

Kratos Announces Completion of Public Offering of Common Stock Raising \$100 Million at \$5.00 Per Share

Proceeds From Public Offering Expected to be Used for Acquisition of Aerial Targets and Unmanned Aerial Drone Provider Composite Engineering, Inc.

SAN DIEGO, May 15, 2012 (GLOBE NEWSWIRE) -- Kratos Defense & Security Solutions, Inc. (Nasdaq:KTOS), a leading National Security Solutions provider, announced today that it has completed its previously announced public offering of Kratos common stock, raising \$100 million in gross proceeds at \$5.00 per share. Kratos also announced that the Kratos common stock portion of the Composite Engineering, Inc. (CEI) acquisition consideration of \$20 million will also be valued at \$5.00 per Kratos share, consistent with the offering price of the just closed public offering.

The Company expects to use the net proceeds from this offering to fund a portion of the cash consideration payable to the stockholders of Composite Engineering, Inc. (CEI) in connection with the proposed acquisition of CEI. To the extent that the net proceeds are not applied to the CEI acquisition, the Company intends to use them for general corporate purposes.

Eric DeMarco, Kratos' President and CEO, said, "Today we announced the completion of a public offering of Kratos' common stock, with a significant amount of the newly issued shares being placed with existing long term Kratos shareholders. A linchpin to the successful execution of this transaction was Oak Investment Partners' \$55 million investment, and I want to personally thank fellow member of the Kratos Board of Directors and Oak Managing Partner, Bandel Carano, for his confidence in Kratos' strategic business plan and our management team." Mr. DeMarco continued, "With the closing of this equity raise, and the expected closing of the pending acquisition of CEI in the third quarter, we will have acquired a very unique and rare business in the growing Aerial Targets and Unmanned Aerial Drone market place, and we will have positioned Kratos for accelerated delevering going forward and increased Kratos' expected Free Cash Flow generation for the future."

About Kratos Defense & Security Solutions

Kratos Defense & Security Solutions, Inc. (Nasdaq:KTOS) is a specialized National Security technology business providing mission critical products, services and solutions for United States National Security priorities. Kratos' core capabilities are sophisticated engineering, manufacturing and system integration offerings for National Security platforms and programs. Kratos' areas of expertise include Command, Control, Communications, Computing, Combat Systems, Intelligence, Surveillance and Reconnaissance (C5ISR), satellite communication systems, unmanned systems, cyber warfare, cybersecurity, information assurance, critical infrastructure security and weapons systems sustainment. Kratos has primarily an engineering and technical oriented work force of approximately 4,100, many of whom hold an active National Security clearance, including Secret, Top Secret and higher. The vast majority of Kratos' work is performed on a military base, in a secure facility or at a critical infrastructure location. Kratos' primary end customers are United States Federal Government agencies, including the Department of Defense, classified agencies, intelligence agencies and Homeland Security related agencies.

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, without limitation, the Company's expectations regarding the closing of the pending acquisition of CEI, synergies, cost savings and financial results expected to be realized following the closing 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 CEI; 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. In addition, the pending acquisition of CEI may not be completed at all or may not be completed on time. 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 25, 2011, and in subsequent reports on Forms 10-Q and 8-K and other filings made with the SEC by Kratos.

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