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Kratos Awarded \$18 Million High Performance Unmanned Aerial Target Drone System Contract Award

SAN DIEGO, Nov. 16, 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), a business unit of Kratos Unmanned Systems Division (USD) has received a \$17.75 million contract award from a new International customer. Under the new contract award, CEI will provide this new customer with full operational capability for the BQM-167i high performance unmanned aerial target drone system for two separate sites, simultaneously. This award includes delivery of multiple BQM-167i unmanned aerial target drone aircraft, support and command and control equipment, spares and related ancillary equipment to initially support 30 flights across the customer's two separate sites. Kratos Unmanned Systems Division is a leading provider of high performance unmanned aerial target drone systems used for testing and exercising weapon systems for the U.S. military and its allies, and is a leading provider of high performance unmanned combat aerial systems to be used for force multiplication and amplification.

Jerry Beaman, President of Kratos' Unmanned Systems Division, said, "With this exciting award from this important new customer, Kratos Unmanned Systems Division and CEI further expand our international presence in the High Performance Unmanned Aerial Target Drone System market. Our unmanned aerial target drone systems offer the highest performance in the industry, and we're proud to be establishing this long term strategic relationship with this International Ministry of Defense as they make this infrastructure investment in our equipment to support two of their operating sites for today and into the future."

Eric DeMarco, President and CEO of Kratos, said, "As the leading provider and developer of high performance jet target aircraft in the Unmanned Aerial System arena, and consistent with our stated long term strategy, Kratos is continuing to expand its worldwide reach for our high performance UAS systems. This new contract award is the first of three large new customer programs we expect to receive over the next several months; with one in particular being of significantly larger quantity and contract value. With the unmanned aerial target drone programs we currently have under contract and that we will begin production on over the next several months, we expect Kratos Unmanned Systems Business to double in size over the next two years, with even larger growth possible if we are successful with Kratos unmanned combat aerial vehicle contracts, programs, and initiatives."

About Kratos Defense & Security Solutions

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

Notice Regarding Forward-Looking Statements

Certain statements in this press release may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are made on the basis of the current beliefs, expectations and assumptions of the management of Kratos and are subject to significant risks and uncertainty. Investors are cautioned not to place undue reliance on any such forward-looking statements. All such forward-looking statements speak only as of the date they are made, and Kratos undertakes no obligation to update or revise these statements, whether as a result of new information, future events or otherwise. Although Kratos believes that the expectations reflected in these forward-looking statements are reasonable, these statements involve many risks and uncertainties that may cause actual results to differ materially from what may be expressed or implied in these forward-looking statements. For a further discussion of risks and uncertainties that could cause actual results to differ from those expressed in these forward-looking statements, as well as risks relating to the business of Kratos in general, see the risk disclosures in the Annual Report on Form 10-K of Kratos for the year ended December 27, 2015, and in subsequent reports on Forms 10-Q and 8-K and other filings made with the SEC by Kratos.

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