KRATOS
FROM STRENGTH TO SUCCESS

June 27, 2016

Kratos Completes Assessment of Microsoft's Azure Cloud Resulting in Highest FedRAMP Provisional Authority to Operate (P-ATO)

Establishes One of the First High Baseline Authorizations for Cloud Environments for Federal Agencies

SAN DIEGO, June 27, 2016 (GLOBE NEWSWIRE) -- Kratos Defense & Security Solutions, Inc. (Nasdaq:KTOS), a leading National Security Solutions provider, announced today that it served as the Third Party Assessment Organization (3PAO) for Microsoft® Azure™ resulting in one of the first Federal Risk Authorization and Management Program (FedRAMP) high baseline authorizations. This enables federal customers to utilize Microsoft to store the highest tiers of civilian government data in their Azure Government Cloud.

The U.S. government issued the Cloud First policy to drive cloud adoption, but data security has been a top concern among agencies. FedRAMP works to ensure that cloud-based services have adequate information security, most recently with a pilot program to develop the high baseline standard, which adds significant security controls beyond the previous low and moderate levels. The high baseline authorizes Microsoft's Azure cloud to store and transmit government data sensitive enough that, if leaked, could have a severe or catastrophic adverse effect on organizational operations, assets or individuals.

Kratos served as Microsoft's 3PAO and assessed the Azure Government Cloud environment to ensure it met FedRAMP's requirements, leading to the high impact P-ATO from the Joint Authorization Board (JAB). Kratos performed the audit by reviewing over 400 security controls against Microsoft's Azure Cloud environment to achieve the highest impact level for FedRAMP accreditation. The completed audit included a comprehensive review of Microsoft's infrastructure and a detailed Security Assessment Report (SAR) with the results of the evaluation.

"Achieving FedRAMP High demonstrates that Azure Government meets the highest bars for information security and compliance," said Matt Rathbun, Cloud Security Director at Microsoft. "The Kratos 3PAO team worked closely with our engineering teams and the FedRAMP JAB to help ensure we achieved this accreditation. The Kratos team also went above and beyond to assist Azure Government with earning our DISA IL-4 certification in the same week as FedRAMP High."

"Azure Government has now demonstrated that it has the controls in place to store the highest levels of secured civilian government data in the cloud," explained Jake Landers, Practice Manager for Kratos' Civilian and Commercial Cybersecurity Programs. "Building on the FedRAMP certification, we are also providing audit services for Azure Government to meet DISA's stringent security standards for the Department of Defense."

About Kratos Defense & Security Solutions

Kratos Defense & Security Solutions, Inc. (Nasdaq:KTOS) is a mid-tier government contractor at the forefront of the Department of Defense's Third Offset Strategy. Kratos is a leading technology, intellectual property and proprietary product and solution company focused on the United States and its allies' national security. Kratos is the industry leader in high performance unmanned aerial drone target systems used to test weapon systems and to train the warfighter, and is a provider of high performance unmanned combat aerial systems for force multiplication and amplification. Kratos is also an industry leader in satellite communications, microwave electronics, cyber security/warfare, missile defense and combat systems. Kratos has primarily an engineering and technically oriented work force of approximately 2,700. Substantially all 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

About Microsoft

Microsoft (Nasdaq "MSFT" @microsoft) is the leading platform and productivity company for the mobile-first, cloud-first world, and its mission is to empower every person and every organization on the planet to achieve more. Microsoft and Azure are either registered trademarks or trademarks of Microsoft Corporation in the United States and/or other countries.

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. 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. Although Kratos believes that the expectations reflected in these forward-looking statements are reasonable, these statements involve many risks and uncertainties that may cause actual results to differ materially from what may be expressed or implied in these forward-looking statements. 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 27, 2015, and in subsequent reports on Forms 10-Q and 8-K and other filings made with the SEC by Kratos.

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Press Contact:

Yolanda White

858-812-7302 Direct



Investor Information:

877-934-4687
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investor@kratosdefense.com

 Primary Logo

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