stock of the Corporation over which the Series C Preferred Stock has preference or priority in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

(C) The term "parity stock" shall mean any class or series of capital stock ranking *pari passu* with the Series C Preferred Stock in the distribution of assets on any liquidation, dissolution or winding up.

IN WITNESS WHEREOF, Wireless Facilities, Inc. has caused this Certificate of Designation to be signed by its Chief Executive Officer and President and its Sr. Vice President and Chief Financial Officer this 16th day of December, 2004.

WIRELESS FACILITIES, INC.

By: /s/Eric M. DeMarco Name: Eric M. DeMarco

Title: *Chief Executive Officer and President*

By: /s/Deanna H. Lund Name: Deanna H. Lund

Title: *Senior Vice President and Chief Financial Officer*

**CERTIFICATE OF CHANGE OF LOCATION OF REGISTERED OFFICE AND OF REGISTERED AGENT
OF**

WIRELESS FACILITIES, INC.

It is hereby certified that:

1. The name of the corporation (hereinafter called the "corporation") is:

WIRELESS FACILITIES, INC.

1. The registered office of the corporation within the State of Delaware is hereby changed to 2711 Centerville Road, Suite 400, City of Wilmington 19808, County of New Castle.
2. The registered agent of the corporation within the State of Delaware is hereby changed to Corporation Service Company, the business office of which is identical with the registered office of the corporation as hereby changed.
3. The corporation has authorized the changes hereinbefore set forth by resolution of its Board of Directors. Signed on May 2, 2005.

Name: /s/James R. Edwards Title: Senior Vice President

**CERTIFICATE OF OWNERSHIP AND MERGER
OF
KRATOS DEFENSE & SECURITY SOLUTIONS, INC. (A DELAWARE CORPORATION)
INTO
WIRELESS FACILITIES, INC. (A DELAWARE CORPORATION)**

It is hereby certified that:

1. Wireless Facilities, Inc. (hereinafter sometimes referred to as the "Corporation") is a business corporation of the State of Delaware.
2. The Corporation is the owner of all of the outstanding shares of the common stock of Kratos Defense & Security Solutions, Inc. which is also a business corporation of the State of Delaware.
3. On September 5, 2007, the Board of Directors of the Corporation adopted the following resolutions to merge Kratos Defense & Security Solutions, Inc. into the Corporation:

NOW THEREFORE, BE IT RESOLVED, that Kratos Defense & Security Solutions, Inc. be merged into this Corporation, and that all of the estate, property, rights, privileges, powers and franchises of Kratos Defense & Security Solutions, Inc. be vested in and held and enjoyed by this

Corporation as fully and entirely and without change or diminution as the same were before held and enjoyed by Kratos Defense & Security Solutions, Inc. in its name;

RESOLVED FURTHER, that this Corporation shall assume all of the obligations of Kratos Defense & Security Solutions, Inc.;

RESOLVED FURTHER, that this Corporation shall cause to be executed and filed and/or recorded the documents prescribed by the laws of the State of Delaware and by the laws of any other appropriate jurisdiction and will cause to be performed all necessary acts within the State of Delaware and within any other appropriate jurisdiction;

RESOLVED FURTHER, that this Corporation shall change its corporate name to Kratos Defense & Security Solutions, Inc.;

RESOLVED FURTHER, that the effective time of the Certificate of Ownership and Merger setting forth a copy of these resolutions, and the time when the merger therein provided for, shall become effective shall be September 12, 2007.

Executed on September 7th, 2007

WIRELESS FACILITIES, INC.

_____By: /s/ James R. Edwards

**CERTIFICATE OF AMENDMENT TO AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF
KRATOS DEFENSE & SECURITY SOLUTIONS, INC.**

Kratos Defense & Security Solutions, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify:

FIRST: The name under which the Corporation was originally incorporated was Wireless Facilities, Inc.

SECOND: The date on which the Certificate of Incorporation of the Corporation was originally filed with the Secretary of State of the State of Delaware was July 7, 1997.

