

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE TO

(Rule 14d-100)

TENDER OFFER STATEMENT UNDER SECTION 14(d)(1) OR 13(e)(1) OF THE SECURITIES EXCHANGE ACT OF 1934

HERLEY INDUSTRIES, INC.

(Name of Subject Company (Issuer))

LANZA ACQUISITION CO.

KRATOS DEFENSE & SECURITY SOLUTIONS, INC.

(Names of Filing Persons (Offerors))

Common Stock, \$0.001 par value per share
(Title of Class of Securities)

50077B207
(CUSIP Number of Class of Securities)

Eric DeMarco
President and Chief Executive Officer
4820 Eastgate Mall
San Diego, California 92121
(858) 812-7300

(Name, address, and telephone number of person authorized to receive notices and communications on behalf of Filing Persons)

Copies to:
Deyan P. Spiridonov
Teri O'Brien
Paul, Hastings, Janofsky & Walker LLP
4747 Executive Drive
12th Floor
San Diego, CA 92121
(858) 458-3000

CALCULATION OF FILING FEE

Transaction Valuation*
Not applicable*

Amount of Filing Fee*
Not applicable*

* A filing fee is not required in connection with this filing as it relates solely to preliminary communications made before the commencement of a tender offer.

Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid:	N/A	Filing Party:	N/A
Form of Registration No.:	N/A	Date Filed:	N/A

Check the box if the filing relates solely to preliminary communications made before the commencement of the tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

third party tender offer subject to Rule 14d-1

issuer tender offer subject to Rule 13e-4

going private transaction subject to Rule 13e-3

amendment to Schedule 13D under Rule 13d-2

Check the following box if the filing is a final amendment reporting the results of the tender offer:

No statement in this document or the attached exhibit is an offer to purchase or a solicitation of an offer to sell securities. The tender offer for the shares of common stock of Herley Industries, Inc. ("Herley") has not commenced. The Company intends to file a tender offer statement on Schedule TO with the SEC, and Herley also intends to file a solicitation/recommendation statement on Schedule 14D-9, with respect to the tender offer described in this document and the exhibit attached hereto. Any offers to purchase or solicitations of offers to sell will be made only pursuant to such tender offer statement. The tender offer statement (including an offer to purchase, a related letter of transmittal and other offer documents) and the related solicitation/recommendation statement will contain important information, including the various terms of, and conditions to, the tender offer, that should be read carefully by Herley's stockholders before they make any decision with respect to the tender offer. Such materials, when prepared and ready for release, will be made available to Herley's stockholders at no expense to them. In addition, at such time such materials (and all other offer documents filed with the SEC) will be available at no charge on the SEC's Web site: www.sec.gov and may also be obtained by directing a request to the Corporate Secretary of Kratos Defense & Security Solutions, Inc., at (858) 812-7300.

Item 12. Exhibits.

- 99.1 Power-Point Presentation, including slides from an investor presentation conducted by Kratos Defense & Security Solutions, Inc. (the "Company"), on February 10, 2011, at the S.G. Cowen 32nd Annual Aerospace/Defense Conference, related to the Company's business and its pending acquisition of Herley Industries, Inc., a copy of which is also posted on the Company's website at www.kratosdefense.com.



DEFENSE & SECURITY SOLUTIONS

KRATOS
FROM STRENGTH TO SUCCESS

Kratos Defense & Security Solutions, Inc.

