

KRATOS DEFENSE & SECURITY SOLUTIONS, INC.  
 Form 4  
 September 23, 2016

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549**

OMB APPROVAL

OMB Number: 3235-0287  
 Expires: January 31, 2015  
 Estimated average burden hours per response... 0.5

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

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
 Carrai Phillip D

2. Issuer Name and Ticker or Trading Symbol  
 KRATOS DEFENSE & SECURITY SOLUTIONS, INC. [KTOS]

5. Relationship of Reporting Person(s) to Issuer  
 (Check all applicable)

(Last) (First) (Middle)  
 4820 EASTGATE MALL  
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)  
 09/22/2016

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
 President, TTS Division

SAN DIEGO, CA 92121  
 (City) (State) (Zip)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 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 Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| Common Stock                    | 09/22/2016                           |  | M                              | (A) or (D)<br>V Amount<br>4,500<br>(2)                            | A \$ 0 112,188 (4)  | D  |                                   |
| Common Stock                    | 09/22/2016                           |  | F                              | 1,489<br>(3)  | D \$ 7.39 110,699 (4)   | D  |                                   |
| Common Stock                    |                                      |  |                                |   | 23,394  | I  | by trust                          |

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

**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 control**

SEC 1474 (9-02)

number.

**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 Underlying Securities (Instr. 3 and 4) | 8. Price or Amount of Derivative Security (Instr. 3 and 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|
| Restricted Stock Units                     | (1)  | 09/22/2016                           |  | M                              | 4,500   | (2) (2)  | Common Stock  | 4,500  |

## Reporting Owners

| Reporting Owner Name / Address                                | Relationships |           |                         |       |
|---|---------------|-----------|-------------------------|-------|
|   | Director      | 10% Owner | Officer                 | Other |
| Carrai Phillip D<br>4820 EASTGATE MALL<br>SAN DIEGO, CA 92121 |               |           | President, TTS Division |       |

## Signatures

Phillip D. Carrai, by Eva Yee,  
Attorney-In-Fact

09/23/2016

\_\_Signature of Reporting Person Date

## Explanation of Responses:

- \* 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).
- (1) Each restricted stock unit (RSU) represents a contingent right to receive one share of Issuer's common stock.
- (2) RSUs were granted and previously reported on a Form 4 filed January 5, 2015. Of these RSUs, 4,500 were released on September 22, 2016.
- (3) Shares withheld in a net transaction for satisfaction of minimum tax liability, in accordance with Issuer's trading policies, in connection with shares released as reported in this Form 4.
- (4) Includes 14,286 shares purchased through Issuer's Employee Stock Purchase Plan and 14,413 shares held in Issuer's 410(k) Plan.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.