THIRD: The Board of Directors of the Corporation, acting in accordance with the provisions of Section 141 and 142 of the General Corporation Law of the State of Delaware adopted resolutions to amend paragraph (A) of ARTICLE IV of the Amended and Restated Certificate of Incorporation of the Corporation to read in its entirety as follows:

"A. This corporation is authorized to issue two classes of stock to be designated, respectively, "Common Stock" and "Preferred Stock." The total number of shares which the corporation is authorized to issue is two hundred million (200,000,000) shares. One hundred ninety five million (195,000,000) shares shall be Common Stock, each having a par value of one tenth of one cent (\$0.001). Five million (5,000,000) shares shall be Preferred Stock, each having a par value of one tenth of one cent (\$0.001). Effective as of 5:00 p.m., Eastern Time, on the date this Certificate of Amendment to Amended and Restated Certificate of Incorporation is filed with the Secretary of State of the State of Delaware, each ten (10) shares of this corporation's Common Stock, par value \$0.001 per share, issued and outstanding shall, automatically and without any action on the part of the respective holders thereof, be combined and converted into one (1) share of Common Stock, par value \$0.001 per share, of this corporation. No fractional shares shall be issued and, in lieu thereof, any holder of less than one share of Common Stock shall be entitled to receive cash for such holder's fractional share based upon the fair market value of the Common Stock as of the date this Certificate of Amendment is filed with the Secretary of State of the State of Delaware as determined by this corporation's Board of Directors."

FOURTH: This Certificate of Amendment to Amended and Restated Certificate of Incorporation was submitted to the stockholders of the Corporation and was duly approved by the required vote of the stockholders of the Corporation in accordance with Sections 222 and 242 of the Delaware General Corporation Law.

IN WITNESS WHEREOF, Kratos Defense & Security Solutions, Inc. has caused this Certificate of Amendment to be signed by its Executive Vice President and Chief Financial Officer as of September 10, 2009.

By: /s/ Deanna H. Lund Deanna H. Lund,

Executive Vice President and Chief Financial Officer

CERTIFICATE OF OWNERSHIP AND MERGER MERGING ACQUISITION CO. LANZA PARENT
(a Delaware corporation) WITH AND INTO KRATOS DEFENSE & SECURITY SOLUTIONS, INC.
(a Delaware corporation) April 4, 2011

Pursuant to Section 253 of the General Corporation Law of the State of Delaware (the "DGCL"), Kratos Defense & Security Solutions, Inc., a Delaware corporation (the "Company"), hereby certifies the following information relating to the merger (the "Merger") of Acquisition Co. Lanza Parent, a Delaware corporation (the "Sub"), with and into the Company:

1. The Company is the owner of 100% of the outstanding shares of common stock, par value \$0.001 per share (the "Common Stock") of Sub. The Common Stock constitutes the sole outstanding class of capital stock of Sub.
2. The board of directors of the Company, at a meeting held on March 10, 2011, duly adopted the resolutions attached hereto as Exhibit A, which have not been amended or rescinded and are now in full force and effect, to merge Sub with and into the Company, with the Company being the surviving corporation (the "Surviving Corporation").
3. The Merger shall become effective upon the filing of this Certificate of Ownership and Merger.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF , the Company has caused this Certificate of Ownership and Merger to be executed by its duly authorized officer on the date first written above.

KRATOS DEFENSE & SECURITY SOLUTIONS, INC.

By: /s/ Deanna H. Lund
Name: Deanna H. Lund
Title: Executive Vice President & Chief Financial Officer

**CERTIFICATE OF AMENDMENT TO THE
AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF
KRATOS DEFENSE & SECURITY SOLUTIONS, INC.**

Kratos Defense & Security Solutions, Inc. (the "Corporation"), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "DGCL"), does hereby certify as follows:

FIRST: The name of the Corporation is Kratos Defense & Security Solutions, Inc. The name under which the Corporation was originally incorporated was Wireless Facilities, Inc. The date on which the Certificate of Incorporation of the Corporation was originally filed with the Secretary of State of the State of Delaware was July 7, 1997.