Acquisition of Herley



NASDAQ: KTOS

Additional Information and Where to Find It

KRATOS
FROM STRENGTH TO SUCCESS



This presentation is neither an offer to purchase nor a solicitation of an offer to sell securities. The tender offer for the shares of Herley Common Stock has not commenced. The Company intends to file a tender offer statement on Schedule TO with the SEC, and Herley also intends to file a solicitation/recommendation statement on Schedule 14D-9, with respect to the tender offer described in this press release. Any offers to purchase or solicitations of offers to sell will be made only pursuant to such tender offer statement. The tender offer statement (including an offer to purchase, a related letter of transmittal and other offer documents) and the related solicitation/recommendation statement will contain important information, including the various terms of, and conditions to, the tender offer, that should be read carefully by Herley's stockholders before they make any decision with respect to the tender offer. Such materials, when prepared and ready for release, will be made available to Herley's stockholders at no expense to them. In addition, at such time such materials (and all other offer documents filed with the SEC) will be available at no charge on the SEC's Web site: www.sec.gov and may also be obtained by directing a request to the Corporate Secretary of Kratos Defense & Security Solutions, Inc., at (858) 812-7300.

NASDAQ: KTOS

DEFENSE & SECURITY SOLUTIONS

Kratos Acquisition of Herley



Herley is a leading provider of electronic systems, subsystems and components specializing in microwave and millimeter wave technology serving the global defense industry



Kratos Acquisition of Herley



Herley's products are critical to United States National Security:

- Electronic Warfare Systems
- Electronic Attack Systems
- EW Threat and Radar Simulators
- Command and Control Networks
- Insertion of Viruses into Enemy Command Networks
- Air Launched Cyber Attacks
- Neutralization of Adversaries' Electronic Warfare Systems

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DEFENSE & SECURITY SOLUTIONS

Kratos Acquisition of Herley



The majority of Herley's business is entrenched, single-source and positioned on established mission-critical platforms

- Single-source provider on ~ 60 percent of revenue/business base

High Barriers to Entry

- Leading edge engineering expertise and technological capabilities
- Long development cycle
- High risk/cost to customer to replace Herley, Herley products
- 45 years of experience

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DEFENSE & SECURITY SOLUTIONS

Kratos Acquisition of Herley

Strategic Rationale:

Herley's business is primarily focused on providing products to National Security and Weapons platforms that Kratos is working on, supporting or familiar with:

- Manned and unmanned aircraft
- Tactical and ballistic missiles
- Sensor and radar platforms
- Representative Threat Targets
- Simulation and testing
- Electronic Warfare Systems
- Electronic Attack Systems
- Command and Control Systems

Kratos Acquisition of Herley

Strategic Rationale:

Herley's existing products primarily support fielded systems that are established, solidly funded and will be in the U.S. and FMS customers inventory for the foreseeable future:

F-16



EA-18



AMRAAM



F-18



Trident



- Electronic Attack
- Electronic Warfare
- Radar/Threat Simulation
- Threat Neutralization

Kratos Acquisition of Herley



Strategic Rationale:

Herley is one of the few major electronic warfare, electronic attack providers in the market space with decades of proven performance

- Majority of contracts are sole-source or single-source, relying on Herley intellectual property
- Limited competition due to the nature of the work
- High barriers to market entry from potential competitors
- Well funded, high priority, mission critical National Security areas – C4ISR

Strategic Rationale - Growth Opportunities:

Herley has a strong new business pipeline for their products:

- Next Generation Intelligence, Surveillance and Reconnaissance Airborne System
- Unmanned Autonomous Air Vehicle - ISR
- UAS System for Persistent ISR Data Collection
- Electronic Warfare Jammer - Next Generation
- Electronic Attack – Next Generation
- Electronic Cyber Attack
- Foreign Military Sales and Direct International Sales

Kratos Acquisition of Herley



- Diversified customer base
- Direct supplier to all service branches of U.S. Military
- First-tier supplier to all of the defense primes
- Herley products embedded on over 120 individual platforms
- No one Herley program makes up great than ~3% of combined company revenue

Selected Major Platforms



EA-18G



Trident



F-16



LAMPS



AMRAAM



F-18



EA-6B



AFSAT



CALCM



IFF



F-15



SSST



SPEWS II



Kratos Acquisition of Herley

Strategic Rationale – Organization & Integration

- Herley will be integrated into Kratos' Weapon Systems Solutions Division
- WSS Division is Kratos' primary products and technology business unit
- WSS is where Kratos currently works with weapons and other platforms the same or similar to Herley
 - Manned & Unmanned Aircraft
 - Sensors & Radar Platforms
 - Targets
 - Tactical & Ballistic Missiles
- Kratos' international/FMS business is in WSS and we see significant new business and growth opportunities in this area
 - India
 - Japan
 - South Korea
 - Saudi Arabia
- All six key Herley Division Presidents are expected to accept employment with Kratos

