

| OMB APPROVAL                                 |           |
|--|-----------|
| OMB Number:                                  | 3235-0287 |
| Estimated average burden hours per response: | 0.5       |

**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*<br><u>Fendley Steven S.</u><br><br>(Last) (First) (Middle)<br>4820 EASTGATE MALL<br>SUITE 200<br><br>(Street)<br>SAN DIEGO CA 92121<br><br>(City) (State) (Zip) | 2. Issuer Name and Ticker or Trading Symbol<br><u>KRATOS DEFENSE &amp; SECURITY SOLUTIONS, INC. [ KTOS ]</u> | 5. Relationship of Reporting Person(s) to Issuer (Check all applicable)<br>Director 10% Owner<br>X Officer (give title below) Other (specify below)<br><u>President, US Division</u> |
|  | 3. Date of Earliest Transaction (Month/Day/Year)<br><u>04/10/2017</u>  |  |
|  | 4. If Amendment, Date of Original Filed (Month/Day/Year)   |  |
| 6. Individual or Joint/Group Filing (Check Applicable Line)<br>X Form filed by One Reporting Person<br>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 Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|------------|-------|---|--|---|
|                                 |                                      |  | Code                           | V | Amount  | (A) or (D) | Price |   |  |   |

**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)  | 04/10/2017                           |  | A                              |   | 25,000   |     | (2)  | (2)             | Common Stock  | 25,000                                     | \$0  | 25,000  | D  |       |
| Restricted Stock Units                     | (1)  | 04/10/2017                           |  | A                              |   | 25,000   |     | (3)  | (3)             | Common Stock  | 25,000                                     | \$0  | 25,000  | D  |       |
| Restricted Stock Units                     | (1)  | 04/10/2017                           |  | A                              |   | 100,000  |     | (4)  | (4)             | Common Stock  | 100,000                                    | \$0  | 100,000   | D  |       |

**Explanation of Responses:**

- Each restricted stock unit (RSU) represents a contingent right to receive one share of Issuer's common stock.
- RSUs vest 20% on each anniversary of the date of grant, unless earlier vested or terminated pursuant to the terms of the RSU agreement.
- RSUs vest 25% on each anniversary of the date of grant, unless earlier vested or terminated pursuant to the terms of the RSU agreement.
- 50,000 RSUs vest 100% on the five year anniversary of the date of grant, unless earlier vested or terminated pursuant to the terms of the RSU agreement. The other 50,000 RSUs vest 20% upon each 10% increase in the closing market price of the Issuer's common stock measured from the RSU grant date through the 10-year anniversary of the RSU grant date, unless earlier vested or terminated pursuant to the terms of the RSU agreement (provided that such increase in the closing market price of common stock is sustained for twenty consecutive trading days).

Steven S. Fendley, by Eva Yee, 04/12/2017  
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.

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.