

KRATOS DEFENSE & SECURITY SOLUTIONS, INC.

Reported by
CARRAI PHILLIP D

FORM 4

(Statement of Changes in Beneficial Ownership)

Filed 06/02/17 for the Period Ending 05/31/17

| | |
|-------------|--|
| Address | 4820 EASTGATE MALL SUITE 200 SAN DIEGO, CA 92121 |
| Telephone | 858-812-7300 |
| CIK | 0001069258 |
| Symbol | KTOS |
| SIC Code | 3760 - Guided Missiles And Space Vehicles And Parts |
| Industry | Aerospace & Defense |
| Sector | Industrials |
| Fiscal Year | 12/25 |

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL
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Form 5 obligations may
continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

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 * | | 2. Issuer Name and Ticker or Trading Symbol | | 5. Relationship of Reporting Person(s) to Issuer (Check all applicable) | |
| Carrai Phillip D | | KRATOS DEFENSE & SECURITY SOLUTIONS, INC. [KTOS] | | <input type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below) President, TTS Division | |
| (Last) (First) (Middle) 4820 EASTGATE MALL | | 3. Date of Earliest Transaction (MM/DD/YYYY) 5/31/2017 | | | |
| (Street) SAN DIEGO, CA 92121 | | 4. If Amendment, Date Original Filed (MM/DD/YYYY) | | 6. Individual or Joint/Group Filing (Check Applicable Line) | |
| (City) (State) (Zip) | | | | <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> 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. Trans. Date | 2A. Deemed Execution Date, if any | 3. Trans. 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 | 5/31/2017 | | M | | 6000 (2) | A | \$0 | 143701 (4) | D | |
| Common Stock | 5/31/2017 | | F | | 1932 (3) | D | \$10.28 | 141769 (4) | D | |
| Common Stock | | | | | | | | 23394 | I | by trust |

Table II - Derivative Securities Beneficially Owned (e.g. , puts, calls, warrants, options, convertible securities)

| 1. Title of Derivate Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Trans. Date | 3A. Deemed Execution Date, if any | 4. Trans. 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 | | 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 of Derivative Security: 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) | 5/31/2017 | | M | | 6000 | | (2) | (2) | Common Stock | 6000 | \$0 | 42000 | 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, 6,000 were released on May 31, 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 17,074 shares purchased through Issuer's Employee Stock Purchase Plan and approximately 15,140 shares held in Issuer's 401(k) Plan.

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|--------------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| Carrai Phillip D 4820 EASTGATE MALL SAN DIEGO, CA 92121 | | | President, TTS Division | |

Signatures

Phillip D. Carrai, by Eva Yee, Attorney-In-Fact

6/2/2017

**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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