

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

| OMB APPROVAL | |
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| 1. Name and Address of Reporting Person* <u>MILLS THOMAS E IV</u> (Last) (First) (Middle) 4820 EASTGATE MALL SUITE 200 (Street) SAN DIEGO CA 92121 (City) (State) (Zip) | 2. Issuer Name and Ticker or Trading Symbol <u>KRATOS DEFENSE & SECURITY SOLUTIONS, INC. [KTOS]</u> | 5. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <u>President, MS Division</u> |
| | 3. Date of Earliest Transaction (Month/Day/Year) 06/27/2017 | |
| 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 | 06/27/2017 | | M | | 3,000 ⁽²⁾ | A | \$0 | 82,058 ⁽⁵⁾ | D | |
| Common Stock | 06/27/2017 | | F | | 912 ⁽⁴⁾ | D | \$10.82 | 81,146 ⁽⁵⁾ | D | |
| Common Stock | 06/27/2017 | | M | | 3,000 ⁽²⁾ | A | \$0 | 84,146 ⁽⁵⁾ | D | |
| Common Stock | 06/27/2017 | | F | | 912 ⁽⁴⁾ | D | \$11.16 | 83,234 ⁽⁵⁾ | D | |
| Common Stock | 06/27/2017 | | M | | 2,000 ⁽³⁾ | A | \$0 | 85,234 ⁽⁵⁾ | D | |
| Common Stock | 06/27/2017 | | F | | 608 ⁽⁴⁾ | D | \$11.21 | 84,626 ⁽⁵⁾ | D | |

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 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) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares | | | | |
| Restricted Stock Units | (1) | 06/27/2017 | | M | | | 3,000 | (2) | (2) | Common Stock | 3,000 | \$0 | 21,000 | D | |
| Restricted Stock Units | (1) | 06/27/2017 | | M | | | 3,000 | (2) | (2) | Common Stock | 3,000 | \$0 | 18,000 | D | |
| Restricted Stock Units | (1) | 06/27/2017 | | M | | | 2,000 | (3) | (3) | Common Stock | 2,000 | \$0 | 12,000 | D | |

Explanation of Responses:

- Each Restricted Stock Unit (RSU) represents a contingent right to receive one share of Issuer's common stock.
- RSUs were granted and previously reported on a Form 4 filed January 5, 2017. Of these RSUs, two tranches of 3,000 shares each were released on June 27, 2017.
- RSUs were granted and previously reported on a Form 4 filed January 7, 2014. Of these RSUs, one tranche of 2,000 shares was released on June 27, 2017.
- Shares withheld in a net transaction to satisfy the minimum tax liability, in accordance with Issuer's trading policies, in connection with shares released as reported in this Form 4.
- Includes 10,190 shares purchased through Issuer's Employee Stock Purchase Plan and approximately 8,484 shares held in Issuer's 401(k) Plan.

Thomas E. Mills, by Eva Yee, 06/29/2017
Attorney-In-Fact

** 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.

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