CARANO BANDEL L

Form 4

February 26, 2010

FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

SECURITIES

OMB

OMB APPROVAL

3235-0287 Number:

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Form 5 obligations

may continue. See Instruction

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

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person *

2. Issuer Name and Ticker or Trading Symbol

5. Relationship of Reporting Person(s) to

Issuer

CARANO BANDEL L

KRATOS DEFENSE & SECURITY SOLUTIONS, INC. [KTOS]

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year) 02/25/2010

X_ Director 10% Owner Officer (give title Other (specify

C/O OAK INVESTMENT PARTNERS, ONE GORHAM **ISLAND**

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check

Applicable Line)

WESTPORT, CT 06880

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

(Zip)

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

1.Title of Security (Instr. 3)

(City)

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

(State)

Execution Date, if

(Month/Day/Year)

3. 4. Securities TransactionAcquired (A) or Code Disposed of (D) (Instr. 8) (Instr. 3, 4 and 5)

5. Amount of Securities Beneficially Owned Following

Reported

6. Ownership 7. Nature of Form: Direct Indirect (D) or Indirect Beneficial Ownership (Instr. 4) (Instr. 4)

(A)

Transaction(s)

(Instr. 3 and 4) 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 SEC 1474 information contained in this form are not (9-02)required to respond unless the form displays a currently valid OMB control number.

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

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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. Transactic Code (Instr. 8)	5. Number Doof Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	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 or Number of Shares
Director Option (Right to Buy)	\$ 12.84	02/25/2010		A	585 (1)	02/25/2010(2)	02/25/2020	Common Stock	585

Reporting Owners

Reporting Owner Name / Address Relationships

Director 10% Owner Officer Other

CARANO BANDEL L C/O OAK INVESTMENT PARTNERS ONE GORHAM ISLAND WESTPORT, CT 06880



Signatures

Bandel L. 02/26/2010 Carano

**Signature of Date
Reporting Person

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) Represents options received in lieu of cash fees from Mr. Carano's service on the Issuer's Board of Directors as approved by the Board of Directors. The grant is effective February 25, 2010.
- (2) The Director Options became fully exercisable on the date of the grant.
- (3) Not applicable

Includes Director Option to purchase 576 shares of Common Stock, which is held by Mr. Carano on behalf of Oak Investment Partners X, Limited Partnership ("Oak X, L.P."); and Director Option to purchase 9 shares of Common Stock, which is held by Mr. Carano on

(4) behalf of Oak X Affiliates Fund, Limited Partnership ("Oak X Affiliates, L.P."). Mr. Carano is a Managing Member of Oak Associates X, L.L.C., the General Partner of Oak X, L.P. and a Managing Member of Oak X Affiliates, L.L.C., the General Partner of Oak X Affiliates, L.P.

Remarks:

Remarks

Reporting Owners 2

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Bandel L. Carano is a Director of Kratos Defense & Security Solutions, Inc. Mr. Carano is a Managing Member of Oak Association of Carano is a Mana

Oak X, L.P. and Oak X Affiliates, L.P. are not reporting persons on this Form 4 because they are no longer subject to Section

Each Reporting Person disclaims the existence of a "group" and disclaims beneficial ownership of any securities (except to the

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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