



## **Kratos Defense & Security Solutions Appoints Howard Bates to President of Government Solutions Business Segment**

### **Names Richard Selvaggio to Lead Weapons Systems Group, David Carter to Lead Defense Engineering Solutions Group, Phil Carrai to Lead Information Technology Group**

SAN DIEGO, Dec 15, 2008 (GlobeNewswire via COMTEX News Network) -- Kratos Defense & Security Solutions, Inc. (Nasdaq:KTOS), a leading national defense, information technology and homeland security solutions provider, today announced that Howard Bates has been promoted to the position of President of Kratos Government Solutions (KGS). In this key role, Bates will have overall responsibility for all strategic and operational aspects of Kratos' Information Technologies, Defense Solutions, and Weapons Systems businesses.

In addition, Kratos also announced three additional key management appointments. Richard Selvaggio has been promoted to succeed Sam Liberatore as the Executive Vice President of the Weapons Systems group. Liberatore, who is retiring, was the President of Madison Research, which merged with Kratos in October of 2006. David Carter has been named Executive Vice President of the Defense Engineering Solutions group, which is a newly created position within KGS, and will have responsibility for the Defense Engineering Solutions business. Phil Carrai has accepted the position of Executive Vice President of Information Technology Solutions. Selvaggio, Carter and Carrai will report directly to Bates.

These actions are all part of Kratos' previously stated and ongoing integration and reorganization plan of action related to the recent mergers with Haverstick and SYS Technologies, focused on driving operational efficiencies, significantly reducing redundant costs, and driving business development activity, and positioning Kratos for continued and sustained growth.

Eric DeMarco, Chief Executive Officer of Kratos, said "I am extremely pleased to announce these critical appointments. Since Haverstick joined the Kratos team, it has become clear that Mr. Bates has the critical combination of leadership skills, technical knowledge, operational acumen, acquisition experience and business development expertise to lead Kratos' largest business. With the recently announced agreement to merge with Digital Fusion, Bates, Selvaggio, Carter, and Carrai will be instrumental in integrating the expertise and leveraging the capabilities of not only Digital Fusion but also our other recent acquisitions: Madison Research, Haverstick Consulting, and SYS Technologies. This reorganization is a key milestone of our previously stated integration plan, which is focused on streamlining operational efficiencies, significantly reducing cost, and positioning Kratos for sustained future organic growth."

Bates commented, "I am honored that Kratos' CEO and Board of Directors has offered me this position, and I enthusiastically look forward to playing a pivotal role in helping Kratos reach its goal of being the premier mid-tier national and homeland security contractor. The appointments of Selvaggio, Carter, and Carrai give us a leadership team that has an extraordinary depth and breadth of industry experience and I am very pleased to have the opportunity to work with them in achieving our strategic goals. The restructuring of our Kratos Government Solutions organization is a critical part of the integration process of our merged companies. Most importantly, the integration of our business development resources significantly augments our capabilities and will be instrumental in building sustained organic growth in the future."

Bates was a founding partner of Haverstick Consulting, Inc. which merged with Kratos in December of 2007 and had revenues of approximately \$100 million. Before serving as Chief Executive Officer at Haverstick, Bates held a variety of leadership roles in sales, marketing, and consulting services during his 14 year career at Digital Equipment Corporation. He has extensive industry experience in working directly with military, state and federal government agencies, as well as commercial customers.

Selvaggio played a pivotal role in the growth of Madison Research, and has continued that success since Madison's merger with Kratos. He has over 24 years of experience in the design, development, manufacture and support of military weapon systems with extensive international market experience, specifically in the Foreign Military Sales (FMS) arena. Prior to Madison, Selvaggio worked for Loral Aerospace and Ford Aerospace.

