



Kratos Defense & Security Solutions, Inc. Completes Acquisition of Integral Systems

SAN DIEGO, July 28, 2011 (GLOBE NEWSWIRE) -- Kratos Defense & Security Solutions, Inc. (Nasdaq:KTOS), a leading National Security Solutions provider, today announced the completion of its acquisition of Integral Systems, Inc. (Nasdaq:ISYS). Kratos completed the acquisition through a reverse merger of a wholly owned subsidiary with and into Integral Systems.

As a result of the merger, each outstanding share of Integral Systems common stock was cancelled and converted into the right to receive \$5.00, in cash, without interest, and the issuance of 0.588 shares of Kratos common stock. As a result of the merger, shares of Integral Systems common stock ceased trading on the NASDAQ Global Select Market.

"Together, Kratos and Integral Systems represent a force multiplier in our ability to bring mission critical communications and C5ISR solutions to our customers," said Phil Carrai, President of Kratos Technology & Training Solutions. "With its products used in approximately 80% of satellite operations, Integral is well known as the leader in ground systems, signal processing and other areas of satellite command and control, but it is also at the cutting edge of advanced technologies for Unmanned Aerial Vehicles (UAVs), situational awareness, remote management and electronic warfare that fit naturally into the Kratos portfolio of solutions for assuring the availability, reliability and security of mission critical systems for defense, intelligence and commercial operations."

"For almost three decades, Integral Systems has led the way in providing commercial-based products, solutions and services to the satellite and aerospace communities," said Paul Casner, President and CEO of Integral Systems. "This transaction brings together two of the leading high technology companies. Together we will be able to bring our customers a broader array of advanced technologies to meet their most critical needs while creating rich opportunities for our employees. The combination of Integral Systems and Kratos is a win-win."

Eric DeMarco, President and CEO of Kratos, said, "I want to personally welcome the Integral Systems employees to Kratos. Integral Systems and importantly its most valuable asset, its people, are extremely similar to Kratos, our culture and our personnel including being entrepreneurial, extremely dedicated and technical in nature, and we are very excited about the merger of these two outstanding organizations. As Paul mentioned, in addition to the combined company bringing additional and more robust capabilities and product offerings to our customers, where the combined business will have the opportunity for enhanced organic growth, there will also be additional personal and professional opportunities for our combined company's workforce as we move forward."

Jefferies & Company, Inc. acted as Kratos' exclusive advisor for the acquisition of Integral Systems. B. Riley & Company acts as a strategic financial advisor to Kratos in the execution of Kratos' strategic business plan, and B. Riley's Founder and Chairman, Bryant Riley, works directly with Kratos' Executive Management in the execution of its strategy.

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), unmanned systems, cyber warfare, cyber security, information assurance, critical infrastructure security and weapons systems sustainment. Kratos, including the recent acquisition of Integral, has primarily an engineering and technical oriented work force of approximately 4,100, many of which 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. 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>

About Integral Systems

Integral Systems, Inc. is a global provider of products, systems and services for satellite command and control, telemetry and digital signal processing, data communications, enterprise network management and communications information

assurance. Integral specializes in developing, managing and operating secure communications networks, both satellite and terrestrial, as well as systems and services to detect, characterize and geolocate sources of RF interference. Integral's customers include U.S. and foreign commercial, government, military and intelligence organizations. For almost 30 years, customers have relied on Integral Systems to design and deliver innovative commercial-based products, solutions and services that are cost-effective and reduce delivery schedules and risk. The Integral Systems family of solutions providers (Integral Systems, Inc., Integral Systems Europe, Lumistar, Inc., Newpoint Technologies, Inc., RT Logic and SAT Corporation), as well as Integral Systems Services Solutions (IS3), leads the market in offering complete ground segment solutions. Integral's dedication to "The Integral Difference" has solidified long-term relationships with the U.S. DoD, NASA, NOAA and nearly every commercial satellite operator in the world.

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, but not limited to, the benefits, synergies and opportunities expected to result from 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 Integral Systems 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 neither Kratos nor Integral Systems undertakes any 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 Integral Systems; 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. 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 businesses of Kratos and Integral Systems in general, see the risk disclosures in the Annual Report on Form 10-K of Kratos for the year ended December 26, 2010 and in the Annual Report on Form 10-K of Integral Systems for the year ended September 24, 2010, and in subsequent reports on Forms 10-Q and 8-K and other filings made with the SEC by each of Kratos and Integral Systems.

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