

KRATOS DEFENSE & SECURITY SOLUTIONS, INC.
CHARTER OF THE COMPENSATION COMMITTEE OF THE
BOARD OF DIRECTORS

Revised September 10, 2010

The Compensation Committee (the “*Committee*”) of the Board of Directors of Kratos Defense & Security Solutions, Inc. (the “*Company*”) shall consist of at least **three** disinterested members of the Board of Directors (the “*Board*”). No later than the date required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 or the rules and/or the applicable listing standards promulgated thereunder or in connection therewith (collectively, the “*2010 CPA*”), each such member shall be “independent” within the meaning of the 2010 CPA. The Committee shall be charged with the following functions:

1. To take any and all actions which may be taken by the Board of Directors of the Company with respect to fixing the compensation level of officers and employees of the Company, including but not limited to the development of compensation policies that will attract and retain the highest quality executives, that will clearly articulate the relationship of corporate performance to executive compensation and that will reward executives for the Company’s progress.
2. Propose the adoption, amendment, and termination of stock option plans, restricted stock and restricted stock unit plans, stock appreciation rights plans, pension and profit sharing plans, stock bonus plans, employee stock purchase plans, bonus plans, deferred compensation plans, and other similar programs (“*compensation plans*”).
3. Grant rights, participation and interests in compensation plans to eligible participants.
4. Approve all stock option grants, including the approval of the recipients and the details of such grants.
5. To delegate its authority to grant stock options to a Stock Option Administrator, as needed, provided that such Stock Option Administrator is a member of the Committee and any such stock option grants are approved by the entire Committee.
6. Review and approve such other compensation matters as the Board of Directors or the Chief Executive Officer of the Company wishes to have the Committee consider.
7. To select and retain an independent compensation consultant to provide advice and guidance to the Committee as needed.
8. To prepare a report to be filed with the Company’s proxy or information statement which shall disclose the compensation policies applicable to the Company’s executive officers.
9. To perform such other functions and have other powers as may be necessary or convenient in the efficient discharge of the foregoing.

10. To prevent the granting, issuance, or approval of any stock options that have been or can be market-timed, backdated or otherwise manipulated.
11. To report to the Board of Directors from time to time, or whenever it shall be called upon to do so.

The Committee shall be empowered, without the approval of the Board or management, to engage, oversee, and compensate independent legal, accounting and other advisors, as it determines necessary to carry out its duties after consideration of the factors required by Section 952 of the 2010 CPA. The Committee shall have the sole authority to retain and terminate any consultant that it uses to assist in the Committee's evaluation of director, Chief Executive Officer or executive officer compensation and shall have the sole authority to approve that consultant's fees and other retention terms. The Committee shall receive appropriate funding, as determined by the Committee, from the Company for payment of: a) compensation to any advisor employed by the Committee; and b) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

Minutes of each meeting of the Compensation Committee shall be prepared and distributed to each Director of the Company as soon as practicable after each such meeting.

The operation of the Compensation Committee shall be subject to the Bylaws as in effect from time to time and Section 141 of the Delaware General Corporation Law.