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Kratos Receives \$1.6 Million Single Award Contract for New, In Development, High Performance Unmanned Aerial Drone System

Initial Contract Award for System Engineering, Avionics, Data Links and Ground Systems

SAN DIEGO, March 15, 2017 (GLOBE NEWSWIRE) -- Kratos Defense & Security Solutions, Inc. (NASDAQ:KTOS), a leading National Security Solutions provider, announced today that its Unmanned Systems Division (USD) recently received an initial \$1.6 million single award contract related to a new, in development, High Performance Jet Powered Unmanned Aerial Drone System. Under the contract for this new UAS, USD will be providing system engineering, avionics, data links and ground systems. Kratos is a leading provider of high performance jet powered unmanned aerial drone systems, vehicles and aircraft for tactical operations and weapon systems exercise. Work under this contract award will be performed in a secure Kratos manufacturing facility. Due to customer related and other considerations, no additional information will be provided related to this contract award.

Steve Fendley, President of Kratos' Unmanned Systems Division, said, "We are excited to have received the contract award for this new unmanned aerial drone system program. USD is the leader in the design, development, demonstration and production of low cost high performance jet unmanned aircraft systems. We believe that our experience in the development of this class of high performance system was a key factor in Kratos receiving this initial award, with future options expected to be received in 2018."

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 2,900. 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 these and other risk factors more fully discussed in the Company's Annual Report on Form 10-K for the period ended December 25, 2016, and in our other filings made with the Securities and Exchange Commission.

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