Kratos Defense & Security Solutions, Inc. (NASDAQ: KTOS)

Annual Shareholder Meeting

May 19, 2016
Notice Regarding Forward-Looking Statements

Certain statements in this presentation 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.
Kratos is a Mid-Tier Government Contractor at the Forefront of the Third Offset Strategy

Board of Directors Include Entrepreneurs and Silicon Valley Based Venture Capitalists Who Are Leading a Disruptive Technology Strategy
Corporate Organizational Chart

Eric DeMarco
President & CEO

Deanna Lund
EVP & CFO

Kevin Walden
[Acting]
CIO

Marie Mendoza
VP &
General Counsel

Michael Fink
VP Contracts/SBLO

Jerry Beaman
President
Unmanned
Systems
Division

Dave Carter
President
Defense & Rocket
Support Services
Division

Yonah Adelman
President
Microwave
Electronics
Division

Phil Carrai
President
Technology &
Training Solutions
Division

Tom Mills
President
Modular
Systems
Division

Ben Goodwin
President
Public Safety &
Security Solutions
Division
Kratos is the World Leader of High Performance Target Drones Used to Train Pilots and Test Weapon Systems.

Kratos is a New Entrant in High Performance Tactical Combat Drones Used for Force Amplification/Multiplication.
Unmanned Aerial Target Drone Systems

- BQM-177
- BQM-167
- BQM-178

- Kratos is the Leader in Development and Production of High Performance Unmanned Aerial Drone Target Systems
- Kratos’ Target Drone Systems Represent the Most Advanced Threats of Our Adversaries
- Kratos’ Products Operationally Test U.S. and Allies’ Weapon Systems
- Major New Target Drone Program is Under Contract and Expected to Begin Production 2016 – USN SSAT BQM -177
- Major Confidential Program is Under Contract and Expected to Begin Production 2017
KRATOS IS PROUD TO BE THE SOLE SOURCE PROVIDER OF SUB-SCALE AERIAL TARGETS FOR THE UNITED STATES AIR FORCE AND NAVY

KRATOS IS NOW PROVIDING SUBSCALE TARGETS TO THE US ARMY

Our exclusive relationships with the U.S. Department of Defense ensure you:

• Guaranteed supply chain for new targets, component parts, and service
• Reduced unit costs due to improved economies-of-scale
• Industry-leading target design and performance
• Advanced target technology

Supporting our domestic DoD customers:

• United State Air Force – BQM-167A
• United States Navy – BQM-177A
• United States Army – MQM-178 Firejet
Firejet is an affordable and effective training solution for validating ground-based air-defense systems such as Patriot and HAWK.
MQM – 178 Payloads

Wing Tip Flare IR Augmentation

Active Radar Augmentation in a domed nose cone

5.4” Lune lens in a standard nose cone

Hot Nose IR Augmentation

Tow Bodies with IR Flare Augmentation
Kratos/CEi’s MQM-178 provides low recurring mission cost via portable, pneumatic launch solution.
Rugged Composite Construction

MQM-178 Firejet recovery at Orogrande, New Mexico post Patriot mission.
Currently in 11th consecutive year of production, Kratos/CEi’s BQM-167 is the exclusive subscale aerial target of the US Air Force, and has been the target of greater than 2,300 Raytheon missiles firings.
BQM – 167 Low Altitude Cruise

BUOY
Kratos/CEi’s BQM-177 provides the world’s most advanced and realistic anti-ship cruise missile threat emulation with Low Altitude Cruise 10 feet above the water at .90 Mach.
BQM – 177i Shipboard Operations
BQM – 177i Shipboard Operations
Custom Missions
Air-to-air
Multi-target profiles
Surface-to-air
Ship defense

Realistic Threat Scenarios
High-G maneuvers
IR & RF payloads
Towed targets
Multi–Platform Operations

Dissimilar threat representation via multiple target platforms.
Multi – Target Missions

Formation flight and stream raid missions.
CONFIDENTIAL PROGRAMS
Kratos – 2016 Annual Shareholder Meeting

Unmanned Vehicle Command & Control Systems, Avionics & Electronics Industry Leader
TACTICAL UNMANNED COMBAT AERIAL SYSTEM (UCAS) STRATEGY

- Department of Defense Unmanned Systems Integrated Road Map (2011 and 2013)
- Remotely Piloted Aircraft Systems in Contested Environments – Vulnerability Analysis
- Gaps in Existing DoD Unmanned Aerial System Inventory
  - Anti-Access/Area Denied (A²/AD) Environments
  - Survivability
  - High Performance
UCAS Solution → UTAP-22

