

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

OMB APPROVAL	
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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>Goodwin Benjamin M.</u>  (Last) (First) (Middle) <u>4820 EASTGATE MALL</u>  (Street) <u>SAN DIEGO CA 92121</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) Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <u>President, PSS Division</u>
	3. Date of Earliest Transaction (Month/Day/Year) <u>01/03/2017</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	01/03/2017		M		22,500 <sup>(1)</sup>	A	\$0	71,788 <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	(3)	01/03/2017		M			22,500	(1)	(1)	Common Stock	22,500	\$0	0	D	
Restricted Stock Units	(3)	01/04/2017		A		30,000		(2)	(2)	Common Stock	30,000	\$0	30,000	D	

**Explanation of Responses:**

- Common Stock issued to reporting person pursuant to settlement of vested shares under Restricted Stock Unit (RSU) granted on January 3, 2012, which vest 100% on the five year anniversary of the date of grant, unless earlier vested pursuant to the terms of the RSU agreement.
- 15,000 Restricted Stock Units (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 15,000 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).
- Each RSU represents a contingent right to receive one share of Issuer's common stock.
- Includes 2,352 shares purchased through Issuer's Employee Stock Purchase Plan.

Benjamin M. Goodwin, by Eva Yee, Attorney-In-Fact 01/05/2017

\*\* 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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