



Kratos Defense & Security Solutions Awarded Contracts From the U.S. Department of Education Valued At Approximately \$4.5 Million

Company's Non-DoD Federal Business Continues to Grow

SAN DIEGO, Oct 8, 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 it has been awarded two contracts from the U.S. Department of Education valued at approximately \$4.5 million, including all option years.

"We are extremely proud of these awards as they represent significant contributions to very important social programs being driven by the Department of Education," said Howard Bates, President of the Advanced Technical Solutions Division of Kratos. "Our years of experience serving the Department of Education have allowed mutual collaboration on innovative learning solutions, an area of continual evolution. We look forward to continuing our work with this important customer in the future."

The first contract involves the Student Achievement in Reading (STAR) Network. Kratos was awarded a U.S. Department of Education contract to continue its support of the STAR Network. This three year project builds off of Kratos' previous work with the Department of Education's Division of Adult Education and Literacy (DAEL). In a landmark investment, DAEL is changing the way reading instruction is delivered in the Adult Education System across the United States. Kratos, in partnership with the Adult Learning Resource Center and nationally recognized experts, has developed a suite of technical assistance and training products that assist classroom instructors with using evidence-based reading instruction. Twenty-six states have committed to improving their adult education policies, programs, and instruction to better serve adult learners with their reading needs.

Over the next three years, Kratos will be working with these states to deliver innovative technical assistance to adult education programs across the U.S. The resources, training, online tools and technical assistance available to states are providing high quality, ongoing professional development that has never been available, until now, to educators responsible for teaching reading to adult learners. The total value of the contract award is \$1.5 million over three years.

The second contract, also awarded by the U.S. Department of Education, Academic Improvement and Teacher Quality (AITQ) programs, concerns the delivery of targeted technical assistance to assist Local Education Agencies with low-performing schools in implementing Scientifically Based Reading Research. This is a technical assistance and professional development program designed to improve the reading practices of K-3 teachers in Title I low-performing schools; schools that have failed to achieve Adequate Yearly Progress (AYP) under the No Child Left Behind Act of 2001. The activities will promote Reading First's goal of ensuring that all children can read at grade level or above by the end of third grade. This project continues the support that Kratos previously provided under an earlier contract. The team includes Windwalker Corporation, Measurement Incorporated and the National Center for Family Literacy. The total value of this Department of Education contract is estimated at \$3 million, including all option periods.

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. Principle 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.

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 including, without limitation, expressed or implied statements concerning the Company's expectations regarding the amount of revenues that will ultimately be derived from the Department of Education contracts and whether any additional work or task orders will be issued and the amount of revenues that will be derived from additional work or tasks, if issued. 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 work under the

two DOE contracts will curtail, change or terminate; risks that the new business, if or when issued, may not have the scope of work anticipated by the Company; risks that integration activities related to the recent SYS acquisition will prove more costly, take more time, or be more distracting than currently anticipated; risks that the transaction will cause disruption of the Company's operations and distraction of its management; risks of adverse regulatory action or litigation; failure to ultimately settle the litigation and/or to settle the related derivative suit; 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; 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, the Company's Quarterly Report on Form 10-Q for the period ended June 29, 2008, and in other filings made with the Securities and Exchange Commission.

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SOURCE: Kratos Defense & Security Solutions, Inc.

Kratos Defense & Security Solutions, Inc.

Press Contact:

Michael Baehr

858-812-7366

Investor Information:

877-934-4687

investor@kratosdefense.com

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