

KRATOS DEFENSE & SECURITY SOLUTIONS, INC.  
 Form 4  
 January 08, 2013

**FORM 4**

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
 DEMARCO ERIC M

2. Issuer Name and Ticker or Trading Symbol  
 KRATOS DEFENSE & SECURITY SOLUTIONS, INC. [KTOS]

5. Relationship of Reporting Person(s) to Issuer  
 (Check all applicable)

(Last) (First) (Middle)  
 4820 EASTGATE MALL  
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)  
 01/04/2013

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
 President & CEO

SAN DIEGO, CA 92121  
 (City) (State) (Zip)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership Indirect Beneficial Ownership (Instr. 4) |     |       |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|-----|-------|
|                                 |                                      |  |                                | (A) or (D)  | Code  | V  | Amount  | (D) | Price |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

| 1. Title of Derivative Security | 2. Conversion or Exercise | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any | 4. Transaction Code | 5. Number of Derivative Securities | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) |
|---------------------------------|---------------------------|--------------------------------------|-----------------------------------|---------------------|------------------------------------|--|---|
|---------------------------------|---------------------------|--------------------------------------|-----------------------------------|---------------------|------------------------------------|--|---|

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| (Instr. 3)                           | Price of<br>Derivative<br>Security | (Month/Day/Year) | (Instr. 8) | Acquired (A) or<br>Disposed of (D)<br>(Instr. 3, 4, and<br>5) | Code | V | (A)     | (D) | Date<br>Exercisable | Expiration<br>Date | Title           | Amount or<br>Number of<br>Shares |
|--------------------------------------|------------------------------------|------------------|------------|---|------|---|---------|-----|---------------------|--------------------|-----------------|----------------------------------|
| Stock<br>Option<br>(right to<br>buy) | \$ 4.98                            | 01/04/2013       |            |   | A    |   | 25,000  |     | (1)                 | 01/04/2023         | Common<br>Stock | 25,000                           |
| Stock<br>Option<br>(right to<br>buy) | \$ 4.98                            | 01/04/2013       |            |   | A    |   | 150,000 |     | (2)                 | 01/04/2023         | Common<br>Stock | 150,000                          |
| Stock<br>Option<br>(right to<br>buy) | \$ 4.98                            | 01/04/2013       |            |   | A    |   | 76,152  |     | (3)                 | 01/04/2023         | Common<br>Stock | 76,152                           |
| Stock<br>Option<br>(right to<br>buy) | \$ 4.98                            | 01/04/2013       |            |   | A    |   | 125,000 |     | (4)                 | 01/04/2023         | Common<br>Stock | 125,000                          |

## Reporting Owners

| Reporting Owner Name / Address                              | Relationships |           |                 |       |
|---|---------------|-----------|-----------------|-------|
|   | Director      | 10% Owner | Officer         | Other |
| DEMARCO ERIC M<br>4820 EASTGATE MALL<br>SAN DIEGO, CA 92121 | X             |           | President & CEO |       |

## Signatures

Eric M. DeMarco, by Eva Yee,  
Attorney-In-Fact

01/08/2013

\*\*Signature of Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) 25,000 stock options vest on the fifth anniversary of January 4, 2013.

(2) 150,000 stock options vest on the date on which the fair market value of the Issuer's common stock reaches \$15.00 per share, provided that such vesting occurs on or before the six year anniversary of January 4, 2013.

(3) 76,152 stock options vest 25% on each of the first four anniversary dates of January 4, 2013.

(4) 125,000 stock options vest on the fifth anniversary of January 4, 2013.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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