Modified UCAS-167A / UTAP-22

Kratos UCAS Solution

Altitude
30,000 feet
50,000 feet

Airspeed
0.45 Mach
0.7 Mach
1.0 Mach

VARIOUS
UCAV “Tornado”
UTAP-22 Oct-Dec 2015 Flight Demonstration Summary

Demonstration #1 – Network Control; Semi-Autonomous Flight – *Flight 24 Oct 2015*

- Objectives met:
  - TDL C2
  - Semi-Autonomous control
    - “Waypoint Nav”
    - “Point to Point”
    - “Hold”
    - “Formation w/ virtual drone”
  - Positive handoff of control
  - Range integration

Demonstration #2 – Manned-Unmanned Teaming – *Flight 23 Nov 2015*

- Objectives met:
  - Collaborative flight with manned aircraft via TDL
  - TDL C2
  - Semi-Autonomous control via TDL
  - Positive handoff to geo-separated controller

Demonstration #3 – Multi-Aircraft Collaborative Ops; Semi-Auto Payload Deployment – *Flight 11 Dec 2015*

- Objectives met:
  - Collaborative ops between two UTAP-22s via TDL
  - Command a payload deployment via TDL
  - TDL C2
  - Semi-Autonomous control via TDL
  - Multiple vehicle C2 by one controller

Navy Identified Key Performance and Capability Features
We demonstrated these in Q4 2015
New Tactical UAS Opportunity – DARPA “Gremlins” Program Background

A DARPA based initiative to demonstrate the ability to launch and recover a swarm of UAS from/to airborne platforms

- 3 phase BAA over 4 years; $4M, $20M, $33M awards; 4-2-1 downselect

Program Goals

- Airborne launch/recovery of UAS “group” – 20 aircraft ideally
- UAS mission 300 NM out, 300 NM back, plus 1 hour on station
  - 60-120 lb payload
- Heavy Systems Engineering effort with 3 “Segments”
  - Launch Segment – C-130 System
  - Gremlin Air Vehicle plus support equipment
  - Recovery Segment – C-130 System
New Tactical UAS Opportunity – LCASD Low Cost Attritable (UAS) Strike Demonstration

The AFRL LCASD program was conceived to demonstrate an extremely affordable, high performance, mission configurable UAV with the following important attributes:

- Under $3M Unit Acquisition Price ($2M for qty 100 buy)
- Scalable Manufacturing (ability to ramp up production quickly)
- Long Range Capability (~3000 miles minimum)
- Survivable (as opposed to current UAV’s being utilized today)
- Flexible Payloads inclusive of 2 SDB’s, deployable UAVs, EO/IR etc.
- Forward Deployable preferably without ties to runways
- Womb to Tomb in 30 months
- Leads to 5 follow on spirals with anticipated funding of $100M

Provides a “game changing” and rare leapfrog opportunity over traditional UAV manufacturers and Tier 1 companies.
Kratos is the Industry Leader of Low Cost, High Performance Ballistic Missile Targets and Hypersonic Boost Vehicles
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Ballistic Missile Defense Target Systems

• Kratos is a Leading Provider of Ballistic Missile Defense Target Systems
• Kratos’ BMD Target Systems Represent the Most Advanced Ballistic Missile Threats of Our Adversaries
**Product Focus – ARAV Target Series**

*The ARAV target series provides the US Navy and the MDA with highly responsive and reliable, low cost targets.*

<table>
<thead>
<tr>
<th>Vehicle</th>
<th>Attempted/Success</th>
<th>Range Capability (km)</th>
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</thead>
<tbody>
<tr>
<td>ARAV B Terrier Oriole</td>
<td>25/24</td>
<td>800-1000</td>
</tr>
<tr>
<td>ARAV G Talos Oriole TVC</td>
<td>IOC 2017</td>
<td>800-1000</td>
</tr>
<tr>
<td>ARAV C Talos Castor I</td>
<td>4/4</td>
<td>500-700</td>
</tr>
<tr>
<td>ARAV TTO Terrier Terrier Oriole</td>
<td>3/3</td>
<td>900-1200</td>
</tr>
</tbody>
</table>
Product Focus – AMDR Target Series

The AMDR target series expands the utility of low cost targets with expanded countermeasures and at-sea launch capabilities.

