J.P. Morgan Aviation, Transportation and Industrials Conference

Michael Ruppert
Executive Vice President and CFO

March 13, 2018

Forward-looking safe harbor statement

This presentation contains certain forward-looking statements, as that term is defined in the Private Securities Litigation Reform Act of 1995, including those relating to fiscal 2018 business performance and beyond and the Company's plans for growth and improvement in profitability and cash flow. You can identify these statements by the use of the words "may," "will," "could," "should," "would," "plans," "expects," "anticipates," "continue," "estimate," "project," "intend," "likely," "forecast," "probable," "potential," and similar expressions. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected or anticipated. Such risks and uncertainties include, but are not limited to, continued funding of defense programs, the timing and amounts of such funding, general economic and business conditions, including unforeseen weakness in the Company's markets, effects of any U.S. Federal government shutdown or extended continuing resolution, effects of continued geopolitical unrest and regional conflicts, competition, changes in technology and methods of marketing, delays in completing engineering and manufacturing programs, changes in customer order patterns, changes in product mix, continued success in technological advances and delivering technological innovations, changes in, or in the U.S. Government's interpretation of, federal export control or procurement rules and regulations, market acceptance of the Company's products, shortages in components, production delays due to performance quality issues with outsourced components, inability to fully realize the expected benefits from acquisitions and restructurings, or delays in realizing such benefits, challenges in integrating acquired businesses and achieving anticipated synergies, changes to cyber-security regulations and requirements, changes in tax rates or tax regulations, changes to generally accepted accounting principles, difficulties in retaining key employees and customers, unanticipated costs under fixed-price service and system integration engagements, and various other factors beyond our control. These risks and uncertainties also include such additional risk factors as are discussed in the Company's filings with the U.S. Securities and Exchange Commission, including its Annual Report on Form 10-K for the fiscal year ended June 30, 2017. The Company cautions readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. The Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made.

Use of Non-GAAP (Generally Accepted Accounting Principles) Financial Measures

In addition to reporting financial results in accordance with generally accepted accounting principles, or GAAP, the Company provides adjusted EBITDA, adjusted income from continuing operations, and adjusted EPS which are non-GAAP financial measures. Adjusted EBITDA, adjusted income from continuing operations, and adjusted EPS exclude certain non-cash and other specified charges. The Company believes these non-GAAP financial measures are useful to help investors better understand its past financial performance and prospects for the future. However, the presentation of adjusted EBITDA, adjusted income from continuing operations and adjusted EPS is not meant to be considered in isolation or as a substitute for financial information provided in accordance with GAAP. Management believes the adjusted EBITDA, adjusted income from continuing operations, and adjusted EPS financial measures assist in providing a more complete understanding of the Company's underlying operational results and trends, and management uses these measures along with the corresponding GAAP financial measures to manage the Company's business, to evaluate its performance compared to prior periods and the marketplace, and to establish operational goals. A reconciliation of GAAP to non-GAAP financial results discussed in this presentation is contained in the Appendix hereto.

Pioneering a next generation defense electronics company…

- Operate high-tech commercial business model
- Secure sensor and safety critical processing subsystems
- Serving defense Prime contractor outsourcing needs
- Deployed on 300+ programs with 25+ Prime contractors
- FY17 $408.6M revenue; Growth YoY:
  – 51% revenue
  – 26% GAAP net income
  – 64% Adj. EBITDA
  – 24% backlog
- FY18 guidance(1):
  – $460M - $468M revenue
  – $38.4M - $40.4M GAAP income
  – $106.0M - $109.0M Adj. EBITDA

…to address the industry's challenges and opportunities

(1) The guidance included herein is from the Company's most recent earnings release and is as of the date of that release. The Company is neither reconfirming such guidance as of the date of this presentation nor assuming any obligations to update or revise such guidance. For purposes of modeling and guidance, we have assumed no restructuring, acquisition or non-recurring financing-related expenses and an effective tax rate of approximately 33% in the period discussed for periods not reported.

Strategy delivering above average growth and profitability

1	Focused on Core Markets	Focused on economic core – aerospace and defense electronics
2	Acquired New Capabilities	Expanded addressable market and moved up value chain
3	Increased IR&D Spend	High-tech R&D investment level for aerospace and defense electronics
4	Trusted Domestic Manufacturing	Built trusted RF, digital and custom microelectronics manufacturing
5	Transformed Go To Market Model	Solution sales and strategic account management
6	Built Scalable M&A Platform	Strengthened team, processes, systems and balance sheet
7	Destination Employer	Defense electronics destination employer and acquirer of choice

