

OMB APPROVAL	
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**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person* <u>CARANO BANDEL L</u>  (Last) (First) (Middle) <u>525 UNIVERSITY AVENUE</u> <u>SUITE 1300</u>  (Street) <u>PALO ALTO CA 94301</u>  (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>KRATOS DEFENSE &amp; SECURITY SOLUTIONS, INC. [ KTOS ]</u>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director 10% Owner Officer (give title below) Other (specify below)
	3. Date of Earliest Transaction (Month/Day/Year) <u>05/14/2012</u>	
	4. If Amendment, Date of Original Filed (Month/Day/Year)	6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> 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	(A) or (D)	Price			
COMMON STOCK	05/14/2012		P		11,000,000	A	\$5	11,825,600 <sup>(1)(2)</sup>	I	SEE FOOTNOTES <sup>(1)(2)(3)</sup>

**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 Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date					

**Explanation of Responses:**

- The 11,825,600 shares of Common Stock are directly owned as follows: (i) 11,000,000 shares directly owned by Oak Investment Partners XIII, Limited Partnership ("Oak XIII"). These shares were purchased pursuant to a public offering of the Issuer that closed on May 14, 2012. (ii) 267,786 shares directly owned by Oak Investment Partners IX, Limited Partnership ("Oak IX"). (iii) 2,853 shares directly owned by Oak IX Affiliates Fund, Limited Partnership ("Oak IX Affiliates"). (iv) 6,427 shares directly owned by Oak IX Affiliates Fund-A, Limited Partnership ("Oak IX Affiliates-A"). (v) 539,618 shares directly owned by Oak Investment Partners X, Limited Partnership ("Oak X"). (vi) 8,661 shares directly owned by Oak X Affiliates Fund, Limited Partnership ("Oak X Affiliates" and together with Oak XIII, Oak IX, Oak IX Affiliates, Oak IX Affiliates-A, and Oak X, the "Oak Funds"). (See Footnote 2 for continuation.)
- Continuation of Footnote 1 - (vii) 255 shares directly owned by Bandel L. Carano, a Director of Kratos Defense & Security Solutions, Inc. No other reporting person has any pecuniary interest in these shares.
- Mr. Carano a Managing Member of (i) Oak Associates XIII, LLC, the General Partner of Oak XIII, (ii) Oak Associates IX, LLC, the General Partner of Oak IX, (iii) Oak IX Affiliates, LLC, the General Partner of each of Oak IX Affiliates and Oak IX Affiliates-A, (iv) Oak Associates X, LLC, the General Partner of Oak X, and (v) Oak X Affiliates, LLC, the General Partner of Oak X Affiliates.

**Remarks:**

Mr. Carano is reporting the purchase of 11,000,000 shares of Common Stock by Oak XIII together with the holdings of the other Oak Funds because they may be deemed to be included in a "group" with Mr. Carano. Mr. Carano disclaims beneficial ownership of any securities (except to the extent of his pecuniary interest in such securities) other than any securities reported herein as being directly owned by him, and this report shall not be deemed an admission that Mr. Carano is the beneficial owner of any such securities for purposes of Section 16 or for any other purpose. Bandel Carano is a Director of the Issuer as well as the Managing Member of the General Partners of the Oak Funds as disclosed in footnote 2 above. The Oak Funds, and their respective General Partners, are concurrently filing a Form 3 to report the purchase of 11,000,000 shares of Common Stock by Oak XIII. The Oak Funds and Mr. Carano reserve the right to consolidate the filings of the Oak Funds and Mr. Carano in the future.

/s/Bandel L. Carano 05/14/2012  
 \*\* Signature of Reporting Person Date

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

\* 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).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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 Number.