



Kratos Awarded for Successfully Executing M&A Growth Strategy and Building Premier National Security Business

Kratos Receives Two Separate M&A Atlas Awards Honoring Both Kratos Executives and the Kratos Corporation

SAN DIEGO, Dec. 20, 2010 (GLOBE NEWSWIRE) -- Kratos Defense & Security Solutions, Inc. (Nasdaq:KTOS), a leading National Security Solutions provider, announced today that it received two separate M&A-related awards at the Americas M&A Atlas Awards Gala held on November 19, 2010 at the Waldorf Astoria in New York City.

Kratos was awarded the North America Corporate M&A Deal of the Year (deal size above \$100 million USD) specifically for the acquisition of Gichner Holdings Inc. In addition, Kratos was awarded the "Corporate Dealmaker of the Year" in recognition of its acquisition of Henry Bros. Electronics (HBE), DEI Services and Gichner Holdings Inc. Through these acquisitions of mission critical National Security product and solutions providers, and its organic growth strategy, Kratos is positioned to deliver 2011 revenues of approximately \$550 million, EBITDA of approximately \$60 million, and an EBITDA margin rate of approximately 10.5 percent. These acquisitions have also enhanced Kratos capabilities and qualifications in the Weapons Systems Sustainment, Upgrade and Homeland Security, Surveillance and Public Safety areas, positioning Kratos to pursue and bid on larger National Security programs and contract opportunities.

Gichner is a leading designer, engineer, manufacturer, and integrator of tactical and other shelters, products, solutions, modular containers, subsystems and support equipment for the U.S. military, its allies, and leading defense contractors. Gichner products protect military personnel as well as electronic and other systems from the environment during transport and operation in some of the world's harshest environments. Gichner products are also a key element of United States military strategy to transition to a more expeditionary and asymmetric warfare capable force.

Henry Brothers is a leading pure play provider of Homeland Security solutions, products, and system integration services, including the design, engineering and operation of command and control systems for the protection of strategic assets and critical infrastructure in the United States. HBE customers include DoD and other federal government agencies, some of the Nation's largest airports and mass transportation systems, and power generation and transport infrastructure.

DEI designs, manufactures and markets full-scale training simulation products. In addition to the engineering and construction of physical simulators for air and ground military vehicles, the company provides instructional design, courseware creation, learning application programming, and other supporting services. Among the company's most successful products are training and simulation solutions for fixed-wing aircraft (including the Tiger, Harrier and Prowler aircrafts), rotor-wing aircraft, including Blackhawk, Chinook and Sea Stallion helicopters, and ground combat vehicles, including M1 Abrams Main Battle Tank and M2 Bradley Fighting Vehicle. DEI is a key element of Kratos' product and services offering to extend the technology, capability, lethality and overall effectiveness of United States and allied Armed Forces war fighter equipment.

Ed Lake, Executive Vice President, Kratos' Government Services Segment, Mergers and Acquisitions, commented, "Kratos is very pleased to have been recognized by members of the M&A community, particularly for the work of our acquisition team in identifying, evaluating, and closing M&A deals that provide immediate value to Kratos. We are particularly proud of our ability to identify premier businesses which closely align with the Kratos strategy, while paying transaction valuations which are favorable to the Kratos Shareholders."

Eric DeMarco, Kratos' President and Chief Executive Officer, noted, "We are extremely pleased to be a multiple award winner at this year's Atlas Awards Gala. These awards not only recognize the hard work of our Company's most important asset, our employees, but equally important, they document our success in continuing to execute our strategy of identifying and acquiring companies that immediately complement Kratos' products, services, contract vehicles and customers to achieve results not possible by these elements working separately, and which are immediately accretive to Kratos financial matrices. We are also very proud of the feedback we continue to receive from our major institutional shareholders regarding the very favorable purchase price multiples and transaction valuations for Kratos shareholders that Kratos has acquired these outstanding businesses for. At Kratos we believe that we are building the premier National Security Products, Solutions and Services Business, with solid organic growth matrices, and which addresses continuing mission critical National Security priorities."

B. Riley and Company acted as exclusive financial advisors to Kratos on the Gichner and Henry Brothers strategic acquisitions. B. Riley also acts as Kratos advisor on critical strategic planning, capital structure and execution of Kratos' business plan.

About Kratos Defense & Security Solutions

Kratos Defense & Security Solutions, Inc. (Nasdaq:KTOS) provides mission critical products, services and solutions for United States National Security. Principal products, services and solution offerings relate to and support C5ISR, weapon systems sustainment, military weapon range operations and technical services, network engineering services, information assurance and cyber security solutions, security and surveillance systems, and critical infrastructure security system design and integration. The Company is headquartered in San Diego, California, with resources located throughout the U.S. and at key strategic military locations. News and information are available at www.KratosDefense.com.

The Kratos Defense & Security Solutions, Inc. logo is available at <http://www.globenewswire.com/newsroom/prs/?pkgid=3519>

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. Such statements relate to a variety of matters, including but not limited to: the benefits and synergies expected to result from the acquisition; the Company's expectations regarding the amount of revenue and EBITDA that will ultimately be recognized as a result of the acquisition; and other statements that are not purely statements of historical fact. 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 the Company undertakes no obligation to update or revise these statements, whether as a result of new information, future events or otherwise.

Factors that could cause actual results to differ materially from the forward-looking statements contained herein include, but are not limited to: any operational or cultural difficulties associated with the integration of the businesses of Kratos and Southside; potential adverse reactions or changes to business relationships resulting from the acquisition; unexpected costs, charges or expenses resulting from the acquisition; litigation or adverse judgments relating to the acquisition; the failure to realize synergies and cost savings from the transaction or delay in realization thereof; and any changes in general economic and/or industry-specific conditions. 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, 2009, and in subsequent reports on Forms 10-Q and 8-K and other filings made with the SEC by Kratos.

CONTACT: Kratos Defense & Security Solutions, Inc.

Press Contact:

Yolanda White

858-812-7302

Investor Information:

877-934-4687

investor@kratosdefense.com



Source: Kratos Defense & Security Solutions, Inc.

News Provided by Acquire Media