



## Kratos Advances to Gremlins Phase III

April 18, 2018

### Kratos to Play an Expanding Role in Gremlins Phase III Program on Dynetics Team

SAN DIEGO, April 18, 2018 (GLOBE NEWSWIRE) -- Kratos Defense & Security Solutions, Inc. (Nasdaq:KTOS), a leading National Security Solutions provider, announced today that its subsidiary, Kratos Unmanned Aerial Systems, Inc. as part of the Dynetics led team, has been selected for award on Phase III of the Defense Advanced Research Projects Agency (DARPA) Gremlins program. The goal of the Gremlins program is to demonstrate safe and reliable aerial launch and aerial recovery of multiple unmanned drone system aircraft, capable of employing and recovering diverse distributed payloads in volley quantities. On the Gremlins program, Kratos is a critical team member responsible for providing the Gremlin Unmanned Air Vehicles (UAVs) through both development and ultimate production. Under the Phase III contract, Kratos will lead fabrication, structural and subsystem testing, assembly, integration, and test of prototype Gremlin UAVs. Additionally, Kratos will support air vehicle flight tests, recovery tests and system demonstration, as well as planning for potential future capabilities and ultimately the fielding of an operational system. Kratos is an industry leader in the rapid development, demonstration and fielding of high performance, jet powered unmanned aerial drone systems.

Steve Fendley, President of the Kratos Unmanned Systems Division, said, "We are proud to support Dynetics on the Gremlins program which has been a key element of our strategic focus to position Kratos as the world leader in low-cost, high performance jet powered Tactical Unmanned Aerial Systems (UAS). To satisfy the complex and multi-faceted elements and challenges on the Gremlins program, with Dynetics, an industry leader in complex system engineering and integration, as the prime and Kratos providing the low cost high performance UAS, we have enjoyed a strong, cooperative, and successful partnership which has enabled our progression to the important Phase III award. The ultimate goal is to transition this technology to an operational program, which will substantially increase the utility of tactical UAVs as compared to today's operations and will greatly enhance our warfighter's capability through technology, mass (in terms of quantity), and range. We see this Phase III win and the upcoming demonstration as a critical step and prerequisite in progressing to that transition."

Mark Miller, Vice President for Dynetics Missile and Aviation Systems, said, "Kratos is a critical part of our Gremlins team. Our respective companies' corporate cultures align well, and our capabilities complement one another. The expertise and experience Kratos brings in rapid development of low-cost, re-usable, composite airframes combined with an innovative, agile, design team is exactly what this fast-paced program requires."

Eric DeMarco, President and CEO of Kratos, said, "Our team is proud to have been successful in this very competitive solicitation with our Prime Partner Dynetics. Kratos is the world leader in high performance jet powered unmanned aerial drone systems, and we are applying this leadership to the Gremlins program."

#### 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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