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Kratos Defense & Security Solutions Awarded \$23.4 Million Air Defense System Contract with the U.S. Army Aviation and Missile Command

Three Year Single Award Contract Supports Critical U.S. Army Foreign Military Sales (FMS) Air Defense Requirements

SAN DIEGO, Dec. 22, 2016 (GLOBE NEWSWIRE) -- [Kratos Defense & Security Solutions, Inc.](http://www.kratosdefense.com) (Nasdaq:KTOS), a leading National Security Solutions provider, announced today that its Defense & Rocket Support Services (DRSS) Division's Madison Research Corporation (Kratos-MRC) Business Unit has received a \$23.4 million single awarded contract with the United States Army Aviation and Missile Command. The firm fixed price contract has a three year period of performance, under which MRC will provide technical and engineering services and solutions, and deliver short range air defense Class V missile components including rocket motors, safe and arm devices, warheads, and batteries for a U.S. Army Foreign Military Sales (FMS) customer. Kratos DRSS is a leading provider of air defense and other weapon and combat system related products, solutions and services, ballistic missile target systems, hypersonic system products and supports the electromagnetic railgun and high power directed energy laser systems.

"This FMS contract provides for critical short range air defense missile systems products that will help ensure the defensive infrastructure posture of one of our most critical allies and help preserve the national defense interests of the United States, now and well into the future," said David Carter, President of DRSS. "We are very pleased to continue to support the U.S. Army and its FMS Customers in this important effort."

About Kratos Defense & Security Solutions

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

Notice Regarding Forward-Looking Statements

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

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