

Carter David M  
Form 3  
January 11, 2011

**FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

OMB APPROVAL

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**INITIAL STATEMENT OF 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 *			2. Date of Event Requiring Statement		3. Issuer Name <b>and</b> Ticker or Trading Symbol	
Â Carter David M			(Month/Day/Year)		KRATOS DEFENSE & SECURITY SOLUTIONS, INC.	
(Last)	(First)	(Middle)	01/01/2011		[KTOS]	
4820 EASTGATE MALL					4. Relationship of Reporting Person(s) to Issuer	
(Street)					5. If Amendment, Date Original Filed(Month/Day/Year)	
SAN DIEGO,Â CAÂ 92121					(Check all applicable)	
(City)	(State)	(Zip)			6. Individual or Joint/Group Filing(Check Applicable Line)	
					<input type="checkbox"/> Director <input type="checkbox"/> 10% Owner	
					<input checked="" type="checkbox"/> Officer <input type="checkbox"/> Other	
					<input type="checkbox"/> Form filed by One Reporting Person	
					<input type="checkbox"/> Form filed by More than One Reporting Person	

**Table I - Non-Derivative Securities Beneficially Owned**

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Common Stock	8,483	D	Â

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

SEC 1473 (7-02)

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**Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)	3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)	4. Conversion or Exercise Price of Derivative Security	5. Ownership Form of Derivative Security: Direct (D) or Indirect	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable      Expiration Date	Title      Amount or Number of			

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				Shares		(I) (Instr. 5)	
Restricted Stock Units <sup>(1)</sup> & <sup>(2)</sup>	01/02/2019	Common Stock	6,000	\$ 0		D	&
Restricted Stock Units <sup>(1)</sup> & <sup>(3)</sup>	01/02/2020	Common Stock	11,999	\$ 0		D	&
Restricted Stock Units <sup>(1)</sup> & <sup>(4)</sup>	01/11/2020	Common Stock	9,000	\$ 0		D	&
Restricted Stock Units <sup>(1)</sup> & <sup>(5)</sup>	01/03/2021	Common Stock	15,000	\$ 0		D	&

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Carter David M 4820 EASTGATE MALL SAN DIEGO, CA 92121	&	&	& President, Defense Eng. Sol.	&

## Signatures

David M. Carter, by Eva Yee,  
Attorney-In-Fact  
  
Date: 01/11/2011

\*\*Signature of Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, see Instruction 5(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) Each restricted stock unit represents a contingent right to receive one share of Issuer's common stock.

The reporting person was granted 10,000 restricted stock units on January 2, 2009, which vest 20% annually beginning on January 2, 2010, unless earlier vested upon a change in control or a qualifying termination event pursuant to the terms of the restricted stock unit agreement. 6,000 restricted stock units represent the remaining unvested units.

(3) The reporting person was granted 15,000 restricted stock units on January 2, 2010, which vest 20% annually beginning on January 2, 2011, unless earlier vested upon a change in control pursuant to the terms of the restricted stock unit agreement. 11,999 restricted stock units represent the remaining unvested units.

(4) The reporting person was granted 9,000 restricted stock units on January 11, 2010, which 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.

(5) The reporting person was granted 15,000 restricted stock units on January 3, 2011, with (a) 7,500 restricted stock units vesting 20% annually beginning on January 3, 2012, and (b) 7,500 restricted stock units vesting 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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