KRATOS DEFENSE & SECURITY SOLUTIONS, INC.

Form 4

January 07, 2013

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Check this box if no longer subject to Section 16. Form 4 or Form 5

obligations

may continue.

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

See Instruction 1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person * Lund Deanna H

2. Issuer Name and Ticker or Trading

5. Relationship of Reporting Person(s) to Issuer

Symbol

KRATOS DEFENSE & SECURITY SOLUTIONS, INC. [KTOS]

(Check all applicable)

(Last) (First)

4820 EASTGATE MALL

3. Date of Earliest Transaction

X_ Officer (give title below)

Director

10% Owner Other (specify

OMB APPROVAL

3235-0287

January 31,

2005

0.5

OMB

Number:

Expires:

response...

Estimated average

burden hours per

(Month/Day/Year)

01/04/2013

below) Executive VP & CFO

4. If Amendment, Date Original

Applicable Line)

Filed(Month/Day/Year)

(Instr. 8)

X Form filed by One Reporting Person Form filed by More than One Reporting

(Instr. 4)

6. Individual or Joint/Group Filing(Check

Person

SAN DIEGO, CA 92121

(City) (State) (Zip)

(Street)

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

1. Title of Security (Instr. 3)

2. Transaction Date 2A. Deemed (Month/Day/Year)

Execution Date, if

(Month/Day/Year)

(Middle)

3. 4. Securities TransactionAcquired (A) or Code Disposed of (D)

5. Amount of Securities Beneficially Owned Following

6. Ownership 7. Nature of Form: Direct Indirect (D) or Indirect Beneficial Ownership (I)

(A)

(Instr. 3, 4 and 5)

Code V Amount (D) Price

Reported Transaction(s)

(Instr. 3 and 4)

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)

(Instr. 4)

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

1. Title of Derivative Conversion Security or Exercise

3. Transaction Date 3A. Deemed (Month/Day/Year)

Execution Date, if any

4. 5. Number of TransactionDerivative Code Securities

6. Date Exercisable and **Expiration Date** (Month/Day/Year)

7. Title and Amount of 8 **Underlying Securities** (Instr. 3 and 4)

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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	(3)	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
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Director 10% Owner Officer Other

Lund Deanna H

4820 EASTGATE MALL Executive VP & CFO

SAN DIEGO, CA 92121

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.

Reporting Owners 2

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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. 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.