



October 15, 2012

Kratos Receives \$7.3 Million Sole Source Award to Provide Spares for the Air Force Subscale Aerial Target (AFSAT)

Contract Award Includes \$1.8 Million Initial Delivery Order

SAN DIEGO, Oct. 15, 2012 (GLOBE NEWSWIRE) -- Kratos Defense & Security Solutions, Inc. (Nasdaq:KTOS), a leading National Security Solutions provider, announced today that its subsidiary, Composite Engineering, Inc. (CEI), has received a \$7.3 million sole source, indefinite delivery/indefinite quantity (IDIQ), firm fixed price contract to procure 54 peculiar reparable spares for the Air Force Subscale Aerial Target (AFSAT) BQM-167. The contract permits orders to be placed from the date of award through November 30, 2013, with up to four orders per calendar year. An initial delivery order, valued at \$1.8 million, was placed along with the contract award. First deliveries will begin in January 2013, with the last parts delivered in November 2014.

Frank Cina, Sr. Vice President and General Manager of CEI, said, "This contract is an important milestone for both CEI and our U.S. Air Force customer. We are pleased to continue our on-going effort for this key strategic program and deliver mission critical equipment to the war fighter."

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. 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, cyber security, information assurance, and critical infrastructure security. Kratos has primarily an engineering and technically oriented work force of approximately 4,400. 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 National Security related agencies. 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

Certain statements in this press release may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. 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, including risks related to general economic conditions and cutbacks in government spending. 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 Kratos undertakes no obligation to update or revise these statements, whether as a result of new information, future events or otherwise. 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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