

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): **July 14, 2011**

Kratos Defense & Security Solutions, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction of
Incorporation)

0-27231
Commission
File Number

13-3818604
(I.R.S. Employer
Identification Number)

4820 Eastgate Mall, San Diego, CA 92121
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: **(858) 812-7300**

N/A
(Former Name, or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01. Other Events.

On July 14, 2011, Kratos Defense & Security Solutions, Inc. ("Kratos") issued a press release announcing that it intends, subject to market and other conditions, to offer \$80.0 million aggregate principal amount of its 10% Senior Secured Notes due 2017 (the "Notes"), in a private offering that is exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"). The net proceeds from the offering will be used to finance, in part, the cash portion of the purchase price for the acquisition (the "Acquisition") of Integral Systems, Inc., a Maryland corporation ("Integral Systems"), to refinance existing indebtedness of Integral Systems and its subsidiaries, to pay certain severance payments in connection with the Acquisition and to pay related fees and expenses. The issuance of the Notes will be conditioned upon the consummation of, among other things, the Acquisition. The Notes would constitute an additional issuance of Kratos' 10% Senior Secured Notes due 2017 under its existing Indenture dated as of May 19, 2010. It is anticipated that the Notes will be issued at a premium, subject to market and other conditions.

The Notes may not be offered or sold without registration unless pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. This Current Report on Form 8-K shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes in any state or foreign jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or foreign jurisdiction. A copy of the press release related to the offering of the Notes is filed herewith as Exhibit 99.1 and is incorporated by reference herein.

Additional Information and Where to Find It

Kratos has filed a Registration Statement on Form S-4, a definitive joint proxy statement/prospectus and other documents concerning the proposed Acquisition with the Securities and Exchange Commission (the "SEC"), and each of Kratos and Integral Systems has mailed to its stockholders a definitive joint proxy statement/prospectus in connection with the transaction. Investors are urged to read the joint proxy statement/prospectus and any amendments thereto and other relevant documents filed with the SEC in their entirety because they contain important information about Kratos, Integral Systems and the proposed merger. Security holders may obtain a free copy of the definitive joint proxy statement/prospectus and any amendments thereto as well as any other documents filed by Kratos and Integral Systems with the SEC at the SEC's website at www.sec.gov. The definitive joint proxy statement/prospectus, as amended from time to time, and other documents filed with the SEC may also be obtained for free by directing a request to the Corporate Secretary of Kratos Defense & Security Solutions, Inc. at (858) 812-7300.

Notice Regarding Forward-Looking Statements

Certain statements in this Current Report on Form 8-K (including information included or incorporated by reference herein) may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are made on the basis of the current beliefs, expectations and assumptions of the management of Kratos and are subject to significant risks and uncertainty. Investors are cautioned not to place undue reliance on any such forward-looking statements. All such forward-looking statements speak only as of the date they are made. Kratos undertakes no obligation to update or revise these statements, whether as a result of new information, future events or otherwise. In particular, Kratos may not be able to complete the proposed transaction on the terms summarized herein or other acceptable terms, or at all, due to a number of factors, including the failure to obtain approval of the Integral Systems stockholders or the Kratos stockholders, the failure to obtain regulatory approvals or the failure to satisfy other customary closing conditions. For a further discussion of risks and uncertainties that could cause actual results to differ from those expressed in these forward-looking statements, as well as risks relating to the businesses of Kratos and Integral Systems in general, see the risk disclosures in the definitive proxy statement/prospectus filed with the SEC by Kratos on June 21, 2011, as amended from time to time, the Annual Report on Form 10-K of Kratos for the year ended December 26, 2010, the Annual Report on Form 10-K of Integral Systems for the year ended September 24, 2010 and in subsequent reports on Forms 10-Q and 8-K and other filings made with the SEC by each of Kratos and Integral Systems.

2

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

99.1 Press release dated July 14, 2011

3

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Kratos Defense & Security Solutions, Inc.

