

Bates Howard W.  
Form 4  
April 08, 2009

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
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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 \*  
Bates Howard W.

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)  
 Director  10% Owner  
 Officer (give title below)  Other (specify below)  
Pres. Gov't Solutions Segment

(Last) (First) (Middle)  
11405 N. PENNSYLVANIA STREET, SUITE 200  
(Street)

3. Date of Earliest Transaction (Month/Day/Year)  
03/04/2009

CAMEL, IN 46032

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

(City) (State) (Zip)

**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 Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Ownership (Instr. 4)
				Code V	Amount	(A) or (D)	Price
Common Stock	03/04/2009		M		18,750 (1)	A	\$ 0 (1)
Common Stock	03/31/2009		A		108,058 (3)	A	\$ 2.74

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

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SEC 1474  
(9-02)

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

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount Number Shares
Restricted Stock Units	\$ 0	03/04/2009		M	18,750	12/31/2008	12/31/2018	Common Stock	256,25

## Reporting Owners

### Reporting Owner Name / Address

### Relationships

Director 10% Owner Officer Other

Bates Howard W.  
11405 N. PENNSYLVANIA STREET  
SUITE 200  
CAMEL, IN 46032

Pres. Gov't Solutions Segment

## Signatures

Howard W. Bates, by Matthew G. Colvin,  
Attorney-In-Fact

04/08/2009

\_\_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) Common Stock issued to Reporting Person pursuant to settlement of vested shares under Restricted Stock Unit grant dated December 31, 2007 which vested on December 31, 2008 as to 25% of the total Restricted Stock Unit shares granted.

(2) Includes 200,000 shares underlying a Restricted Stock Unit grant dated January 2, 2009 as previously reported on Form 4 dated January 6, 2009 and 56,250 shares underlying the Restricted Stock Unit grant dated December 31, 2007 as previously reported on Form 4 dated January 3, 2008.

(3) On December 31, 2007, the Issuer acquired Haverstick Consulting, Inc., an Indiana corporation, of which the reporting person was President. Pursuant to the Agreement and Plan of Merger, the issuer issued to the reporting person 108,058 shares of common stock pursuant to the Holdback provisions of the Agreement and Plan of Merger. The shares of Issuer's common stock were valued at \$2.74/share based upon a 20 day average trailing stock price of issuer's common stock prior to the execution of the definitive Agreement and Plan of Merger on November 2, 2007.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.