We are deployed on 300+ programs with 25+ Primes

Aerospace & Defense Platform and Systems Electronics Content

C4I

Sensor & Effector Mission Systems

P-8 MMA

F-35

AH-64 Apache

KC-46

A330 MRTT

F-16

Reaper/Gorgon Stare

Triton

Patriot

Aegis

F-15

C-130

Global Hawk

Badger/Buzzard

SEWIP

SDB II

PGK

MALD-J

Paveway

SM2/3/6

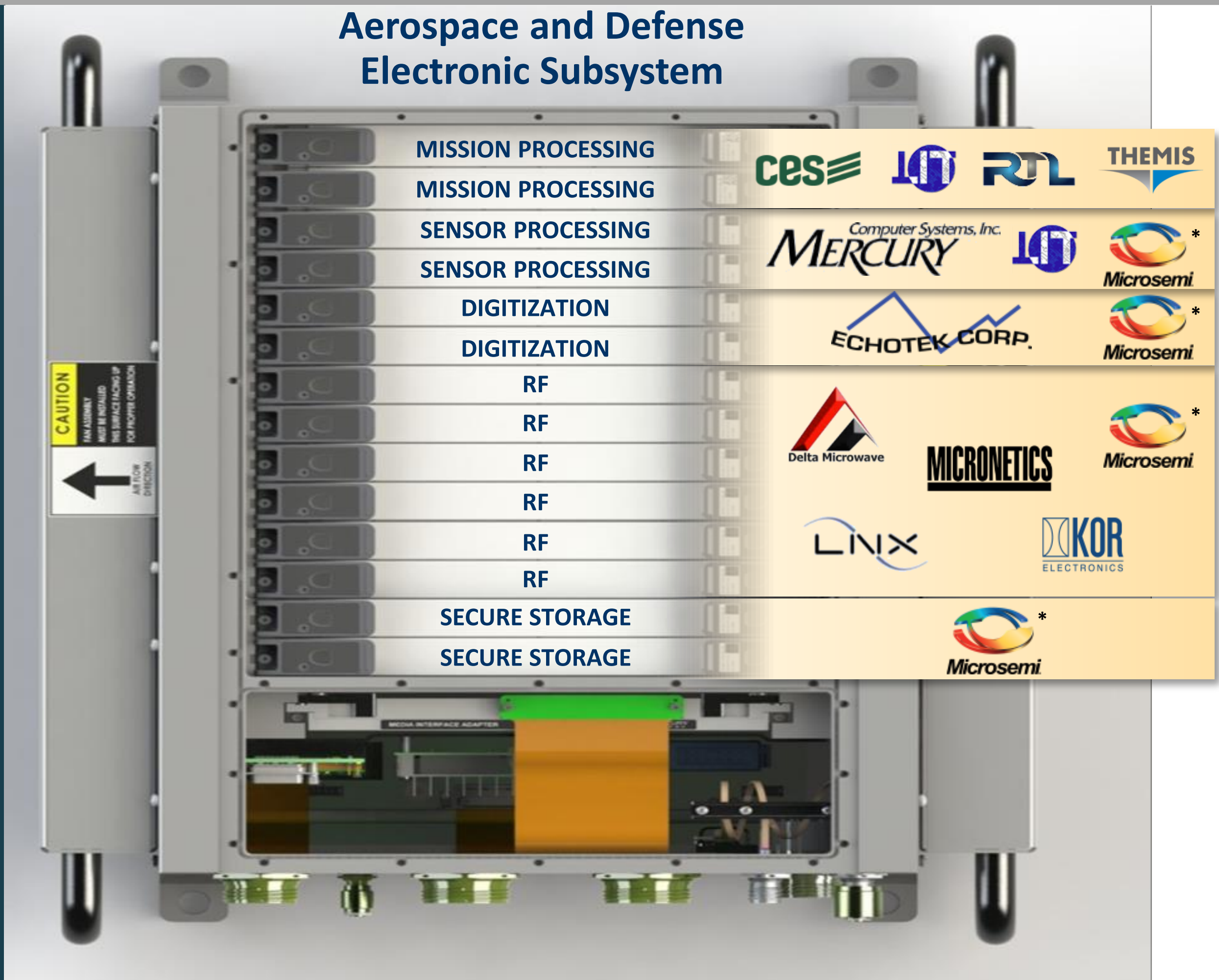
SNC SIERRA NEVADA CORPORATION
Raytheon
NORTHROP GRUMMAN
BAE SYSTEMS
AIRBUS
LOCKHEED MARTIN
L3 communications
GENERAL ATOMICS
BOEING
HARRIS

Mercury’s vision is to be the…

Leading commercial provider of secure sensor and safety-critical processing subsystems

Acquisitions have transformed Mercury into a commercial…

- Acquired capabilities significantly expand addressable market
- Moved up the value chain
- Model facilitates greater customer outsourcing
- Accelerates customer supply chain transformation
- Disintermediate traditional product-level competitors
- Low-risk, content expansion organic growth strategy
- Future M&A opportunities



…provider of secure sensor and safety-critical processing subsystems

* Represents carve-out acquisition from Microsemi Corp.

Five major trends shaping the defense industry

Political Dysfunction:
Budget Control Act and repeated Continuing Resolutions disrupting DoD budget process and spending