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Kratos Acquisition of Herley

Kratos' purchase price per HRLY share \$19.00

- Total enterprise value paid for business ~ \$270 million, excluding financing, fees, costs, etc.
- Total purchase price multiple for the business, enterprise value/pro forma EBITDA ~ 6.5x, excluding financing, fees, costs, etc.
- Total cost of transaction including all fees, financing costs, severance, etc., ~ \$305 million
- Total purchase price multiple for the business, including all costs and expenses ~ 7.3x
- Kratos' ~ \$200 million Net Operating Loss carry forward
 - Forecasted to utilize ~ \$140 million of Kratos' NOLs over next five years virtually eliminating federal income taxes paid by combined business
 - Kratos' NOLs expire in 2027
 - Estimated transaction Close Q2 2011

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Kratos Acquisition of Herley

- Transaction is accretive to virtually all Kratos' financial matrices, with accretion expansion in subsequent years
- Transaction will immediately increase or be accretive to Kratos':
 - GAAP EPS
 - Pro Forma EPS
 - EBITDA Margins
 - Cash flow from operations
 - PV and utilization of Kratos' ~ \$200M NOL

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Kratos Acquisition of Herley

- Utilization of Kratos' \$200 million NOL
 - Significantly accelerated by the transaction due to combined business profitability, increasing PV of ~ \$80 million tax asset
 - Significantly Enhances Kratos':
 - Cash flow from operations
 - Free cash flow
 - Accelerated and rapid delevering due to significantly increased cash flow

There will be significant transaction, acquisition and financing related costs and expenses in 2011 directly related to the acquisition that will impact 2011 GAAP EPS, FASB ASC Topic No. 805, etc. 2011 forecasted information noted above is pro forma to exclude the non-recurring amounts

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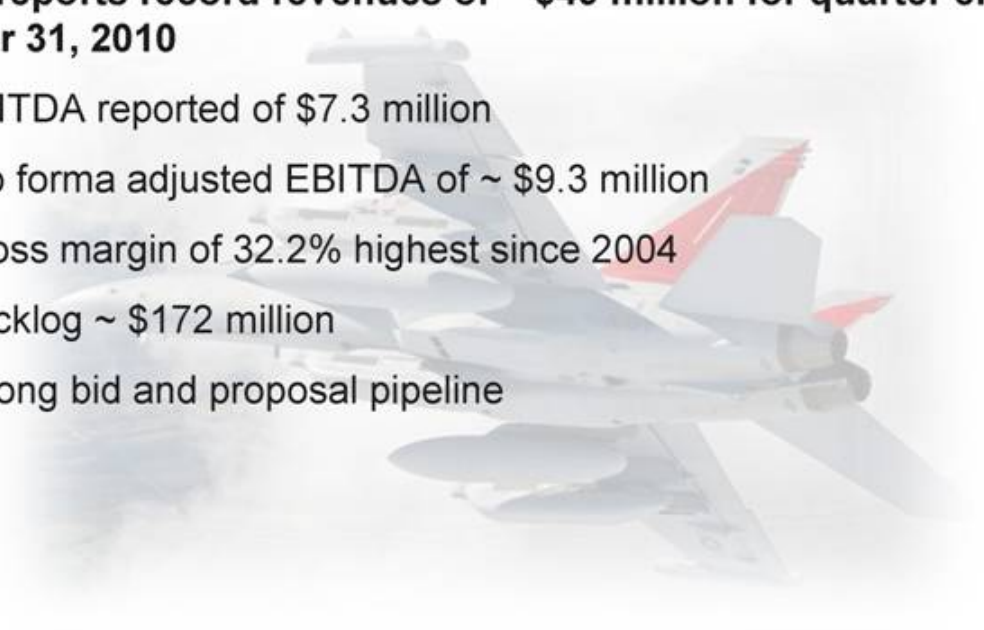
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Kratos Acquisition of Herley

