

Selvaggio Richard B
Form 4
January 04, 2012

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

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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 *
Selvaggio Richard B

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, WSS 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 | 01/02/2012 | | M | 3,000 (1) A \$ 0 | 9,982 (4) | D | |
| Common Stock | 01/02/2012 | | M | 2,000 (3) A \$ 0 | 11,982 (4) | D | |
| Common Stock | 01/04/2012 | | M | 300 (2) A \$ 0 | 12,282 (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) | Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|----------------------------|
| | | | | Code V | (A) (D) | Date Exercisable Expiration Date | Title | |
| Restricted Stock Units | (5) | 01/02/2012 | | M | 3,000 | (1) 01/02/2020 | Common Stock | 3,000 |
| Restricted Stock Unit | (5) | 01/02/2012 | | M | 2,000 | (3) 01/02/2019 | Common Stock | 2,000 |
| Restricted Stock Unit | (5) | 01/04/2012 | | M | 300 | (2) 01/04/2018 | Common Stock | 300 |
| Restricted Stock Unit | (5) | 01/03/2012 | | A | 30,000 | (6) 01/03/2022 | Common Stock | 30,000 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|-------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| Selvaggio Richard B 4820 EASTGATE MALL SAN DIEGO, CA 92121 | | | President, WSS Division | |

Signatures

Richard B. Selvaggio, 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, 2010, where 15,000 Restricted Stock Units granted vest in five equal installments annually beginning on January 2, 2011.
- (2) Common Stock issued to reporting person pursuant to settlement of vested shares under Restricted Stock Unit grant dated January 4, 2008, where 1,500 Restricted Stock Units granted vest in five equal installments annually beginning on January 4, 2009.
- (3) 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.

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- (4) Includes 3,948 shares held in Issuer 401(k) Plan.
- (5) Each restricted stock unit represents a contingent right to receive one share of Issuer's common stock.
- (6) 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.

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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