By: /s/ Deborah S. Butera
Deborah S. Butera
Senior Vice President, General Counsel &
Secretary/Registered In-House Counsel

Date: July 14, 2011

4



Kratos Defense & Security Solutions, Inc. Announces Proposed Private Offering of Additional 10% Senior Secured Notes Due 2017

Net Proceeds of Offering to be Used for Pending Integral Systems Acquisition

SAN DIEGO, July 14, 2011 (GLOBE NEWSWIRE) — Kratos Defense & Security Solutions, Inc. (Nasdaq:KTOS), a leading National Security Solutions provider, announced today that it intends to commence a private offering (the “Offering”) to eligible purchasers, subject to market and other conditions, of \$80 million aggregate principal amount of its 10% Senior Secured Notes due 2017 (the “Notes”). The Notes, when issued, will constitute an additional issuance of notes pursuant to the Company’s indenture, dated May 19, 2010, among the Company, the guarantors party thereto and Wilmington Trust FSB, as trustee and collateral agent. It is anticipated that the Notes will be issued at a premium, subject to market and other conditions.

The net proceeds from the Offering will be used to finance, in part, the cash portion of the purchase price for the acquisition (the “Acquisition”) of Integral Systems, Inc., a Maryland corporation (“Integral Systems”), to refinance existing indebtedness of Integral Systems and its subsidiaries, to pay certain severance payments in connection with the Acquisition and to pay related fees and expenses. The issuance of the Notes will be conditioned upon the consummation of, among other things, the Acquisition.

The Notes and the related guarantees are being offered inside the United States to qualified institutional buyers in reliance on Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”), and outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act.

The Notes and the related guarantees have not been registered under the Securities Act, any other United States federal securities laws or the securities laws of any state or other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act and applicable state securities or blue sky laws and foreign securities laws. This press release shall not constitute an offer to sell, or the solicitation of an offer to buy, the Notes or any other securities, nor shall there be any sales of securities mentioned in this press release in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. Any offers of the Notes will be made only by means of a private offering memorandum.

About Kratos Defense & Security Solutions

Kratos Defense & Security Solutions, Inc. (Nasdaq:KTOS) is a specialized National Security business providing mission critical products, services and solutions for United States National Security priorities. Kratos’ core capabilities are sophisticated engineering, manufacturing and system integration offerings for National Security platforms and programs. Kratos’ areas of expertise include Command, Control, Communications, Computing, Combat Systems, Intelligence, Surveillance and Reconnaissance (C5ISR), unmanned systems, cyber warfare, cyber security, information assurance, critical infrastructure security and weapons systems sustainment. Kratos has primarily an engineering and technical oriented work force of approximately 3900, the majority of which hold an active National Security clearance, including Secret, Top Secret and higher. The vast majority of Kratos’ work is performed on a military base, in a secure facility or at a critical infrastructure location. Kratos’ primary end customers are United States Federal Government agencies, including the Department of Defense, classified agencies, intelligence agencies and Homeland Security related agencies. News and information are available at www.KratosDefense.com.

The Kratos Defense & Security Solutions, Inc. logo is available at <http://www.globenewswire.com/newsroom/prs/?pkgid=3519>

Notice Regarding Forward-Looking Statements

This news release contains certain forward-looking statements that involve risks and uncertainties, including, without limitation, statements regarding the completion of the proposed Offering and Kratos’ use of the proceeds from the Offering. Actual results or developments may differ materially from those projected or implied in these forward-looking statements. Factors that may cause such a difference include, without limitation, risks and uncertainties related to market conditions and the satisfaction of customary closing conditions related to the proposed Offering. There can be no assurance that Kratos will be able to complete the proposed Offering on the anticipated terms, or at all. For a further discussion of risks and uncertainties that could cause actual results to differ from those expressed in these forward-looking statements, as well as risks relating to Kratos’ business in general, see the risk disclosures in Kratos’ SEC filings, including its most recent Annual Report on Form 10-K for the year ended December 26, 2010 and in subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K and other filings made with the SEC by Kratos. All forward-looking statements included in this news release are based on information available at the time of the release. Kratos is under no obligation to (and expressly disclaims any such obligation to) update or alter its forward-looking statements, whether as a result of new information, future events or otherwise.

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