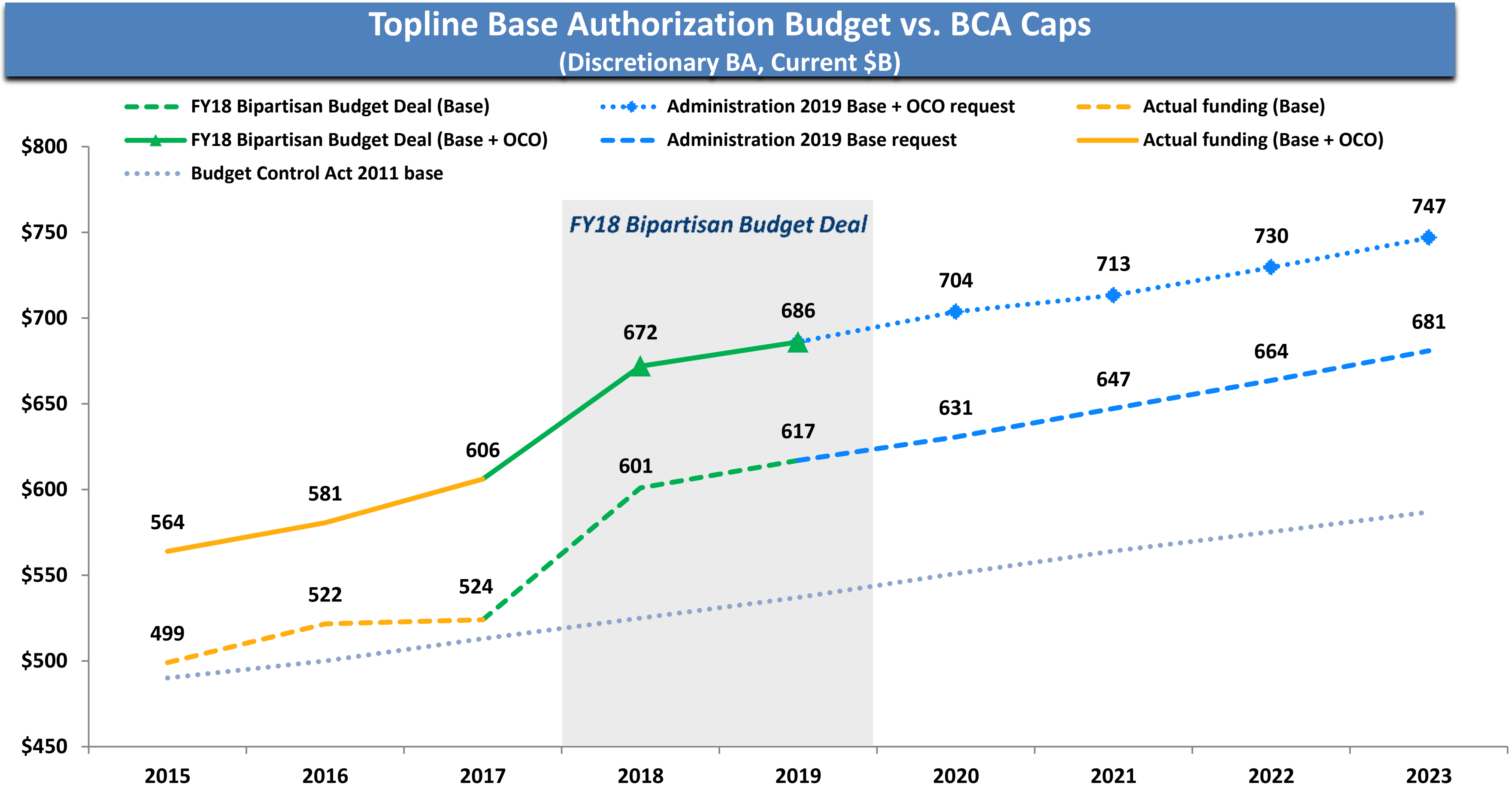
Increased Defense Spending Cycle:
Rising interest rates, healthcare and social spending remain issues; MilPer expense growth, aging military platforms' O&M costs rising

Defense Procurement Reform:
Firm-fixed-price contracts changing economics and industry competitive dynamics despite increased defense spending

Innovation Challenges:
Increasing headcount but recruitment challenges and aging workforce; Relatively low IR&D requires focused investment and greater outsourcing

Challenging Global Security Environment:
Resurgent Russia, Chinese militarization and power projection, ISIS, North Korean threat, Middle East instability

The Bipartisan Budget Deal of 2018 provides a significant near-term impulse to defense spending…



Notes: Budget and BCA Caps represent the 051 account (DoD), FY18 is estimate based on Bipartisan Budget Deal
Sources: CBO, CRS, OMB, DoD Green Book, House FY18 Concurrent Budget Resolution, RSAdvisors research & analysis

