

<b>OMB APPROVAL</b>	
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**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

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

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person* <u>CARANO BANDEL L</u>  (Last) (First) (Middle) <u>C/O OAK INVESTMENT PARTNERS</u> <u>901 MAIN AVENUE, SUITE 600</u>  (Street) <u>NORWALK CT 06851</u>  (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>KRATOS DEFENSE &amp; SECURITY SOLUTIONS, INC. [ KTOS ]</u>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable)  <input checked="" type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner  Officer (give title below) Other (specify below)
	3. Date of Earliest Transaction (Month/Day/Year) <u>11/23/2016</u>	
4. If Amendment, Date of Original Filed (Month/Day/Year)		

**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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	11/23/2016		P		833,000	A	\$6	13,264,443 <sup>(1)(2)</sup>	I	SEE FOOTNOTES <sup>(1)(2)(3)</sup>

**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)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)					

1. Name and Address of Reporting Person\*  
CARANO BANDEL L  
 (Last) (First) (Middle)  
C/O OAK INVESTMENT PARTNERS  
901 MAIN AVENUE, SUITE 600  
 (Street)  
NORWALK CT 06851  
 (City) (State) (Zip)

1. Name and Address of Reporting Person\*  
Oak Investment Partners XIII, Limited Partnership  
 (Last) (First) (Middle)  
901 MAIN AVENUE  
SUITE 600  
 (Street)  
NORWALK CT 06851  
 (City) (State) (Zip)

1. Name and Address of Reporting Person\*  
OAK INVESTMENT PARTNERS X LTD PARTNERSHIP

(Last) (First) (Middle)  
901 MAIN AVENUE  
SUITE 600

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(Street)  
NORWALK CT 06851

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(City) (State) (Zip)

1. Name and Address of Reporting Person\*

[OAK X AFFILIATES FUND LP](#)

(Last) (First) (Middle)  
901 MAIN AVENUE  
SUITE 600

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(Street)  
NORWALK CT 06851

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(City) (State) (Zip)

1. Name and Address of Reporting Person\*

[OAK INVESTMENT PARTNERS IX L P](#)

(Last) (First) (Middle)  
901 MAIN AVENUE  
SUITE 600

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(Street)  
NORWALK CT 06851

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(City) (State) (Zip)

1. Name and Address of Reporting Person\*

[OAK IX AFFILIATES FUND LP](#)

(Last) (First) (Middle)  
901 MAIN AVENUE  
SUITE 600

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NORWALK CT 06851

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(City) (State) (Zip)

1. Name and Address of Reporting Person\*

[OAK IX AFFILIATES FUND A LP](#)

(Last) (First) (Middle)  
901 MAIN AVENUE  
SUITE 600

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(Street)  
NORWALK CT 06851

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(City) (State) (Zip)

**Explanation of Responses:**

1. The 13,264,443 shares of Common Stock are directly owned as follows:(i)11,000,000 shares directly owned by Oak Investment Partners XIII, Limited Partnership ("Oak XIII"), (ii)267,786 shares directly owned by Oak Investment Partners IX, Limited Partnership ("Oak IX"), (iii)2,853 shares directly owned by Oak IX Affiliates Fund, Limited Partnership ("Oak IX Affiliates"), (iv)6,427 shares directly owned by Oak IX Affiliates Fund-A, Limited Partnership ("Oak IX Affiliates-A"), (v)1,359,457 shares directly owned by Oak Investment Partners X, Limited Partnership ("Oak X") of which 819,839 shares were purchased pursuant to a public offering of the Issuer that closed on November 23, 2016, (vi)21,822 shares directly owned by Oak X Affiliates Fund, Limited Partnership of which 13,161 shares were purchased pursuant to a public offering of the Issuer that closed on November 23, 2016 ("Oak X Affiliates", together with Oak XIII, Oak IX, Oak IX Affiliates, Oak IX Affiliates-A, and Oak X, "Oak Funds").

2. Continuation of Footnote 1 - (vii) 606,098 shares directly owned by Bandel L. Carano, a Director of Kratos Defense & Security Solutions, Inc. No other reporting person has any pecuniary interest in these shares.

3. Mr. Carano a Managing Member of (i) Oak Associates XIII, LLC, the General Partner of Oak XIII, (ii) Oak Associates IX, LLC, the General Partner of Oak IX, (iii) Oak IX Affiliates, LLC, the General Partner of each of Oak IX Affiliates and Oak IX Affiliates-A, (iv) Oak Associates X, LLC, the General Partner of Oak X, and (v) Oak X Affiliates, LLC, the General Partner of Oak X Affiliates.

**Remarks:**

Mr. Carano is reporting the purchase of 833,000 shares of Common Stock by Oak X and Oak X Affiliates together with the holdings of the other Oak Funds because they may be deemed to be included in a "group" with Mr. Carano. Mr. Carano disclaims beneficial ownership of any securities (except to the extent of his pecuniary interest in such securities) other than any securities reported herein as being directly owned by him, and this report shall not be deemed an admission that Mr. Carano is the beneficial owner of any such securities for purposes of Section 16 or for any other purpose. Bandel Carano is a Director of the Issuer as well as the Managing Member of the General Partners of the Oak Funds as disclosed in footnote 2 above. The Oak Funds and Mr. Carano reserve the right to consolidate the filings of the Oak Funds and Mr. Carano in the future.

<u>/s/ Bandel L. Carano,</u> <u>Managing Member of Oak</u> <u>Associates XIII, LLC, general</u> <u>partner of Oak Investment</u> <u>Partners XIII, Limited</u> <u>Partnership</u>	<u>11/28/2016</u>
<u>/s/ Bandel L. Carano,</u> <u>Managing Member of Oak</u> <u>Associates X, LLC, general</u> <u>partner of Oak Investment</u> <u>Partners X, Limited</u> <u>Partnership</u>	<u>11/28/2016</u>
<u>/s/ Bandel L. Carano,</u> <u>Managing Member of Oak X</u> <u>Affiliates, LLC, general partner</u> <u>of Oak X Affiliates Fund,</u> <u>Limited Partnership</u>	<u>11/28/2016</u>
<u>/s/ Bandel L. Carano,</u> <u>Managing Member of Oak</u> <u>Associates IX, LLC, general</u> <u>partner of Oak Investment</u> <u>Partners IX, Limited</u> <u>Partnership</u>	<u>11/28/2016</u>
<u>/s/ Bandel L. Carano,</u> <u>Managing Member of Oak IX</u> <u>Affiliates, LLC, general partner</u> <u>of Oak IX Affiliates Fund,</u> <u>Limited Partnership</u>	<u>11/28/2016</u>
<u>/s/ Bandel L. Carano,</u> <u>Managing Member of Oak IX</u> <u>Affiliates, LLC, general partner</u> <u>of Oak IX Affiliates Fund-A,</u> <u>Limited Partnership</u>	<u>11/28/2016</u>

\*\* Signature of Reporting Person      Date

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

\* 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).

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

**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 Number.**