



## **Kratos Comments On U.S. Attorney's Office Announcement**

SAN DIEGO, Jul 7, 2009 (GlobeNewswire via COMTEX News Network) -- Kratos Defense & Security Solutions, Inc. (Nasdaq:KTOS), a leading national security, information technology and public safety solutions provider, today provided the following comments on the U.S. Attorney's Office for the Southern District of California's announcement that a senior Space and Naval Warfare Systems Center (SPAWAR) official and others, including a former Kratos employee, were formally charged with a variety of federal offenses.

The United States Attorney has advised Kratos that it is not and has never been a target of the investigation. From the start, Kratos provided the U.S. Attorney's Office with total assistance in investigating the matter, as well as implementing internal steps to ensure that the matter was isolated. That willing assistance was in keeping with the Company's commitment to the absolute highest standards in ethical behavior and compliance with the law. Kratos has worked closely with the U.S. Attorney's Office, the Federal Bureau of Investigation, the Department of Defense Inspector General's Office and the Defense Criminal Investigative Service (DCIS) to assist them in their investigation of this matter.

As the indictment returned by the Grand Jury states, the former Kratos employee, Jack Godwin, deliberately concealed his alleged illegal activities from Kratos and others in the Company, who had no knowledge of them. More than a year ago, Government investigators first informed Kratos of its investigation. At that time, Kratos terminated Mr. Godwin's employment, offered the Company's assistance to the government, and began a review of those transactions involving Mr. Godwin. Since that time, Kratos has shared information with investigators.

In the course of its cooperation with the U.S. Attorney's Office and other federal investigators, Kratos has provided hundreds of thousands of pages of documents and senior management has been fully available and accessible to the investigators. It has been determined that other than the employee who Mr. Godwin improperly hired for a few weeks in early 2008 -- Sinthia Nares, who is also charged in the indictment -- no other current or past Kratos employee is implicated in the alleged scheme. Kratos respects and appreciates the work of the U.S. Attorney's Office and other federal investigators in taking swift action in this matter.

Eric DeMarco, President and Chief Executive Officer of Kratos, said, "We have worked long and hard to establish the trust and respect of our customers, and are deeply disappointed that the alleged actions of an apparent renegade employee may have undermined the extraordinary and dedicated efforts of so many other of our employees. Our commitment to the highest ethical standards in growing our business is absolute, and immediately upon learning of Mr. Godwin's alleged activities his employment was terminated and our assistance was offered to the Government. We have made and will continue to make every effort to ensure that such an event can never recur, and we will continue to support the efforts of federal agencies to bring this matter to a fair and just conclusion. The Space and Naval Warfare Systems Command (SPAWAR) continues to be a valued customer of Kratos."

Through the date of the indictment, the Company's own internal investigation has concluded that there has been no material effect to Kratos' financial results or business operations as a result of the scheme charged in the indictment.

### **Notice Regarding Forward-Looking Statements**

This news release contains certain forward-looking statements including, without limitation, expressed or implied statements. 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; failure to ultimately settle ongoing litigation; 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 29, 2008, the Company's Quarterly Report on Form 10-Q for the period ended March 30, 2009, and in other filings made with the Securities and Exchange Commission.

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

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SOURCE: Kratos Defense & Security Solutions, Inc.

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