



Kratos Defense & Security Solutions, Inc. Announces Pricing of \$24.6 Million Common Stock Offering, Net Proceeds Expected to be Used as Part of Purchase Price for Henry Bros. Electronics, Inc. (HBE) Acquisition

HBE is a Nationally Recognized Leader in the Design, Engineering, Integration and Operation of Electronic Surveillance, Thermal Imaging, Analytic and Biometrics Technology-Based Security Systems for Homeland Security

SAN DIEGO, Oct 6, 2010 (GlobeNewswire via COMTEX News Network) -- Kratos Defense & Security Solutions, Inc. (Nasdaq:KTOS), a leading National Security Solutions provider, announced today the pricing of a public offering of 2.3 million shares of its common stock at a purchase price of \$10.20 per share. The offering is expected to close on October 12, 2010, subject to customary closing conditions. Kratos has also granted the underwriter a 30-day option to purchase up to an additional 230,000 shares of common stock to cover over-allotments, if any. Kratos expects to receive net proceeds, assuming the exercise of the over-allotment option, of approximately \$24.6 million, after deducting underwriting fees and other offering expenses. The Company expects to use the net proceeds from this transaction as part of the purchase price for the acquisition of Henry Bros. Electronics, Inc. ("HBE"), a nationally recognized leader in the design, engineering, integration and operation of electronic surveillance, thermal imaging, analytics and biometrics technology-based security systems, which was announced separately today. To the extent that the net proceeds are not applied to the HBE acquisition, the Company intends to use them for general corporate purposes, including the funding of potential strategic acquisitions and other general corporate expenses.

B. Riley & Co., LLC acted as the sole and exclusive underwriter for the offering.

A shelf registration statement on Form S-3 relating to the shares of common stock to be issued in the offering has previously been filed with the Securities and Exchange Commission (the "SEC") and declared effective. A prospectus supplement relating to the offering will be filed with the SEC. Copies of the prospectus supplement and accompanying prospectus may be obtained at the SEC's website at <http://www.sec.gov> or directly from the Company by written request to Kratos Defense & Security Solutions, Inc., Attention: Investor Relations, 4820 Eastgate Mall, San Diego, CA 92121. This announcement shall not constitute an offer to sell or the solicitation of an offer to buy, nor will there be any sale of the shares referred to in this press release in any state or jurisdiction in which such an offer, solicitation or sale would be unlawful.

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 cybersecurity 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.

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

Additional Information

In connection with the acquisition, HBE will be filing a proxy statement and other relevant documents concerning the transaction with the SEC. STOCKHOLDERS OF HBE ARE URGED TO READ THE PROXY STATEMENT AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. Investors and security holders can obtain free copies of the proxy statement and other documents when they become available by contacting Investor Relations, Kratos Defense & Security Solutions, 4820 Eastgate Mall, San Diego, CA 92121. In addition, documents filed with the SEC by HBE will be available free of charge at the SEC's website at <http://www.sec.gov>.

Kratos and its executive officers and directors may be deemed to be participants in the solicitation of proxies from the stockholders of HBE in favor of the acquisition. Information about the executive officers and directors of Kratos and their ownership of Kratos common stock is set forth in the proxy statement for Kratos's 2010 Annual Meeting of Stockholders, which was filed with the SEC on April 1, 2010.

Notice Regarding Forward-Looking Statements

This news release contains certain forward-looking statements that involve risks and uncertainties, including, without limitation, statements relating to Kratos' anticipated proceeds from the offering, its use of those proceeds and its intention to acquire HBE. 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 Company's business in general, see the risk disclosures in the Company's SEC filings, including its most recent Annual Report on Form 10-K for the year ended December 27, 2009 and its Quarterly Reports on Form 10-Q filed from time to time with the SEC. All forward-looking statements included in this news release are based on information available at the time of the release. We are under no obligation to (and expressly disclaim any such obligation to) update or alter our forward-looking statements, whether as a result of new information, future events or otherwise.

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SOURCE: Kratos Defense & Security Solutions, Inc.

CONTACT: Kratos Defense & Security Solutions, Inc.

Press Contact:

Yolanda White

858-812-7302

Investor Information:

877-934-4687

investor@kratosdefense.com

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