



March 1, 2018

## Kratos Receives \$24.3 Million Unmanned Aerial Drone System Contract Award

SAN DIEGO, March 01, 2018 (GLOBE NEWSWIRE) -- Kratos Defense & Security Solutions, Inc. (Nasdaq:KTOS), a leading National Security Solutions provider, announced today that its Unmanned Systems Division (USD) has been awarded a \$24.3M contract for modification to a previously awarded firm-fixed-price, cost-plus-fixed-fee contract to exercise an option for the low rate initial production of the Subsonic Aerial Target BQM-177A and technical data. This option provides for the procurement of multiple BQM-177A targets, associated radar altimeters, technical manuals, training material/equipment, and contractor logistics support services. Work will be performed in Sacramento, California, and is expected to be completed by March 2020. The Naval Air Systems Command, Patuxent River, Maryland, is the contracting activity.

Steve Fendley, President of Kratos Unmanned Systems Division, said, "The demand for Kratos high performance jet powered unmanned aerial target drone systems continues to increase with the recapitalization of strategic weapon systems globally, and the United States Navy is one of Kratos' most important customers across the entire corporation. Our entire organization is proud to support the Naval Air Systems Command in their critical mission."

Eric DeMarco, President and CEO of Kratos, said, "Over the past several years, Kratos has been making significant internally funded investments in a next generation of high performance unmanned aerial drone aircraft and systems for both target and tactical missions, with a number of these platforms now transitioning to production. Over the next several years, we are forecasting Kratos' unmanned aerial target drone business to grow significantly as production ramps up on certain of the highest performance UAS in the world."

### About Kratos Defense & Security Solutions

Kratos Defense & Security Solutions, Inc. (NASDAQ:KTOS) develops transformative, affordable technology for the Department of Defense and commercial customers. Kratos is changing the way breakthrough technology for these industries are brought to market through proactive research and a streamlined development process. Kratos specializes in unmanned systems, satellite communications, cyber security/warfare, microwave electronics, missile defense, training and combat systems. For more information, go to [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. 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 31, 2017, and in subsequent reports on Forms 10-Q and 8-K and other filings made with the SEC by Kratos.

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