

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* <u>Carrai Phillip D</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 X Officer (give title below) Other (specify below) <u>President, TTS Division</u>
	3. Date of Earliest Transaction (Month/Day/Year) <u>07/10/2017</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	07/10/2017		M		6,000 <sup>(2)</sup>	A	\$0	180,486 <sup>(4)</sup>	D	
Common Stock	07/10/2017		F		1,986 <sup>(3)</sup>	D	\$11.35	178,500 <sup>(4)</sup>	D	
Common Stock								23,394	I	by trust

**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)	07/10/2017		M			6,000	(2)	(2)	Common Stock	6,000	\$0	30,000	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 7, 2014. Of these RSUs, one tranche of 6,000 shares was released on July 10, 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 18,872 shares purchased through Issuer's Employee Stock Purchase Plan and approximately 15,285 shares held in Issuer's 401(k) Plan.

Phillip D. Carrai, by Eva Yee, Attorney-In-Fact 07/11/2017

\*\* 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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