

INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

OMB APPROVAL

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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>Liberatore Samuel N</u> <hr/> (Last) (First) (Middle) 401 WYNN DRIVE <hr/> (Street) HUNTSVILLE AL 35805 <hr/> (City) (State) (Zip) | 2. Date of Event Requiring Statement (Month/Day/Year) 01/01/2008 | 3. Issuer Name and Ticker or Trading Symbol <u>KRATOS DEFENSE & SECURITY SOLUTIONS, INC. [KTOS]</u> <hr/> 4. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director 10% Owner Officer (give title below) <input checked="" type="checkbox"/> Other (specify below) Pres. Madison Research Div. | 5. If Amendment, Date of Original Filed (Month/Day/Year) <hr/> 6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> 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) |
|---------------------------------|---|--|---|
|---------------------------------|---|--|---|

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: Direct (D) or Indirect (I) (Instr. 5) | 6. Nature of Indirect Beneficial Ownership (Instr. 5) |
|--|--|-----------------|---|----------------------------|--|--|---|
| | Date Exercisable | Expiration Date | Title | Amount or Number of Shares | | | |
| Employee Stock Options | (1) | 10/06/2016 | Common Stock | 20,000 | 2.08 | D | |
| Restricted Stock Units ⁽²⁾ | (3) | 01/30/2017 | Common Stock | 12,500 | 0 | D | |

Explanation of Responses:

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.

Samuel N. Liberatore, by
Matthew G. Colvin, Attorney- 07/08/2008
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 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).

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.

POWER OF ATTORNEY

For Section 16(a) Securities and Exchange Act of 1934 Filings

Know all by these presents that the undersigned hereby constitutes and appoints Matthew G. Colvin, the undersigned's true and lawful attorney-in-fact to:

- 1) Do and perform all acts for and on behalf the undersigned which may be necessary or desirable to apply for and obtain and maintain EDGAR Access Codes to be used on behalf of the undersigned for Electronic Filing of all Section 16(a) Securities and Exchange Act of 1934 filings.
- 2) Execute for and on behalf of the undersigned, in the undersigned's capacity as an officer of Kratos Defense & Security Solutions, Inc. (the "Company"), Forms 3, 4 and 5 in accordance with Section 16(a) of the Securities Exchange Act of 1934 and the rules thereunder;
- 3) Do and perform any and all acts for and on behalf of the undersigned which may be necessary or desirable to complete the execution of any such Form 3, 4 or 5, complete and execute any amendment or amendments thereto, and timely file such form with the United States Securities and Exchange Commission and any other authority; and
- 4) Take any other action of any type whatsoever in connection with the foregoing which, in the opinion of such attorney-in-fact, may be of benefit to, or in the best interest of, or legally required by, the undersigned, it being understood that the documents executed by such attorney-in-fact on behalf of the undersigned pursuant to this Power of Attorney shall be in such form and shall contain such terms and conditions as such attorney-in-fact may approve in such attorney-in-fact's discretion.

The undersigned hereby grants to each such attorney-in-fact, full power and authority to do and perform all and every act and thing whatsoever requisite, necessary and proper to be done in the exercise of any of the rights and powers herein granted, as fully to all intents and purposes the undersigned might or could do if personally present, with full power of substitution or revocation, hereby ratifying and confirming all that such attorney-in-fact, or such attorney-in-fact's substitute or substitutes, shall lawfully do or cause to be done by virtue of this power of attorney and the rights and powers herein granted. The undersigned acknowledges that the foregoing attorney's-in-fact, in serving in such capacity at the request of the undersigned, are not assuming, nor is the Company assuming, any of the undersigned's responsibilities to comply with Section 16 of the Securities Exchange Act of 1934.

This Power of Attorney shall remain in full force and effect until the undersigned is no longer required to file Forms 3, 4 and 5 with respect to the undersigned's holdings of and transactions in securities issued by the Company, unless earlier revoked by the undersigned in a signed writing delivered to the foregoing attorney's-in-fact.

IN WITNESS WHEREOF, the undersigned has caused this Power of Attorney to be executed as of this 21st day of May 2008.

/s/ Samuel N Liberatore

Subscribed and sworn to before me on this 21st day of May, 2008

State of California)
) ss.
County of San Diego)

/s/ Marcus E. Graves
Signature of Notary Public

Notary Public Seal
Graphic of Notary Public Seal
Marcus E. Graves
Commission #1592127
Notary Public California
San Diego County
Commission Expires July 2, 2009