



Kratos and Orbital ATK Missile Products Division Reaffirm Kratos' Oriole Rocket Motor Exclusive Rights Agreement

March 20, 2018

Kratos will Deliver Oriole Based Threat Representative Target Hardware Under a Recently Awarded \$11 Million Contract To Kratos Leveraging this Exclusive Rights Agreement

SAN DIEGO, March 20, 2018 (GLOBE NEWSWIRE) -- Kratos Defense & Security Solutions, Inc. (Nasdaq:KTOS), a leading National Security Solutions provider, announced today that its Space and Missile Defense Systems Business Unit in Glen Burnie, Maryland has reaffirmed its longstanding agreement with Orbital ATK (OATK) Missile Products Division related to Kratos' exclusive rights to sell Oriole Solid Propellant Rocket Motors (SPRMs) for specific market areas, including Missile Defense related Threat Representative Targets, Suborbital Research and Sounding Rockets. Kratos leverages its exclusive rights covered by this agreement to deliver Rocket Systems and Products for Missile Defense, Hypersonics, Weapon System Research and other mission critical National Security related areas. Kratos is currently executing its approximate \$11 million contract with a U.S. Government Agency for the production and delivery of missile defense related target hardware which includes the Oriole SPRMs. Kratos' Space and Missile Defense Systems Business Unit is a leading provider of threat representative missile defense targets, hypersonic research vehicles and other systems, products and solutions to U.S. Government and Allies National Security agencies.

The Oriole SPRM agreement acknowledges Kratos' investment in the design of the Oriole SPRM and reaffirms Kratos' exclusive, world-wide, perpetual, irrevocable, fully paid-up, royalty-free, non-transferable right and license to use the Oriole SPRM Design, Oriole SPRM Data and Oriole SPRM Tooling within the sounding rocket, suborbital research, and target marketplaces. OATK will not sell Oriole SPRMs to any individual or entity in competition with Kratos in the sounding rocket, suborbital research, or target marketplaces as long as OATK is the sole manufacturer for Kratos of the Oriole SPRM. On a case-by-case basis, Kratos may allow OATK to sell Oriole SPRMs in the restricted market areas, subject to mutually agreeable terms and conditions. Additionally, OATK agrees not to internally fund the development of a New SPRM, to compete within the sounding rocket, suborbital research, and target marketplaces leveraging the Oriole design data and /or Oriole SPRM performance parameters.

Dave Carter, President of Kratos Defense & Rocket Support Services, said, "Kratos and OATK have agreed to revised contract language that reaffirms Kratos' exclusive agreement with OATK to sell Oriole SPRMs in the sounding rocket, suborbital research, and target marketplaces. The execution of this agreement solidifies Kratos' ability and commitment to continue to provide U.S. Government Agencies and other customers with rapidly developed and affordable technology leading systems to address their missions and requirements."

Eric DeMarco, President and CEO of Kratos, said, "Kratos' most valuable assets, in which we have made significant investments in over the past several years, include our intellectual property ownership and related license agreements, which provide Kratos sole source, single source or differentiating competitive positions. The execution of this latest exclusive rights agreement for the Oriole SPRM reinforces Kratos' position as an industry leader in the threat representative targets area where we see a significant growth opportunity as a result of the increasing global proliferation of ballistic missile, hypersonic and other systems by potential adversaries, and the related increased U.S. DoD and MDA budgets to address this threat."

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 technologies 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.

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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