

KRATOS DEFENSE &amp; SECURITY SOLUTIONS, INC.

Form 4

January 05, 2015

**FORM 4****UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

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

## OMB APPROVAL

OMB  
Number: 3235-0287  
Expires: January 31,  
2005  
Estimated average  
burden hours per  
response... 0.5

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
Carter David M

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)

SAN DIEGO, CA 92121

(City) (State) (Zip)

3. Date of Earliest Transaction  
(Month/Day/Year)  
01/01/2015

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

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

6. Individual or Joint/Group Filing(Check  
Applicable Line)  
\_\_\_\_X\_\_\_\_ 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<br>Security<br>(Instr. 3) | 2. Transaction Date<br>(Month/Day/Year) | 2A. Deemed<br>Execution Date, if<br>any<br>(Month/Day/Year) | 3. Transaction<br>Code<br>(Instr. 8) | 4. Securities<br>Acquired (A) or<br>Disposed of (D)<br>(Instr. 3, 4 and 5) | 5. Amount of<br>Securities<br>Beneficially<br>Owned<br>Following<br>Reported<br>Transaction(s)<br>(Instr. 3 and 4) | 6. Ownership<br>Form: Direct<br>(D) or<br>Indirect (I)<br>(Instr. 4) | 7. Nature of<br>Indirect<br>Beneficial<br>Ownership<br>(Instr. 4) |
|---------------------------------------|-----------------------------------------|-------------------------------------------------------------|--------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------------------|
| Common<br>Stock                       | 01/02/2015                              |                                                             | M                                    | (A)<br>or<br>(D)<br>3,000<br>(1) A \$ 0                                    | 34,106 (6)                                                                                                         | D                                                                    |                                                                   |
| Common<br>Stock                       | 01/03/2015                              |                                                             | M                                    | (A)<br>or<br>(D)<br>1,500<br>(2) A \$ 0                                    | 35,606 (6)                                                                                                         | D                                                                    |                                                                   |
| Common<br>Stock                       | 01/03/2015                              |                                                             | M                                    | (A)<br>or<br>(D)<br>4,000<br>(3) A \$ 0                                    | 39,606 (6)                                                                                                         | D                                                                    |                                                                   |

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) |                 |              |                            |
|--------------------------------------------|--------------------------------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------|-------|---------------------------------------------------------------|-----------------|--------------|----------------------------|
|                                            |                                                        |                                      |                                                    | Code                           | V                                                                                       | (A)                                                      | (D)   | Date Exercisable                                              | Expiration Date | Title        | Amount or Number of Shares |
| Restricted Stock Unit                      | (5)                                                    | 01/02/2015                           |                                                    | M                              |                                                                                         |                                                          | 3,000 | (1)                                                           | (1)             | Common Stock | 3,000                      |
| Restricted Stock Unit                      | (5)                                                    | 01/03/2015                           |                                                    | M                              |                                                                                         |                                                          | 1,500 | (2)                                                           | (2)             | Common Stock | 1,500                      |
| Restricted Stock Unit                      | (5)                                                    | 01/03/2015                           |                                                    | M                              |                                                                                         |                                                          | 4,000 | (3)                                                           | (3)             | Common Stock | 4,000                      |
| Restricted Stock Unit                      | (5)                                                    | 01/01/2015                           |                                                    | A                              |                                                                                         | 30,000                                                   |       | (4)                                                           | (4)             | Common Stock | 30,000                     |

## Reporting Owners

| Reporting Owner Name / Address                              | Relationships                    |
|-------------------------------------------------------------|----------------------------------|
|                                                             | Director 10% Owner Officer Other |
| Carter David M<br>4820 EASTGATE MALL<br>SAN DIEGO, CA 92121 | President, DRSS Division         |

## Signatures

David M. Carter, by Eva Yee,  
Attorney-In-Fact 01/05/2015

\*\*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).

- Common Stock issued to reporting person pursuant to settlement of vested shares under RSU granted on January 2, 2010, where 15,000 RSUs granted vest in five equal installments annually beginning on January 2, 2011.
- Common Stock issued to reporting person pursuant to settlement of vested shares under RSU granted on January 3, 2011, where 15,000 RSUs were granted, 7,500 of which vest in five equal installments annually beginning on January 3, 2012 and 7,500 of which vest 100% on the fifth anniversary of the grant date.
- Common Stock issued to reporting person pursuant to settlement of vested shares under RSU granted on January 3, 2014, where 40,000 RSUs were granted, 20,000 of which vest 100% on the five year anniversary of the date of grant, unless earlier vested pursuant to the terms of the RSU agreement, and 20,000 of which vest 20% upon each 10% increase in the closing market price of the Issuer's common

## Edgar Filing: KRATOS DEFENSE & SECURITY SOLUTIONS, INC. - Form 4

stock measured from the RSU grant date through the 10-year anniversary, provided that the first vesting shall not occur until the first anniversary of the RSU grant date, at which time the percentage of RSUs shall vest based on increases in the closing market price measured from the RSU grant date through the first anniversary.

- (4) 15,000 of the RSUs vest 100% on the five year anniversary of the grant date, unless earlier vested or terminated pursuant to the terms of the RSU agreement. The other 15,000 RSUs vest 20% upon each 10% increase in the closing market price of the Issuer's common stock measured from the RSU grant date through the 10-year anniversary of the RSU grant date, unless earlier vested or terminated pursuant to the terms of the RSU agreement.
- (5) Each RSU represents a contingent right to receive one share of Issuer's common stock.
- (6) Includes 6,963 shares purchased through Issuer's Employee Stock Purchase Plan and 6,828 shares held in the Issuer's 401(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.