<table>
<thead>
<tr>
<th>Vehicle</th>
<th>IOC</th>
<th>Range Capability (km)</th>
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<tbody>
<tr>
<td>ARAV B Mod</td>
<td>2016</td>
<td>500-800</td>
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<tr>
<td>Terrier Oriole</td>
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<tr>
<td>ARAV C Mod</td>
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<td>500-700</td>
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<tr>
<td>Talos Castor I</td>
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<td></td>
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<tr>
<td>Type M</td>
<td>2017</td>
<td>1500-2000</td>
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<tr>
<td>Castor I Oriole</td>
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<td></td>
</tr>
<tr>
<td>Type Z</td>
<td>2017</td>
<td>&gt; 1000</td>
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<tr>
<td>Castor I C4TS</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Rocket Support Services: Low Cost Sea Launched Targets Under Development

<table>
<thead>
<tr>
<th>Vehicle</th>
<th>IOC</th>
<th>Range Capability (km)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMDR B Terrier Oriole</td>
<td>Q1CY17 CDR Complete</td>
<td>500-800</td>
</tr>
<tr>
<td>AMDR C Talos Castor I</td>
<td>Q1CY17 CDR Complete</td>
<td>500-700</td>
</tr>
<tr>
<td>AMDR M Castor I Oriole</td>
<td>Q2CY17 PDR Complete</td>
<td>1500-2000</td>
</tr>
<tr>
<td>AMDR Z Castor I C4TS</td>
<td>Q2CY17 PDR Complete</td>
<td>&gt; 1000</td>
</tr>
</tbody>
</table>
Kratos is a leading member of NSWC PHD’s Packard Award winning Aegis Readiness Assessment Vehicle (ARAV) target team

• Making maximum use of surplus assets and mature technologies to build short and medium range ballistic missile targets at minimum cost

• Enhancing radar signatures on sub-scale launch vehicles to meet mission requirements while reducing cost, complexity and infrastructure requirements

“Our strength lies in our ability to adapt proven technologies and provide affordable solutions to meet complex mission requirements.”

“…85% less costly than the targets they replaced…”
Kratos is a Worldwide Leader for a Broad Range of Microwave Components, Assemblies and Subsystems Using State-Of-The-Art Technology
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MICROWAVE ELECTRONICS – PRODUCT LINES

- Sources
- SSPAs and Amplifiers
- Frequency Converters
- SHR - Receivers
- Transceivers/Data Links
- GPS Immune
- Control Components
- Integrated Microwave Assemblies
- Millimeter Wave
- Beam Forming Modules
- RF Front Ends and DLVAs
RECEIVERS, TRANSCEIVERS & DATA LINKS

Guided Munitions

UAVs

Network Centric Warfare

Smart Mortar Shell

Missiles

Missiles

Rockets
Microwave Electronics Representative Systems Supported

Iron Dome
Sling of David

Arrow II
Barak

Arrow III
Spyder
DEVELOPMENT OF DIVERSE MODULES FOR BROAD RANGE OF MISSILE PROGRAMS

- SURFACE-TO-AIR MISSILES (SAM)
- AIR-TO-AIR MISSILES (AAM)
- SEA-TO-AIR MISSILES
- SEA-TO-SEA MISSILES
- BALLISTIC ROCKETS AND MUNITIONS
INTEGRATED ASSEMBLIES AND SUB-SYSTEMS

DOWNCONVERTER

MINIATURE SWITCHED FILTER BANK

XCVR - Transceiver

MULTI-BEAM MODULE

RF FRONT END
RF FRONT END (RFFE)
VARIOUS SIZES

From 100 mm to 300 mm in diameter
X-BAND 400W SOLID STATE POWER AMPLIFIER (SSPA)
IRON DOME RADAR
AIRBORNE EARLY WARNING RADARS
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EUROFIGHTER (AESA)

Active Electronically Scanned Array
SMALL RADARS FOR HOMELAND SECURITY
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PRECISION GUIDED MUNITIONS, DATA LINKS & NAVIGATION WARFARE

MAIN APLICATIONS

- MISSILES, ROCKETS
- SMART/PRECISION GUIDED MUNITIONS
- JDAM – Joint Direct Attack Munition, BDI – BOMB DAMAGE IDENTIFICATION
- NETWORK CENTRIC WARFARE
- UAVs

MODULES WE PROVIDE:

- STATE-OF-THE-ART TRANSCEIVERS INCORPORATING INTEGRATED MIXED SIGNAL (SOC) ASSEMBLIES AND COTS/CUSTOM RF COMPONENTS/MMICs
- GPS IMMUNE MODULES

FROM SIMPLE, SMALL AND LOW POWER TO COMPLEX, HIGH END, HIGH POWER
COMMERCIAL APPLICATIONS

Aircraft Broadband Satellite Communications for Commercial & Military Applications

Applications:
- Mobile Phone
- VoIP
- Internet
- Video
- Heavy data files

Service Provider
BEAM FORMING MODULES FOR SURFACE AND AIRBORNE PHASED ARRAY RADARS
SOLID STATE POWER AMPLIFIERS (SSPAs)

