

Carrai Phillip D  
 Form 3  
 January 10, 2011

**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)

<p>1. Name and Address of Reporting Person *</p> <p>Â Carrai Phillip D</p> <p>(Last) (First) (Middle)</p> <p>4820 EASTGATE MALL</p> <p>(Street)</p> <p>SAN DIEGO,Â CAÂ 92121</p> <p>(City) (State) (Zip)</p>	<p>2. Date of Event Requiring Statement</p> <p>(Month/Day/Year)</p> <p>01/01/2011</p>	<p>3. Issuer Name and Ticker or Trading Symbol</p> <p>KRATOS DEFENSE &amp; SECURITY SOLUTIONS, INC.              [KTOS]</p>	<p>4. Relationship of Reporting Person(s) to Issuer</p> <p>(Check all applicable)</p> <p><input type="checkbox"/> Director <input type="checkbox"/> 10% Owner  <input checked="" type="checkbox"/> Officer <input type="checkbox"/> Other              (give title below) (specify below)              Senior Vice President</p>	<p>5. If Amendment, Date Original Filed(Month/Day/Year)</p>	<p>6. Individual or Joint/Group Filing(Check Applicable Line)</p> <p><input checked="" type="checkbox"/> Form filed by One Reporting Person  <input type="checkbox"/> Form filed by More than One Reporting Person</p>
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**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)
Common Stock	10,025	D	Â

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	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable      Expiration Date	Title      Amount or Number of			

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				Shares		(I) (Instr. 5)	
Restricted Stock Units (1) (2)	01/02/2019	Common Stock	6,000	\$ 0		D	
Restricted Stock Units (1) (3)	01/02/2020	Common Stock	11,999	\$ 0		D	
Restricted Stock Units (1) (4)	01/11/2020	Common Stock	9,000	\$ 0		D	
Restricted Stock Units (1) (5)	01/03/2021	Common Stock	15,000	\$ 0		D	

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Carrai Phillip D 4820 EASTGATE MALL SAN DIEGO, CA 92121			Senior Vice President	

## Signatures

Phillip D. Carrai, by Eva Yee,  
Attorney-In-Fact  
*\*\*Signature of Reporting Person*

01/10/2011  
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) Each restricted stock unit represents a contingent right to receive one share of Issuer's common stock.  
The reporting person was granted 10,000 restricted stock units on January 2, 2009, which vest 20% annually beginning on January 2, 2010, unless earlier vested upon a change in control or a qualifying termination event pursuant to the terms of the restricted stock unit agreement. 6,000 restricted stock units represent the remaining unvested units.
- (2) The reporting person was granted 15,000 restricted stock units on January 2, 2010, which vest 20% annually beginning on January 2, 2011, unless earlier vested upon a change in control pursuant to the terms of the restricted stock unit agreement. 11,999 restricted stock units represent the remaining unvested units.
- (3) The reporting person was granted 9,000 restricted stock units on January 11, 2010, which vest 100% five (5) years from the date of grant, unless earlier vested upon a change in control pursuant to the terms of the restricted stock unit agreement.
- (4) The reporting person was granted 15,000 restricted stock units on January 3, 2011, which vest 100% five (5) years from the date of grant, unless earlier vested upon a change in control pursuant to the terms of the restricted stock unit agreement.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, See Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.