…but funding levels in 2020 and beyond remain to be determined

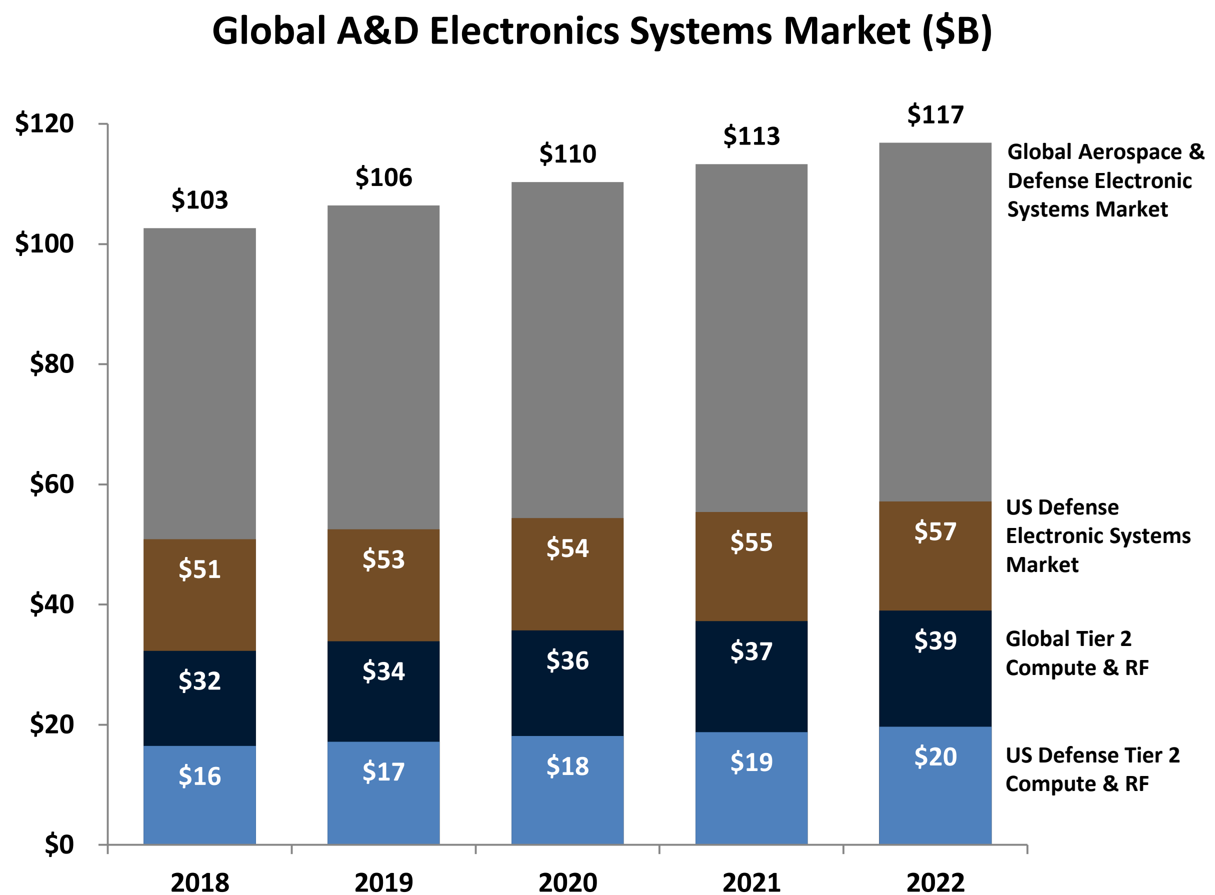
Mercury's capabilities and drivers of growth are aligned…

- Sensor and C4I modernization and new platforms
- Weapon systems readiness and modernization
- Defense Prime contractors outsourcing more
- Defense Primes' flight to quality suppliers
- Defense Primes and government delayering supply chains
- Foreign military and international sales increasing

…to DoD investment priorities and overall A&D industry trends

Captive outsourcing by Defense prime contractors…

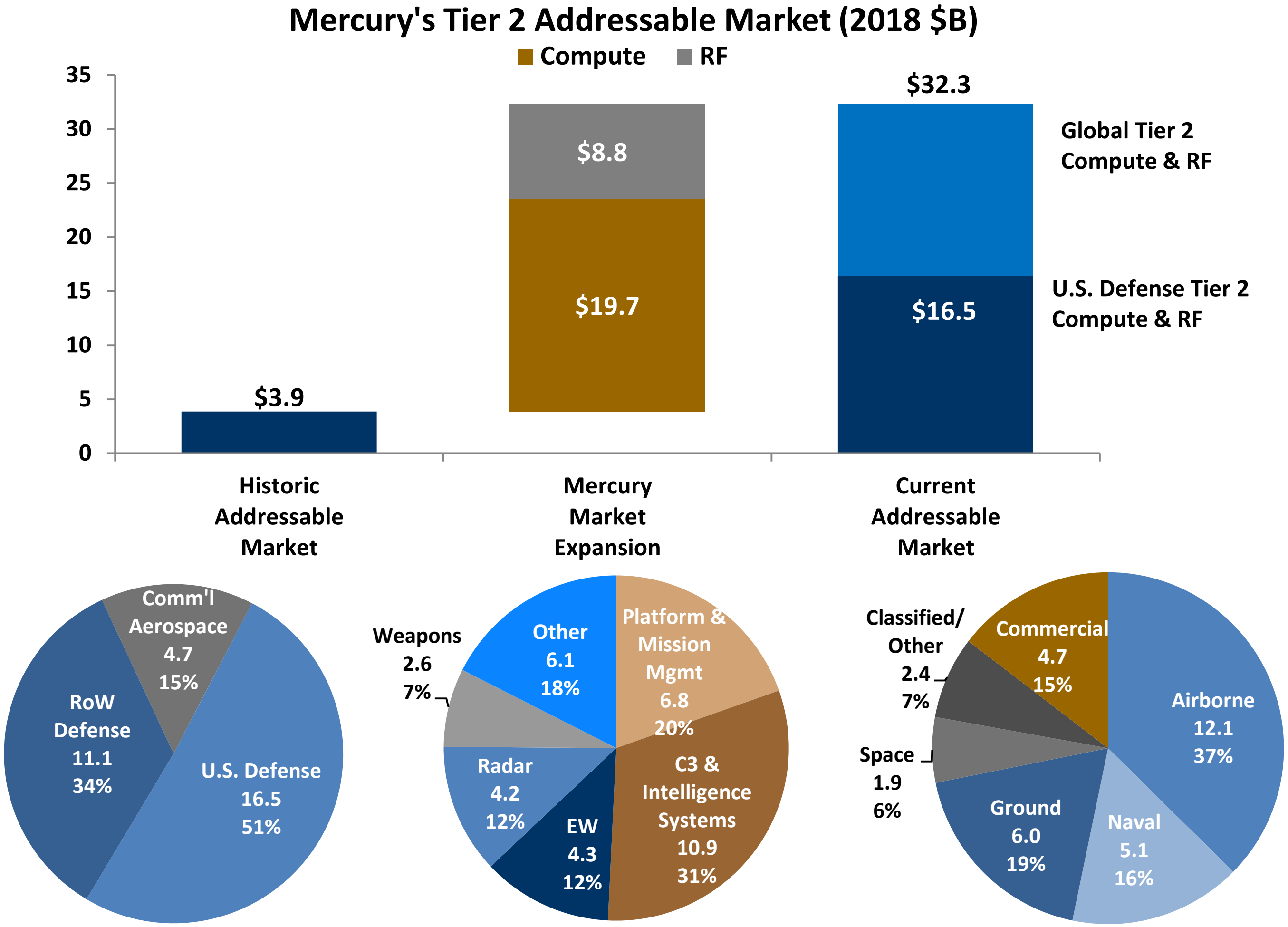
- 2018 A&D electronics is $103 billion market
- US Defense is nearly half of total market at $51B
- Tier 2 compute & RF
  - Global $32B; 5% CAGR
  - US $16B; 5.7% CAGR
- Small percentage of Tier 2 compute & RF estimated to be currently outsourced
- Primes outsourcing more subsystems to fewer but more capable suppliers



