KRATOS DEFENSE & SECURITY SOLUTIONS, INC.

Form 3

July 08, 2008

FORM 3

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

OMB APPROVAL	
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INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person [*] Â Liberatore Samuel N (Last) (First) (Middle) 401 WYNN DRIVE (Street) HUNTSVILLE,Â ALÂ 35805 (City) (State) (Zip)	2. Date of Event Requiring Statement (Month/Day/Year) 01/01/2008	3. Issuer Name **and** Ticker or Trading Symbol KRATOS DEFENSE & SECURITY SOLUTIONS, INC. [KTOS]
		4. Relationship of Reporting Person(s) to Issuer (Check all applicable) _____ Director _____ 10% Owner _____ Officer __X__ Other (give title below) (specify below) Pres. Madison Research Div.	5. If Amendment, Date Original Filed(Month/Day/Year)
			6. Individual or Joint/Group Filing(Check Applicable Line) _X_ Form filed by One Reporting Person ___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Beneficially Owned

1.Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

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

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)		3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)		4. Conversion or Exercise Price of Derivative Security	5. Ownership Form of Derivative Security: Direct (D) or Indirect (I)	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable	Expiration Date	Title	Amount or Number of Shares			

(Instr. 5)

Employee Stock Options	Â [1]	10/06/2016	Common Stock	20,000	$ 2.08	D	Â
Restricted Stock Units [2]	Â [3]	01/30/2017	Common Stock	12,500	$ 0	D	Â

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Liberatore Samuel N 401 WYNN DRIVE HUNTSVILLE,Â ALÂ 35805	Â	Â	Â	Pres. Madison Research Div.

Signatures

Samuel N. Liberatore, by Matthew G. Colvin, Attorney-In-Fact	07/08/2008
**Signature of Reporting Person	Date

Explanation of Responses:

*   If the form is filed by more than one reporting person, *see* Instruction 5(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).

(1)   The stock option was granted to the reporting person on October 6, 2006 in connection with Issuer's acquisition of Madison Research Corporation, under the issuers 1999 Equity Incentive Plan. The stock option vested as to 25% on October 6, 2007 and thereafter as to 1/48th of the total grant amount per month until fully exercisable on October 6, 2010.

(2)   Each restricted stock unit represents a contingent right to receive one share of issuer's common stock.

(3)   The restricted stock units vest at the earlier of (a) 10 years from the date of grant; (b) upon a change in control of the issuer; or (c) upon termination of employment without cause. Vested shares will be delivered to the reporting person on the first date which is administratively practicable for the distribution of the vested shares after termination of service with the issuer.

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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