

OAK IX AFFILIATES FUND A LP  
 Form 4  
 March 31, 2014

**FORM 4**

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

OMB APPROVAL

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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 \*  
 CARANO BANDEL L

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)

3. Date of Earliest Transaction (Month/Day/Year)  
 03/28/2014

Director  10% Owner  
 Officer (give title below)  Other (specify below)

C/O OAK INVESTMENT PARTNERS, 901 MAIN AVENUE, SUITE 600

(Street)

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

NORWALK, CT 06851

(City) (State) (Zip)

**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) |     |       |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|-----|-------|
|                                 |                                      |  |                                | (A) or (D)  | Code  | V  | Amount                            | (D) | Price |

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

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SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

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| 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 (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 |
| Director Option (Right to Buy)             | \$ 7.3   | 03/28/2014                           |  | A                              | 2,227<br>(1)   | 03/28/2014(2)  | 03/28/2024  | Common Stock | 2,227                      |

## Reporting Owners

| Reporting Owner Name / Address   | Relationships |           |         |       |
|--|---------------|-----------|---------|-------|
|  | Director      | 10% Owner | Officer | Other |
| CARANO BANDEL L<br>C/O OAK INVESTMENT PARTNERS<br>901 MAIN AVENUE, SUITE 600<br>NORWALK, CT 06851      | X             | X         |         |       |
| Oak Investment Partners XIII, Limited Partnership<br>901 MAIN AVENUE<br>SUITE 600<br>NORWALK, CT 06851 |               |           | X       |       |
| OAK INVESTMENT PARTNERS X LTD PARTNERSHIP<br>901 MAIN AVENUE<br>SUITE 600<br>NORWALK, CT 06851         |               |           | X       |       |
| OAK X AFFILIATES FUND LP<br>901 MAIN AVENUE<br>SUITE 600<br>NORWALK, CT 06851                          |               |           | X       |       |
| OAK INVESTMENT PARTNERS IX L P<br>901 MAIN AVENUE<br>SUITE 600<br>NORWALK, CT 06851                    |               |           | X       |       |
| OAK IX AFFILIATES FUND LP<br>901 MAIN AVENUE<br>SUITE 600<br>NORWALK, CT 06851                         |               |           | X       |       |

OAK IX AFFILIATES FUND A LP  
 901 MAIN AVENUE  
 SUITE 600  
 NORWALK, CT 06851

X

## Signatures

|   |            |
|---|------------|
| Bandel L. Carano  | 03/28/2014 |
| **Signature of Reporting Person   | Date       |
| /s/ Bandel L. Carano, Managing Member of Oak Associates XIII, LLC, general partner of Oak Investment Partners XIII, Limited Partnership | 03/28/2014 |
| **Signature of Reporting Person   | Date       |
| /s/ Bandel L. Carano, Managing Member of Oak Associates X, LLC, general partner of Oak Investment Partners X, Limited Partnership       | 03/28/2014 |
| **Signature of Reporting Person   | Date       |
| /s/ Bandel L. Carano, Managing Member of Oak X Affiliates, LLC, general partner of Oak X Affiliates Fund, Limited Partnership           | 03/28/2014 |
| **Signature of Reporting Person   | Date       |
| /s/ Bandel L. Carano, Managing Member of Oak Associates IX, LLC, general partner of Oak Investment Partners IX, Limited Partnership     | 03/28/2014 |
| **Signature of Reporting Person   | Date       |
| /s/ Bandel L. Carano, Managing Member of Oak IX Affiliates, LLC, general partner of Oak IX Affiliates Fund, Limited Partnership         | 03/28/2014 |
| **Signature of Reporting Person   | Date       |
| /s/ Bandel L. Carano, Managing Member of Oak IX Affiliates, LLC, general partner of Oak IX Affiliates Fund-A, Limited Partnership       | 03/28/2014 |
| **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) 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 March 28, 2014.
- (2) The Director Options became fully exercisable on the date of the grant.
- (3) Not applicable
- (4) Includes Director Option to purchase 104 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 2 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 2,121 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, a Managing Member of Oak X Affiliates, L.L.C., the General Partner of Oak X Affiliates and a Managing Member of Oak Associates XIII, L.L.C., the General Partner of Oak XIII.

### Remarks:

Bandel L. Carano is a Director of the Issuer.

This Form 4 is being filed by Bandel L. Carano, Oak XIII, Oak X, Oak X Affiliates, Oak Investment Partners IX, Limited Partnership

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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