SECOND: This Certificate of Amendment amends the provisions of the Corporation's Amended and Restated Certificate of Incorporation filed with the Secretary of State of the State of Delaware on November 10, 1999, as amended from time to time (as amended, the "A&R Certificate of Incorporation").

IBIRD: The Board of Directors of the Corporation, acting in accordance with the provisions of Sections 141 and 242 of the DGCL, adopted resolutions to amend paragraph (A) of Article IV of the A&R Certificate of Incorporation of the Corporation to read in its entirety as follows:

"A. This corporation is authorized to issue two classes of stock to be designated, respectively "Common Stock" and "Preferred Stock." The total number of shares which the corporation is authorized to issue is two hundred fifty million (250,000,000) shares. Two hundred forty-five million (245,000,000) shares shall be Common Stock, each having a par value of one tenth of one cent (\$0.001). Five million (5,000,000) shares shall be Preferred Stock, each having a par value of one tenth of one cent (\$0.001)."

FOURTH: The Board of Directors of the Corporation, acting in accordance with the provisions of Sections 141 and 242 of the DGCL, adopted resolutions to amend Article VI of the A&R Certificate of Incorporation of the Corporation to read in its entirety as follows:

"Limited Liability. To the fullest extent permitted by the General Corporation Law of the State of Delaware (as such law currently exists or may hereafter be amended so long as any such amendment authorizes action further eliminating or limiting the personal liabilities of directors or officers), a director or officer of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director or officer. Any repeal or modification of this paragraph by the stockholders of the corporation shall be prospective only, and shall not adversely affect any limitation on the personal liability of a director or officer of the corporation with respect to any act or omission occurring prior to the time of such repeal or modification."

FIFTH: The foregoing amendments to paragraph (A) of Article IV and to Article VI of the A&R Certificate of Incorporation of the Corporation were submitted to the stockholders of the Corporation and were duly adopted by the required vote of the stockholders of the Corporation in accordance with Sections 222 and 242 of the DGCL.

SIXTH: Except as expressly amended hereby, the A&R Certificate of Incorporation of the Corporation (as modified by this Certificate of Amendment) shall remain unchanged and continue in full force and effect.

IN WITNESS WHEREOF, Kratos Defense & Security Solutions, Inc. has caused this Certificate of Amendment to be signed by its Senior Vice President, General Counsel & Secretary as of May 14, 2026.

By: *Is/ Marie Mendoza Marie Mendoza*
Senior Vice President, General Counsel & Secretary

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Eric M. DeMarco, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kratos Defense & Security Solutions, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2026

KRATOS DEFENSE & SECURITY SOLUTIONS, INC.

/s/ ERIC M. DEMARCO

Eric M. DeMarco

Chief Executive Officer, President

(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Deanna H. Lund, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kratos Defense & Security Solutions, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2026

KRATOS DEFENSE & SECURITY SOLUTIONS, INC.

/s/ DEANNA H. LUND

Deanna H. Lund

Executive Vice President, Chief Financial Officer

(Principal Financial Officer and Acting Principal Accounting Officer)

**CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)**

In connection with the accompanying Quarterly Report of Kratos Defense & Security Solutions, Inc. (the "Company") on Form 10-Q for the quarter ended June 28, 2026 (the "Report"), I, Eric M. DeMarco, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 4, 2026

KRATOS DEFENSE & SECURITY SOLUTIONS, INC.

/s/ ERIC M. DEMARCO

Eric M. DeMarco

Chief Executive Officer, President

(Principal Executive Officer)

**CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)**

In connection with the accompanying Quarterly Report of Kratos Defense & Security Solutions, Inc. (the “Company”) on Form 10-Q for the quarter ended June 28, 2026 (the “Report”), I, Deanna H. Lund, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 4, 2026

KRATOS DEFENSE & SECURITY SOLUTIONS, INC.

/s/ DEANNA H. LUND

Deanna H. Lund

Executive Vice President, Chief Financial Officer

(Principal Financial Officer and Acting Principal Accounting Officer)