



## Kratos Defense & Security Solutions Announces Successful Refinancing of Credit Facility

SAN DIEGO, Mar 4, 2010 (GlobeNewswire via COMTEX News Network) --

- Silverpoint Capital LP term loan paid off in full, at par
- Significant reduction of overall borrowing costs; Term loan interest rate reduced by approximately 450 basis points per year
- Provides additional flexibility in Kratos' capital structure

Kratos Defense & Security Solutions, Inc. (Nasdaq:KTOS), a leading National Security, Information Technology Assurance and Public Safety solutions provider, today reported that it has successfully completed the refinancing of its existing credit facilities in a bank syndication led by KeyBank National Association (NYSE:KEY), as Administrative Agent, and Bank of America, N.A., (NYSE:BAC) as Co-Lead Arranger and Book Runners. The \$60 million credit facility replaces the Company's existing \$85 million credit facility, and includes the pay off of the outstanding Silverpoint Capital LP term loan, at par, with no pre payment penalties. The \$60 million credit facility is comprised of a \$25 million 3-year revolving line of credit and a \$35 million 3-year term loan. The interest rate on the term loan has been reduced from approximately 11.75 percent per annum to approximately 7.25 per annum, subject to fluctuations in LIBOR.

As a result of the pay-off of the Company's previous credit facility, the Company will record an approximate \$2.2 million charge to interest expense in the first quarter of 2010 related to the write-off of unamortized financing costs of the previous credit facility.

Deanna Lund, Kratos Executive Vice President and Chief Financial Officer, said, "We are extremely pleased with the completion of the refinancing of our credit facility. We significantly delevered the Company in the fourth quarter with the equity transaction we completed, and have now built a bank syndication team that we believe is comprised of long-term partners with KeyBank and Bank of America that will be valuable in our future growth. In addition, we have reduced our overall borrowing costs and have built additional flexibility into our capital structure. "

Kratos will discuss further details of the new credit facility on its scheduled fourth quarter and fiscal year 2009 earnings conference call on Wednesday, March 10 at 2:00 p.m. Pacific Time. The call will be webcast over the Internet and can be accessed at [www.kratosdefense.com](http://www.kratosdefense.com).

### 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 sustainment, military weapon range operations and technical services, network engineering services, information assurance and cyber security solutions, security and surveillance systems, and critical infrastructure 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](http://www.KratosDefense.com).

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

### About KeyCorp

Cleveland-based KeyCorp is one of the nation's largest bank-based financial services companies, with assets of approximately \$93 billion. BusinessWeek Magazine named Key the top bank in its Customer Service Champ 2009 edition, ranking Key 11th out of the top 25 companies that include many known for their customer service acumen. Key companies provide investment management, retail and commercial banking, consumer finance, and investment banking products and services to individuals and companies throughout the United States and, for certain businesses, internationally. For more information, visit <https://www.key.com>.

### About Bank of America

Bank of America is one of the world's largest financial institutions, serving individual consumers, small- and middle-market businesses and large corporations with a full range of banking, investing, asset management and other financial and risk management products and services. The company provides unmatched convenience in the United States, serving approximately 59 million consumer and small business relationships with 6,000 retail banking offices, more than 18,000 ATMs and award-winning online banking with nearly 30 million active users. Bank of America is among the world's leading wealth management companies and is a global leader in corporate and investment banking and trading across a broad range of asset classes, serving corporations, governments, institutions and individuals around the world. Bank of America offers industry-leading support to more than 4 million small business owners through a suite of innovative, easy-to-use online products and services. The company serves clients in more than 150 countries. Bank of America Corporation stock (NYSE:BAC) is a component of the Dow Jones Industrial Average and is listed on the New York Stock Exchange.

[www.bankofamerica.com](http://www.bankofamerica.com)

#### Notice Regarding Forward-Looking Statements

This news release and filing contains certain forward-looking statements that involve risks and uncertainties, including, without limitation, expressed or implied statements concerning the Company's expectations regarding future borrowing costs and capital availability. 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 of adverse regulatory action or litigation; risks associated with debt leverage; risks that our cost cutting initiatives will not provide the anticipated benefits; risks that changes, cutbacks or delays 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 related to our compliance with applicable contracting and procurement laws, regulations and standards; risks relating to contract performance; changes in the competitive environment (including as a result of bid protests); failure to successfully consummate acquisitions or integrate acquired operations and competition in the marketplace which could reduce revenues and profit margins; risks that potential future goodwill impairments will adversely affect our operating results; risks that anticipated tax benefits will not be realized in accordance with our expectations; and risks that the current economic environment will adversely impact our business. 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 28, 2008, and in other filings made with the Securities and Exchange Commission.

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