…likely the Defense industry's largest secular growth opportunity

Source: RSAdvisors research & analysis

Mercury's addressable market increased ~8x supporting continued…

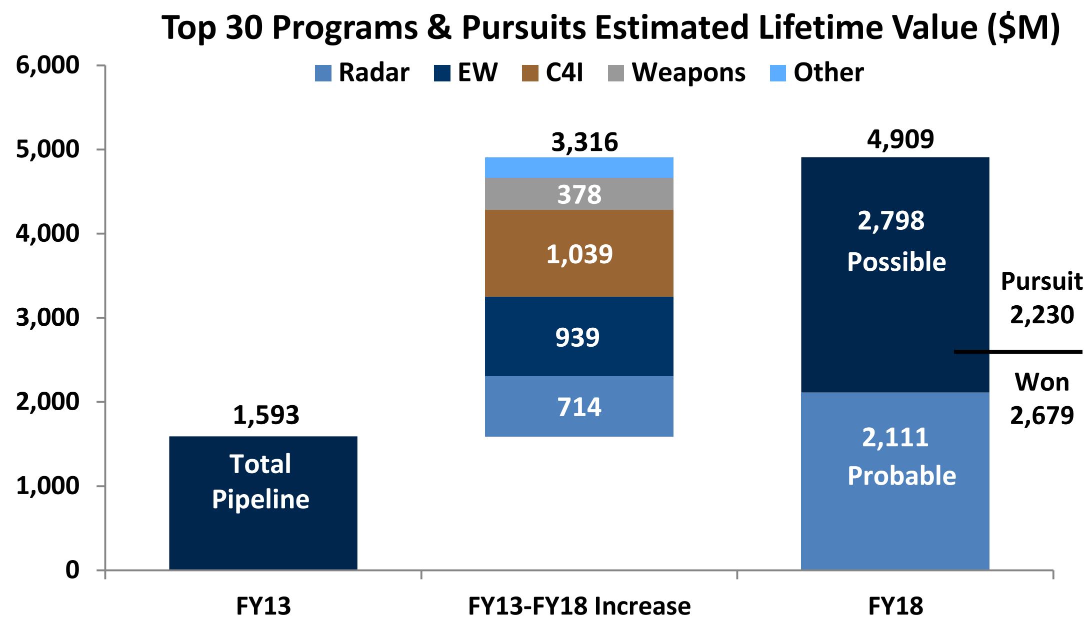


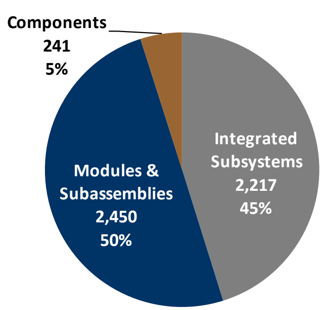
…above industry average growth, returns and future acquisitions

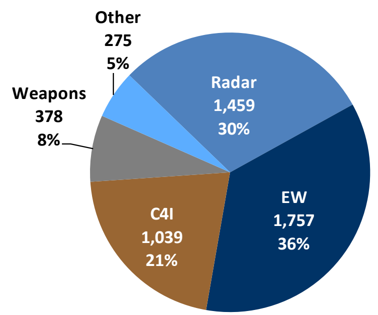
Sources: RSAdvisors research & analysis. Mercury market expansion reflects the Company's acquisitions and expanded offerings from R&D investments.