Carter was instrumental in growing the military business for DTI and Associates which was acquired by Haverstick in January 2004. He had been with DTI for over 20 years and has seen this business' revenue grow to nearly \$60 million. David is also responsible for RSS ( Rocket Support Systems) which is a business unit of Kratos focused on sounding and target rocket development for a number of military and international defense customers. Prior to working with DTI Carter worked for ARINC.

Carrai was the CEO of Ai Metrix, Inc., an innovator in network management software for government, telecommunication, and

large-scale enterprise installations, before its acquisition by SYS Technologies. He has over 20 years experience in enterprise software and information technology service organizations, and has held executive management positions in both early-stage and larger, public companies. Carrai has served as a board member for Ai Metrix, Internosis, Ztango, Network Alliance, and Alabanza, and has been an advisor to many emerging technology companies in the national capital region.

#### About Kratos Defense & Security Solutions

Kratos Defense & Security Solutions, Inc. (Nasdaq: KTOS) provides mission critical engineering, IT services and war fighter solutions for the U.S. federal government and for state and local agencies. Principal services include C5ISR, weapon systems lifecycle support, military weapon range and technical services, network engineering services, advanced IT services, security and surveillance systems, and critical infrastructure design and integration. The Company is headquartered in San Diego, California, with resources throughout the U.S. and at key strategic military locations. News and information are available at [www.KratosDefense.com](http://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

This news release contains certain forward-looking statements that involve risks and uncertainties, including, without limitation, expressed or implied statements concerning the anticipated benefits of the proposed acquisition of DFI, Kratos' expectations regarding future financial performance, performance of key contracts and market developments. Such statements are only predictions, and the Company's actual results may differ materially. Factors that may cause the Company's results to differ include, but are not limited to: risks that the conditions to closing will not be satisfied, resulting in a delay in closing or a failure to close; risks that the anticipated benefits will not be realized; risks that the DFI integration will prove more costly, take more time, or be more distracting than currently anticipated; risks of adverse regulatory action or litigation; risks associated with debt leverage; risks that changes or cutbacks in spending by the U.S. Department of Defense may occur, which could cause delays or cancellations of key government contracts; risks that changes may occur in Federal government (or other applicable) procurement laws, regulations, policies and budgets; risks relating to contract performance; changes in the competitive environment (including as a result of bid protests); and failure to successfully consummate acquisitions or integrate acquired operations and competition in the marketplace which could reduce revenues and profit margins. The Company undertakes no obligation to update any forward-looking statements. These and other risk factors are more fully discussed in the Company's Annual Report on Form 10-K for the period ended December 31, 2007, Form 10-Q for the period ended September 28, 2008, and in other filings made with the Securities and Exchange Commission.

This communication is being made in respect of the proposed transaction involving Kratos and DFI. In connection with the proposed transaction, Kratos has filed with the SEC a Registration Statement on Form S-4 containing a Joint Proxy Statement/Prospectus and other documents regarding the proposed transaction. The definitive Joint Proxy Statement/Prospectus has been mailed to stockholders of Kratos and DFI. **INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS AND OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY IN THEIR ENTIRETY BECAUSE THEY CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION.**

Investors and security holders can obtain free copies of the Registration Statement and the Joint Proxy Statement/Prospectus and other documents filed with the SEC by Kratos through the web site maintained by the SEC at [www.sec.gov](http://www.sec.gov). In addition, investors and security holders can obtain free copies of the Registration Statement and the Joint Proxy Statement/Prospectus and other documents filed with the SEC from Kratos by directing a request to Kratos Defense & Security Solutions, Inc, ATTN: Investor Relations, 4810 Eastgate Mall, San Diego, CA 92121, or going to Kratos' corporate website at [www.kratosdefense.com](http://www.kratosdefense.com).

Kratos and DFI, and their respective directors and executive officers, may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information regarding Kratos' directors and executive officers is contained in its annual proxy statement filed with the SEC on May 22, 2008. Additional information regarding the interests of such potential participants is included in the Joint Proxy Statement/Prospectus and the other relevant documents filed with the SEC.

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