Herley reports record revenues of ~ \$49 million for quarter ended October 31, 2010

- EBITDA reported of \$7.3 million
- Pro forma adjusted EBITDA of ~ \$9.3 million
- Gross margin of 32.2% highest since 2004
- Backlog ~ \$172 million
- Strong bid and proposal pipeline



Kratos – Summary of Financial Information

KRATOS
FROM STRENGTH TO SUCCESS



	Forecast Kratos 2011	Pro Forma Forecast Combined With Herley	
		2011	2012
Revenue	\$550M - \$560M	\$750M - \$760M	\$770M - \$805M
Pro Forma Adjusted EBITDA*	\$60M - \$62M	\$102M-\$105M	\$106M-\$110M
EBITDA Rate	10.4% - 10.7%	13% - 13.8%	13.2% - 14%
Earnings Per Share**	\$.75 - \$.79	\$.85 - \$.90	\$1.05 - \$1.20
Earnings Per Share Excluding Amortization***	\$1.10 - \$1.20	\$1.60 - \$1.70	\$1.75 - \$1.85
FCF	\$22M - \$24M	\$30M - \$35M	\$40M - \$45M
Total Number of Shares	19.0M	23.9M	24.3M

*Pro forma adjusted EBITDA reflects acquisition of Herley as if acquired January 1, 2011

**Earnings per share reflects pre tax income, less the expected cash to be paid for income taxes due to the benefit of Kratos' approximate \$200 million in net operating loss carry forwards which expire in 2027

***EPS excluding amortization reflects EPS** above, less the amortization of purchased intangibles resulting from acquisitions, including the acquisition of Herley, less the expected cash to be paid for income taxes

Note: All estimated amounts exclude impact of transaction related expenses

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Kratos Acquisition of Herley

KRATOS
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STRONG CASH FLOW AND NOL UTILIZATION RESULTS IN RAPID DELEVERING

	Pro Forma Combined with Herley			
	Forecast 12/31/10	Forecast Estimated@ Transaction Close	Forecast 12/31/11	Forecast 12/31/12
Total Debt*	\$225M	\$455M	\$455M	\$455M
Cash on Balance Sheet	\$10M	\$15M	\$35M	\$70M
Net Debt	\$215M	\$440M	\$420M	\$385M
Pro Forma Adjusted EBITDA**	\$52M-\$54M	\$91M-\$93M	\$102M-\$105M	\$106M-\$110M
Net Leverage	~4.1x	~4.9x	~4.0x	~3.6X
Undrawn Line of Credit	\$35M	\$35M	\$35M	\$35M

(See next page for notes)

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Kratos Acquisition of Herley

- Cash paid for income taxes forecast of \$3M - \$5M per year
- Low forecasted annual capital expenditures of approximately \$10M - \$12M, as large amount of Kratos' CapEx is government furnished/funded
- Tax planning strategy to continue to minimize income taxes paid with NOLs

*Senior Notes at face value (excludes estimated premium)

**Pro forma Adjusted EBITDA reflects Kratos' previous acquisitions as if acquired on 1/1/10 and Pro Forma Combined with Herley reflects Herley acquisition as if acquired on 1/1/11, calculated in accordance with Senior Notes Agreement

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Kratos Acquisition of Herley

Leading Provider of Electronic Systems

- Electronic Warfare
- Command and Control
- EW Threat Simulators
- Electronic Attack
- Radar
- E Command Network Attack
- Established positions on leading, deployed, well funded defense programs
- Sole-source/single-source provider on 60 percent of business/revenues
- High barriers to entry
- Strategic fit with Kratos
- Forecasted to be strongly financially accretive

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