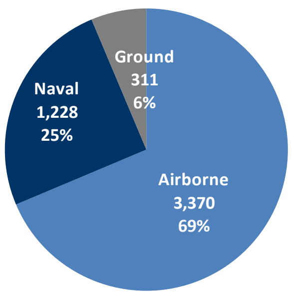
Acquisitions and investments driving significant opportunity growth…

- Total potential value grew >3x to $4.9B in 5 years
- Significant EW, C4I, weapons opportunity pipeline
- Acquisitions brought new programs and capabilities
- Larger, more diversified, program base reduces risk
- Content expansion driving above average growth
- Outsourced integrated subsystems 45% of top 30 program estimated life value





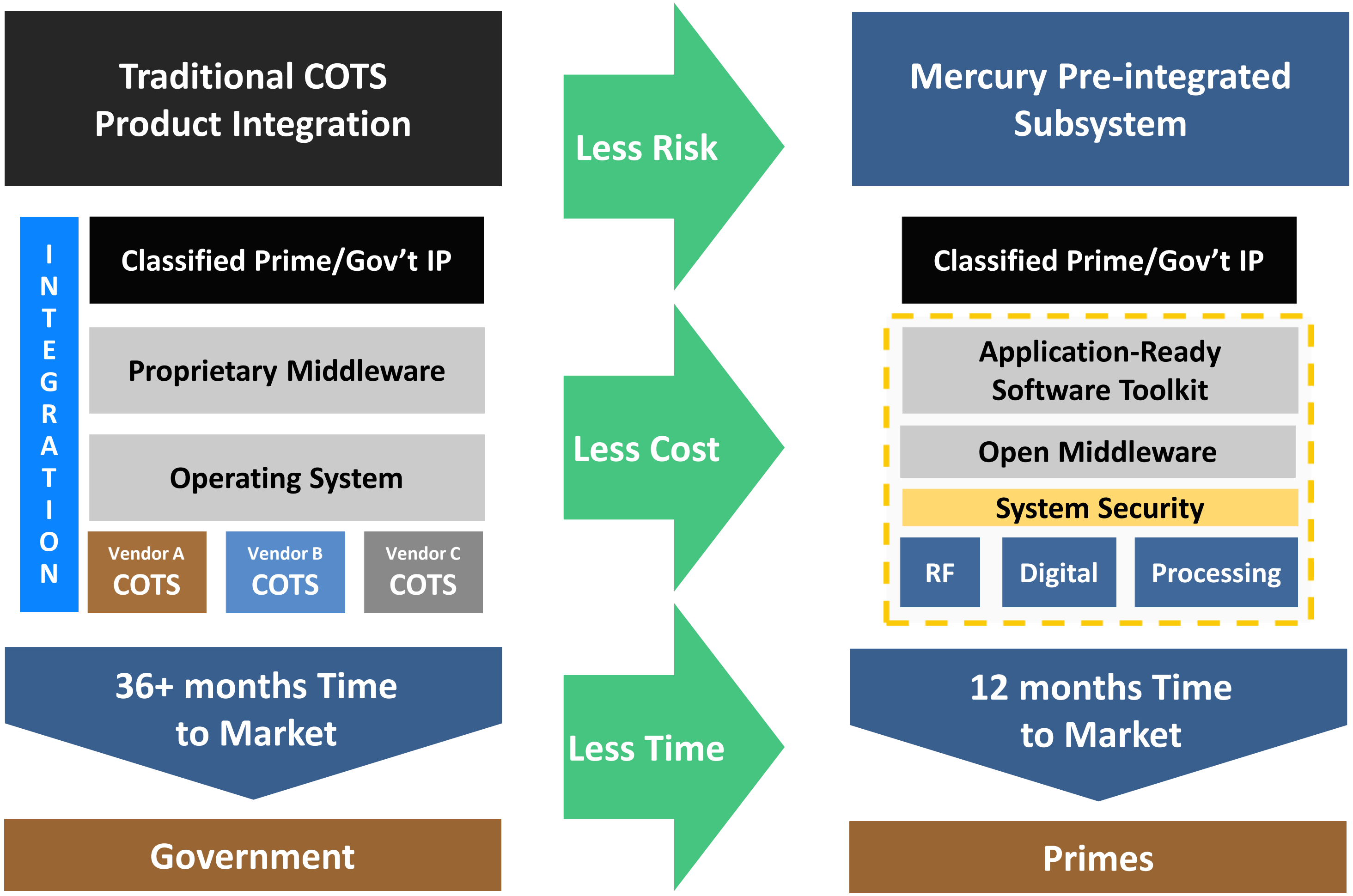




…which in turn is driving strong results

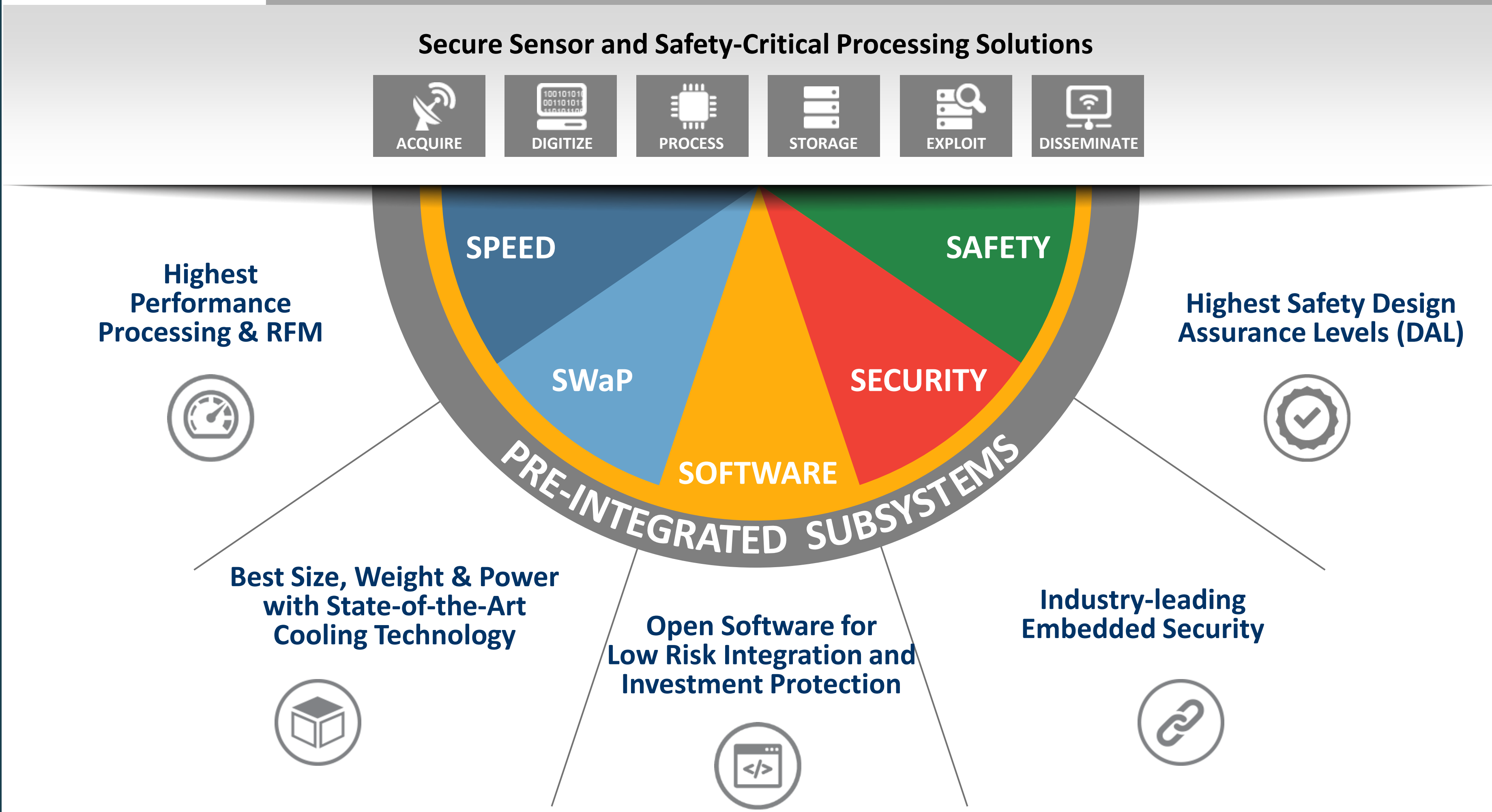
Note: Refer to Appendix for definitions of "Probable", "Possible", "Pursuit", and "Won".
Probable and Possible values are as of the beginning of the referenced fiscal year. Numbers are rounded.

Business model built for speed, innovation and affordability…



…as customers seek outsourced pre-integrated subsystems

Only high-tech commercial company with the technology…



…and domain expertise for secure sensor and safety-critical processing

We have executed on a disciplined and focused M&A strategy

Aerospace & Defense Platform and Systems Electronics Content

	C4I			Sensor & Effector Mission Systems				
	Platform & Mission Mgmt	**C2I**	**Comms**	**EW**	**Radar**	**EO/IR**	**Acoustics**	**Weapons**
								
	Avionics / Vetronics	***Command & Control / Battle Management***	***Dedicated Communications***	***Electronic Warfare***	***Radar***	***Electro-Optical/ Infrared***	***Acoustics***	***Missiles/ Munitions***
