

## **Kratos Wins M&A Advisor Award for Equity Financing Deal of the Year**

SAN DIEGO, Dec. 19, 2012 (GLOBE NEWSWIRE) -- Kratos Defense & Security Solutions, Inc. (Nasdaq:KTOS), a leading National Security Solutions provider, today announced that it received the 2012 M&A Advisor 'Equity Financing Deal of the Year' award for its public offering of common stock raising \$100 million in conjunction with the acquisition of Composite Engineering, Inc., which was completed in July of this year. [Composite Engineering, Inc.](#) (CEI) is a vertically integrated manufacturer and developer of unmanned aerial target systems and composite structures used for National Security programs.

Prior to the acquisition, Kratos provided electronics and avionics that are on board CEI aircraft, and Kratos also provides ground flight control stations and electronics for the command and control of CEI aerial systems. CEI aircraft are made from composite materials in a secure, state-of-the-art manufacturing facility and as a result have industry leading flight and representation characteristics. CEI's market leading drones are designed to replicate some of the most lethal aerial threats facing this nation's Warfighters and strategic assets. CEI's domestic programs as a prime contractor include the U.S. Air Force AFSAT and U.S. Navy SSAT. CEI's programs as a major subcontractor include the U.S. Air Force Miniature Air Launched Decoy (MALD®) and the U.S. Navy Multi-Stage Supersonic Target (MSST). The CEI suite of unmanned drones includes the BQM-167A/i, the BQM-177A/i and the Firejet. All are jet engine powered and have advanced threat representative flight performance characteristics, including subsonic and sustained supersonic airspeed capability for the [BQM-177A/i](#), external and internal payload capability and demonstrated altitudes from sea skimming to 50,000 ft.

The 11th annual M&A Advisor Awards Gala honored the leading deal teams, firms and dealmakers whose activities set the standard for M&A transactions. This year, a record of 423 nominees, representing over 600 companies, became finalists for the awards. An independent judging committee of 16 top M&A, Restructuring and Finance industry experts determined the ultimate recipients of the awards as revealed at the event.

Eric DeMarco, President and CEO of Kratos, commented, "We are honored to receive the M&A Advisor Award for Equity Financing Deal of the Year. This financing, which enabled Kratos' acquisition of CEI, has positioned Kratos as one of the premier aerial targets and drone providers in the industry today. Additionally, with CEI, Kratos' business today is primarily focused on very specialized products and solutions supporting National Security priority areas, including unmanned aerial systems, missile defense, electronic warfare and satellite communications. Furthermore, a substantial portion of CEI's business is with international customers, and today approximately 30 percent of Kratos' overall revenues are non-Department of Defense sourced, providing our company a significant, stable and growing portion of our business in the current challenging U.S. federal budgetary environment."

### **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, cybersecurity, 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](http://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 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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