

KRATOS DEFENSE & SECURITY SOLUTIONS, INC.
 Form 4
 January 07, 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 *
 Lund Deanna H

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)
 Executive VP & CFO

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 (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.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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)	8. D
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(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8) Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option (right to buy)	\$ 4.98	01/04/2013		A		60,000		<u>(1)</u>	01/04/2023	Common Stock	60,000
Stock Option (right to buy)	\$ 4.98	01/04/2013		A		60,000		<u>(2)</u>	01/04/2023	Common Stock	60,000
Stock Option (right to buy)	\$ 4.98	01/04/2013		A		5,000		<u>(3)</u>	01/04/2023	Common Stock	5,000
Stock Option (right to buy)	\$ 4.98	01/04/2013		A		29,926		<u>(4)</u>	01/04/2023	Common Stock	29,926

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Lund Deanna H 4820 EASTGATE MALL SAN DIEGO, CA 92121			Executive VP & CFO	

Signatures

Deanna H. Lund, by Eva Yee,
Attorney-In-Fact 01/07/2013

 **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) 60,000 stock options vest on the fifth anniversary of January 4, 2013.
- (2) 60,000 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) 5,000 stock options vest 25% on each of the first four anniversary dates of January 4, 2013.

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(4) 29,926 stock options vest 25% on each of the first four anniversary dates 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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