Definition	Control & operation of platform & mission systems	Processing & exploitation of information	Dissemination of information	Offensive / defensive exploitation of EM spectrum	Use of RF signal to detect, track, ID	Thermo-graphic camera with video output	Sound pulses to determine object location	Seekers, HEL, HPM Naval Launched Air Launched
2018 Market ($B)	THEMIS, CES, RTL	THEMIS, CES, LIT	THEMIS, CES, Delta Microwave	MICRONETICS, LIT, KOR ELECTRONICS, ECHOTEK CORP.	Delta Microwave, LNX, Microsemi (1)	**$9.3B** 2.2% '18-22 CAGR	**$3.6B** 6.1% '18-22 CAGR	Microsemi (1)
2018 Tier 2* Market ($B)						**$2.4B** 3.5% '18-22 CAGR	**$1.1B** 7.3% '18-22 CAGR	

Notes:
*Tier 2 includes Embedded computing and subsystems with RF content. Includes US Government and Global Commercial Aerospace Markets
Sources: RSAdvisors research & analysis
(1) Represents carve-out acquisition from Microsemi Corp.

Strategy and investments have positioned Mercury well

- Pioneering a next-generation defense electronics business model
- Unique technology and capabilities on key production programs
- Substantial total addressable market expansion enabling future growth
- Low-risk content expansion growth strategy with demonstrable progress
- Largest secular growth opportunity = captive Prime outsourcing
- Above industry-average growth and profitability
- Business platform built to grow and scale through future acquisitions

Financial Overview

Michael Ruppert
Executive Vice President and CFO

The evolution of Mercury Systems

In millions, except percentage and per share data.