- C, X, AND Ku BANDS
- 15W, 20W, 50W, 100W, 200W AND 400W
- MISSILE SEEKER AND RADAR APPLICATIONS
- GaAs AND GaN
- CUSTOM AND COTS
- IN SERIAL PRODUCTION
Kratos is a World Leader in Satellite System Command & Control and Radio Frequency Interference (RFI) Detection and Defeat Products
Satellite System Ground Infrastructure Products

- **SigX**: Mitigate and cancel RF interference in real time
- **Monics**: Flexible carrier management solutions, for single satellites to fleets, wide beams to multiple spot beams
- **satID**: Fast, flexible, affordable and accurate RF interference geolocation
- **EPOCH**: The industry’s first and most widely used commercial satellite C2 system for multi-platform fleets
- **Compass** and **NeuralStar**: Complete monitor and control for satellite, hybrid networks and remote sites
- **RF Signal Processing**: TT&C Modems
  - Unique field repairability that saves time and money without compromising performance
- **RF Signal Transport**: SpectralNet
  - Full-fidelity RF transport over IP networks across any distance
- **Terrestrial IP Network**
- **Turnkey Ground Stations**: Complex Antennas
  - Economical design and installation, up to full ground station build
Kratos – Satellite Command & Control, Signal Monitoring, Communications and Signal Interference Detection Systems

Maintaining, Sustaining and Protecting ~80% of U.S. Satellite Systems Today

GEO-Satellite
- Classified Command & Control Systems
- Interference Detection
- Flight Operations
- Geolocation of RFI Threats
- Command & Control Systems – Consolidated (CCS-C)
- Equipment Monitoring & Control (M&C)
- Rapid Attack Identification Detection & Reporting System (RAIDRS)
- EPOCH Command & Control

MEO-Satellite
- Spectrum Monitoring
- Detect & Locate Interfering Signals (Geolocation)
- Satellite Signal Monitoring
- Remote Site Management
- MONICS/SATID Satellite Monitoring

LEO-Satellite
- Frequency Monitoring
- Terrestrial Signal Monitoring
- Terrestrial Network Management Systems
- Equipment Monitoring & Control (M&C)
- SigInt/SigMon

Airborne Telemetry Simulators
- Solid State Power Amplifiers (SSPAs)
- Fly Away Terminals
- Telemetry Processing Products

Kratos – Satellite Command & Control, Signal Monitoring, Communications and Signal Interference Detection Systems

Maintaining, Sustaining and Protecting ~80% of U.S. Satellite Systems Today
quantum®GND

- Turnkey Small Satellite “Ground System in a Box”
- Specifically Built for Unique Needs and Economics of the Growing Small Satellite/Cubesat Industry
- Includes Hardware and Software Components: Radio, Front End Processor, C2
- Provides Full Satellite Awareness and Control
Signal Processing

- Narrowband Signal Processing for Both Government and Commercial Satellite TT&C
- Wideband Signal Processing Including Systems Downlink, Pre-Process and Distributing High Rate Sensor Data
- Record-Breaking Throughput in ISR SATCOM Data Rates
- Extensive Mission Support for Imagery, Terrestrial and Space Weather, Earth and Space Science
**Monics®**

- Industry Leading Family of Carrier Management and RF Interference Monitoring Products
- Complete Scalable Line from Single Beams to Enterprise, Multi-Site Management
- New Monics 200 Unit to Support Monitoring of Growing High Throughput Satellites (HTS)
SigX® Protect

- Eliminates Common Types of Satellite RF Interference in Real-Time
- Dedicated Signal Protection with No Impact on Operations
- Preserves Current Infrastructure Investments
- Requires No Additional Bandwidth
SpectralNet®

- RF-Over-IP Transport
- Eliminates the Distance Barriers that have Limited Ground Station Architectures
- Maintains Integrity of the RF Signal When Transporting Across an IP Network
- Enables Use Cases Such as Centralizing or Decentralizing Ground Operations, Virtualizing the Ground Segment, Rain Fade Mitigation, Etc.
Satellite Communications Representative

Systems Supported

- AEHF
- WGS
- SBIRS
- Classified
2015 Bipartisan Spending Bill Signed by the President has Brought Funding Clarity for Federal Fiscal 2016 & 2017

Though Not Great, This is the Best DoD Environment Since Budget Control Act of 2011

Kratos “Core” Satellite Communications, Microwave Electronics and Unmanned Systems Business are Expected to Begin “Growth Trajectory” in 2016

Kratos has One of the Best Growth Paths of Small and Mid-Tier Defense Companies

Potential “Game Changing” Opportunities with Tactical Unmanned Aerial System Market Entry

Began Debt Reduction Plan in 2015 that We Will Be Continuing

Hope for Significant Valuation Increase Over the Next Three Years