

## INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

OMB APPROVAL

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or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person* <u>Selvaggio Richard B</u>	2. Date of Event Requiring Statement (Month/Day/Year) 01/01/2011	3. Issuer Name and Ticker or Trading Symbol <u>KRATOS DEFENSE &amp; SECURITY SOLUTIONS, INC. [ KTOS ]</u>	
		4. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <u>Senior Vice President</u>	5. If Amendment, Date of Original Filed (Month/Day/Year)
(Last) (First) (Middle) 4820 EASTGATE MALL			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
(Street) SAN DIEGO CA 92121			
(City) (State) (Zip)			

## 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	11,496	D	

## 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: Direct (D) or Indirect (I) (Instr. 5)	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable	Expiration Date	Title	Amount or Number of Shares			
Restricted Stock Units <sup>(1)</sup>	(2)	04/25/2017	Common Stock	80	0	D	
Restricted Stock Units <sup>(1)</sup>	(3)	01/04/2018	Common Stock	600	0	D	
Restricted Stock Units <sup>(1)</sup>	(4)	01/02/2019	Common Stock	6,000	0	D	
Restricted Stock Units <sup>(1)</sup>	(5)	01/02/2020	Common Stock	11,999	0	D	
Restricted Stock Units <sup>(1)</sup>	(6)	01/11/2020	Common Stock	9,000	0	D	
Restricted Stock Units <sup>(1)</sup>	(7)	01/03/2021	Common Stock	20,000	0	D	
Option <sup>(8)</sup>	09/18/2004	02/19/2011	Common Stock	1,400	20.8	D	

## Explanation of Responses:

- Each restricted stock unit represents a contingent right to receive one share of Issuer's common stock.
- The reporting person was granted 1,000 restricted stock units on April 25, 2007, with 501 restricted stock units vesting two (2) years from the date of grant and the remaining restricted stock units vesting monthly over the next two (2) years, unless earlier vested upon a change in control or a qualifying termination event pursuant to the terms of the restricted stock unit agreement. 80 restricted stock units represent the remaining unvested units.
- The reporting person was granted 1,500 restricted stock units on January 4, 2008, which vest 20% annually beginning on January 4, 2009, pursuant to the terms of the restricted stock unit agreement. 600 restricted stock units represent the remaining unvested units.
- 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.
- 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.
- 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.
- The reporting person was granted 20,000 restricted stock units on January 3, 2011, 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.
- Option to buy Common Stock of the Issuer.

Richard B. Selvaggio, by Eva Yee, Attorney-In-Fact 01/10/2011

\*\* 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 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).

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.

POWER OF ATTORNEY

For Section 16(a) of the Securities Exchange Act of 1934, as amended, Filings

Know all by these presents that the undersigned hereby constitutes and appoints Eva Yee, the undersigned's true and lawful attorney-in-fact to:

1) Do and perform all acts for and on behalf the undersigned which may be necessary or desirable to apply for and obtain and maintain EDGAR Access Codes to be used on behalf of the undersigned for Electronic Filing of all Section 16(a) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") filings;

2) Execute for and on behalf of the undersigned, in the undersigned's capacity as a Section 16(a) Reporting Officer of Kratos Defense & Security Solutions, Inc. (the "Company"), Forms 3, 4, and 5 in accordance with Section 16(a) of the Exchange Act and the rules thereunder;

3) Do and perform any and all acts for and on behalf of the undersigned which may be necessary or desirable to complete the execution of any such Form 3, 4, or 5, complete and execute any amendment or amendments thereto, and timely file such form with the United States Securities and Exchange Commission and any other authority; and

4) Take any other action of any type whatsoever in connection with the foregoing which, in the opinion of such attorney-in-fact, may be of benefit to, or in the best interest of, or legally required by, the undersigned, it being understood that the documents executed by such attorney-in-fact on behalf of the undersigned pursuant to this Power of Attorney shall be in such form and shall contain such terms and conditions as such attorney-in-fact may approve in such attorney-in-fact's discretion.

The undersigned hereby grants to such attorney-in-fact, full power and authority to do and perform all and every act and thing whatsoever requisite, necessary and proper to be done in the exercise of any of the rights and powers herein granted, as fully to all intents and purposes the undersigned might or could do if personally present, with full power of substitution or revocation, hereby ratifying and confirming all that such attorney-in-fact, or such attorney-in-fact's substitute or substitutes, shall lawfully do or cause to be done by virtue of this Power of Attorney and the rights and powers herein granted. The undersigned acknowledges that the foregoing attorney-in-fact, in serving in such capacity at the request of the undersigned, is not assuming, nor is the Company assuming, any of the undersigned's responsibilities to comply with Section 16 of the Exchange Act.

This Power of Attorney shall remain in full force and effect until the undersigned is no longer required to file Forms 3, 4, and 5 with respect to the undersigned's holdings of and transactions in securities issued by the Company, unless earlier revoked by the undersigned in a signed writing delivered to the foregoing attorney-in-fact.

IN WITNESS WHEREOF, the undersigned has caused this Power of Attorney to be executed as of this 3rd day of January, 2011.

Signature: /s/ Richard B. Selvaggio

Name: Richard B. Selvaggio

Subscribed and sworn to before me  
this 3rd day of Jan., 2011,  
By Richard B. Selvaggio  
/s/ Mary Lowman, Notary Public

My Commission Expires February 17, 2014

Graphic of Notary Public Seal  
Mary Lowman  
Notary Public  
Alabama State at Large