

**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	
OMB Number:	3235-0287
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1. Name and Address of Reporting Person* <u>MILLS THOMAS E IV</u>  (Last) (First) (Middle) 4820 EASTGATE MALL  (Street) SAN DIEGO CA 92121  (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)  Director 10% Owner Officer (give title below) Other (specify below) X <b>President, MS Division</b>
	3. Date of Earliest Transaction (Month/Day/Year) 08/17/2016	
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	08/17/2016		M		3,000 <sup>(2)</sup>	A	\$0	69,485 <sup>(4)</sup>	D	
Common Stock	08/17/2016		F		912 <sup>(3)</sup>	D	\$5.67	68,573 <sup>(4)</sup>	D	
Common Stock	08/17/2016		M		3,000 <sup>(2)</sup>	A	\$0	71,573 <sup>(4)</sup>	D	
Common Stock	08/17/2016		F		912 <sup>(3)</sup>	D	\$5.89	70,661 <sup>(4)</sup>	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
Restricted Stock Units	(1)	08/17/2016		M			3,000	(2)	(2)	Common Stock	3,000	\$0	18,000	D	
Restricted Stock Units	(1)	08/17/2016		M			3,000	(2)	(2)	Common Stock	3,000	\$0	15,000	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, 2016. Of these RSUs, two tranches of 3,000 were released on August 17, 2016.
- 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 7,410 shares held in Issuer's 401(k) Plan.

Thomas E. Mills, by Eva Yee, 08/19/2016  
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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