

KRATOS DEFENSE & SECURITY SOLUTIONS, INC.

Form 4

September 11, 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 *
Butera Deborah Sue

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)
09/10/2014

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
SVP,CCO,Sec. & General Counsel

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)
			Code	V	Amount (A) or (D) Price		
Common Stock	09/10/2014		M		9,375 (1)	A	(5) 25,088 (3) D
Common Stock	09/11/2014		F		3,523 (2)	D	\$ 7.06 21,565 (3) D

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

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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 Value of Underlying Securities (Instr. 3 and 4)
Restricted Stock Units	\$ 0	09/10/2014		M	9,375	(1) (4)	Common Stock	9,375

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Butera Deborah Sue 4820 EASTGATE MALL SAN DIEGO, CA 92121			SVP,CCO,Sec. & General Counsel	

Signatures

Deborah S. Butera, by Eva Yee,
Attorney-In-Fact

09/11/2014

__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).

- Common Stock issued to reporting person pursuant to settlement of vested shares under Restricted Stock Unit grant dated September 10, 2010, where 7,500 of the 15,000 Restricted Stock Units granted vest in four equal installments annually beginning September 10, 2011 and the remaining 7,500 Restricted Stock Units vest on the fourth anniversary of the grant date.
- (1) 2010, where 7,500 of the 15,000 Restricted Stock Units granted vest in four equal installments annually beginning September 10, 2011 and the remaining 7,500 Restricted Stock Units vest on the fourth anniversary of the grant date.
 - (2) Shares tendered for payment of minimum tax liability, pursuant to a Rule 10b5-1 Plan, in connection with shares vested September 10, 2014 from a Restricted Stock Unit grant originally reported on Form 3 filed September 22, 2010, and released September 11, 2014.
 - (3) Includes 7,399 shares held in Issuer's 401(k) Plan and 1,889 shares purchased through Issuer's Employee Stock Purchase Plan.
 - (4) 7,500 of the Restricted Stock Units vest in four equal installments annually beginning September 10, 2011 and the remaining 7,500 restricted stock units vest September 10, 2014, unless earlier forfeited pursuant to the terms of the Restricted Stock Unit agreement.
 - (5) Not applicable for this transaction.

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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