

Carter David M  
Form 4  
January 04, 2012

**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 \*  
Carter David 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)  
01/02/2012

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
President, DES Division

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 Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
|                                 |                                      |  | Code                           | V Amount (A) or (D) Price   |   |  |                                   |
| Common Stock                    | 01/02/2012                           |  | M                              | 2,000 (1) A \$ 0  | 11,125 (4)  | D  |                                   |
| Common Stock                    | 01/02/2012                           |  | M                              | 3,000 (2) A \$ 0  | 14,125 (4)  | D  |                                   |
| Common Stock                    | 01/03/2012                           |  | M                              | 1,500 (3) A \$ 0  | 15,625 (4)  | D  |                                   |

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

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number.

**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 Security (Instr. 3 and 4) |              |                            |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--------------|----------------------------|
|  |  |                                      |  | Code                           | V (A) (D)   | Date Exercisable   | Expiration Date   | Title        | Amount or Number of Shares |
| Restricted Stock Unit                      | (6)  | 01/02/2012                           |  | M                              |   | 2,000  | (1) 01/02/2019  | Common Stock | 2,000                      |
| Restricted Stock Unit                      | (6)  | 01/02/2012                           |  | M                              |   | 3,000  | (2) 01/02/2010  | Common Stock | 3,000                      |
| Restricted Stock Unit                      | (6)  | 01/03/2012                           |  | M                              |   | 1,500  | (3) 01/03/2021  | Common Stock | 1,500                      |
| Restricted Stock Unit                      | (6)  | 01/03/2012                           |  | A                              |   | 20,000   | (5) 01/03/2022  | Common Stock | 20,000                     |

## Reporting Owners

| Reporting Owner Name / Address                              | Relationships |           |                         |       |
|---|---------------|-----------|-------------------------|-------|
|   | Director      | 10% Owner | Officer                 | Other |
| Carter David M<br>4820 EASTGATE MALL<br>SAN DIEGO, CA 92121 |               |           | President, DES Division |       |

## Signatures

David M. Carter, by Eva Yee,  
Attorney-In-Fact

01/04/2012

\_\_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 January 2, 2009, where 10,000 Restricted Stock Units granted vest in five equal installments annually beginning on January 2, 2010.
- (2) Common Stock issued to reporting person pursuant to settlement of vested shares under Restricted Stock Unit grant dated January 2, 2010, where 15,000 Restricted Stock Units granted vest in five equal installments annually beginning on January 2, 2011.
- (3) Common Stock issued to reporting person pursuant to settlement of vested shares under Restricted Stock Unit grant dated January 3, 2011, where 7,500 Restricted Stock Units granted vest in five equal installments annually beginning on January 3, 2012.
- (4) Includes 1,238 shares held in Issuer 401(k) Plan and 2,821 shares purchased through Issuer's Employee Stock Purchase Plan.

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- (5) The restricted stock units vest 100% five (5) years from the date of grant, unless earlier vested upon a change in control pursuant to the terms of the restricted stock unit agreement.
- (6) Each restricted stock unit represents a contingent right to receive one share of Issuer's common stock.

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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