

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On December 5, 2016, Kratos Defense & Security Solutions, Inc. (the “Company”) entered into a new employment agreement effective January 1, 2017 (the “Employment Agreement”) with Phil Carrai to continue to serve as President of the Company’s Technology & Training Solutions Division through December 31, 2019. The Employment Agreement provides the following principal terms: (i) a base salary of \$450,000; (ii) an opportunity to earn annual incentive compensation in an amount determined at the Company’s discretion; (iii) an opportunity to earn equity incentive grants at the discretion of the Company’s President and Compensation Committee of the Board of Directors; (iv) an opportunity to participate in the Company’s employee benefit plans that are generally made available to the Company’s employees, including but not limited to insurance programs; (v) payment of severance in the event of a termination of employment under certain circumstances and subject to Mr. Carrai’s execution of a customary release of claims agreement; and (v) confidentiality, non-interference, and non-disparagement provisions, which apply during the employee’s employment and for a certain restricted period after termination of employment.

The foregoing description is qualified in its entirety by the Employment Agreement attached as Exhibit 10.1 to this Current Report on Form 8-K.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibit.

10.1 Employment Agreement, effective January 1, 2017, by and between Kratos Defense & Security Solutions, Inc. and Phil Carrai.
