



February 22, 2016

## **Kratos Awarded \$37.0 Million Award to Provide Peculiar Spares, Contractor Logistics Support, and Out of Warranty Repairs for the United States Air Force Subscale Aerial Target (AFSAT) Program Office**

SAN DIEGO, Feb. 22, 2016 (GLOBE NEWSWIRE) -- Kratos Defense & Security Solutions, Inc. (NASDAQ:KTOS), a leading National Security Solutions provider, announced today that its subsidiary, Composite Engineering, Inc. (CEI), has been awarded a \$37,000,000 firm-fixed-price contract for Air Force Subscale Aerial Target (AFSAT) peculiar spares, contractor logistics support, and out of warranty repairs. CEI will provide procurement of peculiar reparable spares and consumables for use in the AFSAT during operations at Tyndall Air Force Base, Florida; and the Utah Test and Training Range. In addition, the contract provides for contractor logistics support and out of warranty repairs for the system. Work will be performed at Sacramento, California, and is expected to be complete by February 28, 2022. This award is the result of a sole-source acquisition. Fiscal 2016 operation and maintenance funds in the amount of \$4,211,101 are being obligated at the time of award. Air Force Life Cycle Management Center, Eglin Air Force Base, Florida, is the contracting activity (FA8678-16-D-0008).

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

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

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

Jerry Beaman, President of Kratos' Unmanned Systems Division, said, "We are extremely proud the U.S. Air Force has selected the BQM-167A for the Air Force Subscale Aerial Target. This contract will ensure viability and uninterrupted support for the platform for the foreseeable future."

### **About Kratos Defense & Security Solutions**

Kratos Defense & Security Solutions, Inc. (Nasdaq:KTOS) is a specialized Technology Company providing mission critical products, solutions and services for United States National Security. Kratos' core capabilities are sophisticated engineering, manufacturing and system integration offerings for National Security platforms and programs. Kratos' areas of expertise include Command, Control, Communications, Computing, Combat and Intelligence, Surveillance and Reconnaissance (C5ISR) systems, satellite communications, electronic warfare, unmanned systems, hypersonic systems, directed and high power energy systems, electromagnetic railgun, missile defense, cyber warfare, cybersecurity, information assurance, and critical infrastructure security. Kratos has primarily an engineering and technically oriented work force of approximately 3,000. Substantially all of Kratos' work is performed on a military base, in a secure facility or at a critical infrastructure location. Kratos' primary end customers are National Security related agencies. News and information are available at [www.KratosDefense.com](http://www.KratosDefense.com).

### **Notice Regarding Forward-Looking Statements**

Certain statements in this press release may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are made on the basis of the current beliefs, expectations and assumptions of the management of Kratos and are subject to significant risks and uncertainty, including risks related to product failure, general economic conditions and cutbacks in spending. Investors are cautioned not to place undue reliance on any such forward-looking statements. All such forward-looking statements speak only as of the date they are made, and Kratos undertakes no obligation to update or revise these statements, whether as a result of new information, future events or otherwise. For a further discussion of risks and uncertainties that could cause actual results to differ from those expressed in these forward-looking statements, as well as risks relating to the business of Kratos in general, see the risk disclosures in the Annual Report on Form 10-K of Kratos for the year ended December 28, 2014, and

in subsequent reports on Forms 10-Q and 8-K and other filings made with the SEC by Kratos.

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