

Carrai Phillip D
 Form 4
 January 04, 2013

FORM 4

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

OMB APPROVAL

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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 *
 Carrai Phillip D

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)
 01/02/2013

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
 President, TTS 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 Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
| | | | Code | V Amount (D) Price | | | |
| Common Stock | 01/02/2013 | | M | 2,000 (1) A \$ 0 | 15,376 (4) | D | |
| Common Stock | 01/02/2013 | | M | 3,000 (2) A \$ 0 | 18,376 (4) | D | |

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) | 8. Price or Value of Underlying Securities (Instr. 3 and 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|---|
| Restricted Stock Unit | (3) | 01/02/2013 | | M | 2,000 | (1) (1) | Common Stock | 2,000 |
| Restricted Stock Unit | (3) | 01/02/2013 | | M | 3,000 | (2) (2) | Common Stock | 3,000 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|-------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| Carrai Phillip D 4820 EASTGATE MALL SAN DIEGO, CA 92121 | | | President, TTS Division | |

Signatures

Phillip D. Carrai, by Eva Yee,
Attorney-In-Fact

01/04/2013

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) 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) Each restricted stock unit represents a contingent right to receive one share of Issuer's common stock.
- (4) Includes 5,907 shares held in Issuer's 401(k) Plan and 3,835 shares purchased through Issuer's Employee Stock Purchase Plan.

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.