

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

OMB APPROVAL	
OMB Number:	3235-0287
Estimated average burden hours per response:	0.5

1. Name and Address of Reporting Person* <u>CARANO BANDEL L</u> (Last) (First) (Middle) <u>C/O OAK INVESTMENT PARTNERS</u> <u>901 MAIN AVENUE, SUITE 600</u> (Street) <u>NORWALK CT 06851</u> (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>KRATOS DEFENSE & SECURITY SOLUTIONS, INC. [KTOS]</u>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner Officer (give title below) Other (specify below)
	3. Date of Earliest Transaction (Month/Day/Year) <u>01/04/2013</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 <input type="checkbox"/> 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			

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						Title
Director Option (Right to Buy)	\$4.98	01/04/2013		A		8,000 ⁽¹⁾		01/04/2018 ⁽²⁾	01/04/2023	Common Stock	8,000	⁽³⁾	41,429	D ⁽⁴⁾	

1. Name and Address of Reporting Person*
CARANO BANDEL L
 (Last) (First) (Middle)
C/O OAK INVESTMENT PARTNERS
901 MAIN AVENUE, SUITE 600
 (Street)
NORWALK CT 06851
 (City) (State) (Zip)

1. Name and Address of Reporting Person*
Oak Investment Partners XIII, Limited Partnership
 (Last) (First) (Middle)
901 MAIN AVENUE
SUITE 600
 (Street)
NORWALK CT 06851
 (City) (State) (Zip)

1. Name and Address of Reporting Person*
OAK INVESTMENT PARTNERS X LTD PARTNERSHIP
 (Last) (First) (Middle)
901 MAIN AVENUE

SUITE 600

(Street)

NORWALK CT 06851

(City)

(State)

(Zip)

1. Name and Address of Reporting Person*

[OAK X AFFILIATES FUND LP](#)

(Last)

(First)

(Middle)

901 MAIN AVENUE
SUITE 600

(Street)

NORWALK CT 06851

(City)

(State)

(Zip)

1. Name and Address of Reporting Person*

[OAK INVESTMENT PARTNERS IX L P](#)

(Last)

(First)

(Middle)

901 MAIN AVENUE
SUITE 600

(Street)

NORWALK CT 06851

(City)

(State)

(Zip)

1. Name and Address of Reporting Person*

[OAK IX AFFILIATES FUND LP](#)

(Last)

(First)

(Middle)

901 MAIN AVENUE
SUITE 600

(Street)

NORWALK CT 06851

(City)

(State)

(Zip)

1. Name and Address of Reporting Person*

[OAK IX AFFILIATES FUND A LP](#)

(Last)

(First)

(Middle)

901 MAIN AVENUE
SUITE 600

(Street)

NORWALK CT 06851

(City)

(State)

(Zip)

Explanation of Responses:

1. Represents options received in lieu of cash fees from Mr. Carano's service on the Issuer's Board of Directors as approved by the Board of Directors. The grant is effective January 4, 2013.
2. The Director Options vest as follows: 50% of the shares vest on the date on which the fair market value of the Company's common stock reaches \$15.00 per share, provided that such vesting occurs on or before the sixth anniversary of January 4, 2013; and 50% of the shares vest on the fifth anniversary of January 4, 2013.
3. Not applicable
4. Includes Director Option to purchase 374 shares of Common Stock, which is held by Mr. Carano on behalf of Oak Investment Partners X, Limited Partnership ("Oak X"); Director Option to purchase 6 shares of Common Stock, which is held by Mr. Carano on behalf of Oak X Affiliates Fund, Limited Partnership ("Oak X Affiliates"); and Director Option to purchase 7,620 shares of Common Stock, which is held by Mr. Carano on behalf of Oak Investment Partners XIII, Limited Partnership ("Oak XIII"). Mr. Carano is a Managing Member of Oak Associates X, L.L.C., the General Partner of Oak X, L.P., a Managing Member of Oak X Affiliates, L.L.C., the General Partner of Oak X Affiliates, L.P. and a Managing Member of Oak Associates XIII, L.L.C., the General Partner of Oak XIII, L.P.

Remarks:

Bandel L. Carano is a Director of Kratos Defense & Security Solutions, Inc. Mr. Carano is a Managing Member of Oak Associates XIII, L.L.C., the General Partner of Oak Investment Partners XIII, L.P. ("Oak XIII"); Oak Associates X, L.L.C., the General Partner of Oak X and a Managing Member of Oak X Affiliates, L.L.C., the General Partner of Oak X Affiliates; Oak Associates IX, LLC, the General Partner of Oak Investment Partners IX, L.P. ("Oak IX"); and Oak IX Affiliates, LLC, the General Partners of each Oak IX Affiliates Fund, L.P. ("Oak IX Affiliates") and Oak IX Affiliates Fund A, L.P. ("Oak Affiliates A"). This Form 4 is being filed by Bandel L. Carano, Oak XIII, Oak X, Oak X Affiliates, Oak IX, Oak IX Affiliates and Oak IX Affiliates A, the "Reporting Persons". Each Reporting Person disclaims the existence of a "group" and disclaims beneficial ownership of any securities (except to the extent of such Reporting Person's pecuniary interest in such securities) other than any securities reported herein as being directly owned by such Reporting Person, and this report shall not be deemed an admission that such Reporting Person is the beneficial owner of any such securities for purposes of Section 16 or for any other purpose.

[Bandel L. Carano](#) [01/04/2013](#)
[/s/ Bandel L. Carano, Managing](#) [01/04/2013](#)
[Member of Oak Associates](#)
[XIII, LLC, general partner of](#)

[Oak Investment Partners XIII,
Limited Partnership](#)
[/s/ Bandel L. Carano, Managing
Member of Oak Associates X,
LLC, general partner of Oak
Investment Partners X, Limited
Partnership](#) [01/04/2013](#)
[/s/ Bandel L. Carano, Managing
Member of Oak X Affiliates,
LLC, general partner of Oak X
Affiliates Fund, Limited
Partnership](#) [01/04/2013](#)
[/s/ Bandel L. Carano, Managing
Member of Oak Associates IX,
LLC, general partner of Oak
Investment Partners IX,
Limited Partnership](#) [01/04/2013](#)
[/s/ Bandel L. Carano, Managing
Member of Oak IX Affiliates,
LLC, general partner of Oak IX
Affiliates Fund, Limited
Partnership](#) [01/04/2013](#)
[/s/ Bandel L. Carano, Managing
Member of Oak IX Affiliates,
LLC, general partner of Oak IX
Affiliates Fund A, Limited
Partnership](#) [01/04/2013](#)

** 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.