		Dec. 31, 2014 (2)	Dec. 31, 2017(2)	% Increase / (Decrease)
Valuation	Market Capitalization	$449	$2,405	436%
Valuation	Enterprise Value	$392	$2,373	506%
Operational	Revenue(1)	$218	$447	105%
Operational	Adj. EBITDA(1)	$34	$105	209%
Operational	Adj. EPS(1)	$0.59	$1.27	115%

Notes:
(1) LTM figures are based on the trailing four fiscal quarters using information reported in the Company's Form 10-Ks, Form 10-Qs and/or most recent earnings release.
(2) As of Dec. 31, 2014 and Dec. 31, 2017, share data from Company's 10-Qs., balance sheet published February 5, 2015 and February 2, 2018 respectively.

Mercury's financial profile puts it in a unique category

ALL NYSE AND NASDAQ COMPANIES WITH MARKET CAPITALIZATION BETWEEN $750mm - $3bn
LTM based on most recently reported quarters

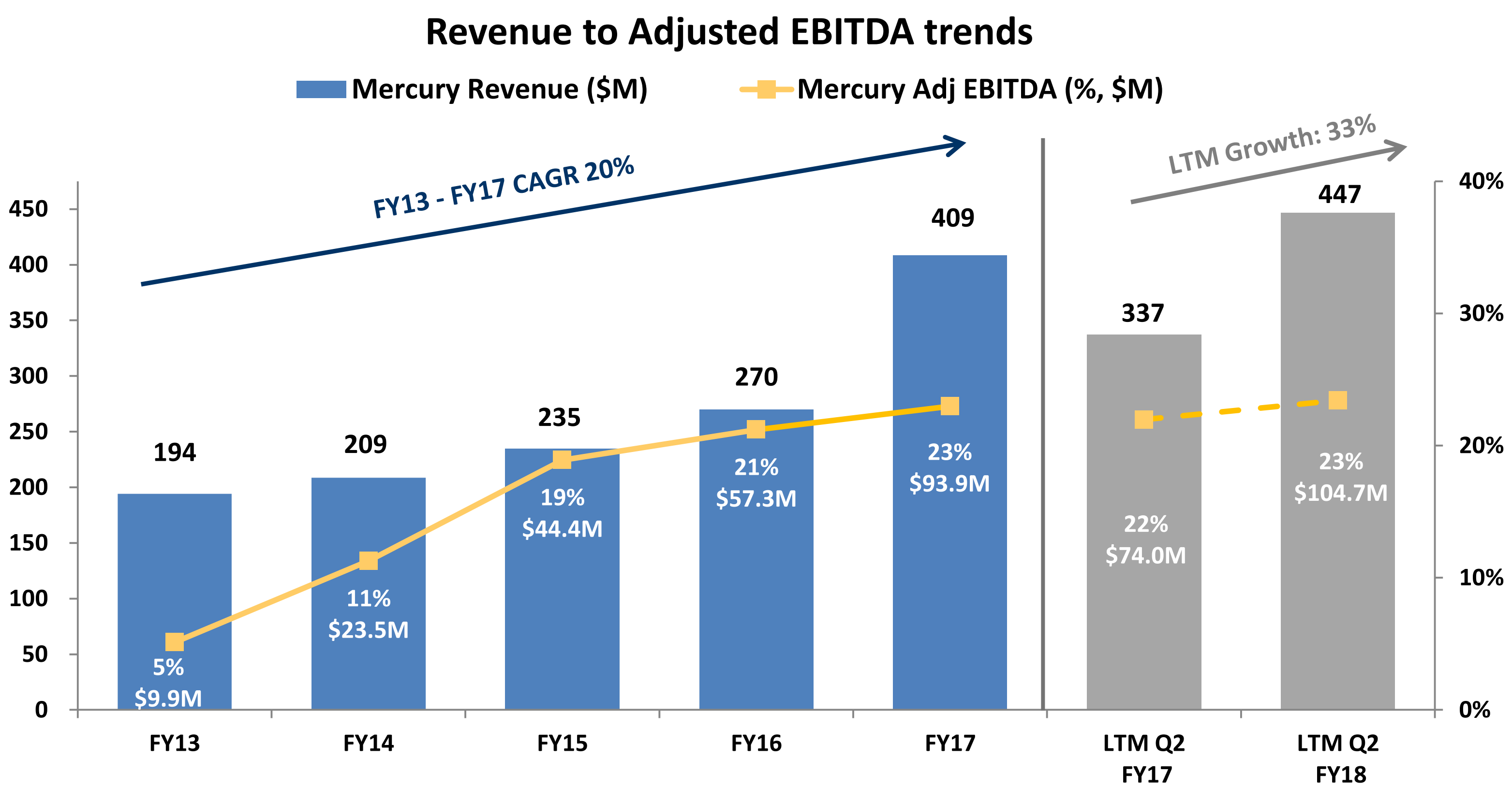
- **1,119** Companies
- **EBITDA Margin >20%** — **305** Companies
- **Revenue CAGR** >10% 4-Year — **93** Companies
- **LTM Revenue Growth** >25% — **6** Companies

	TIER 2 DEFENSE INDEX LTM based on most recently reported quarters	mercury systems™
EBITDA Margin LTM	20%	23%
4-Year CAGR	1%	22%
LTM	5%	33%

Notes:

- Mercury LTM figures are based on the trailing four fiscal quarters using information reported in the Company's Form 10-Ks, Form 10-Qs and/or most recent earnings release.
- Source: FactSet; market data for most recently reported quarters as of February 15, 2018.
- Financials represent reported results and are not adjusted for acquisitions or divestitures.
- NASDAQ companies represent those that are U.S. listed.
- TIER 2 DEFENSE INDEX: AAR Corporation, Aerojet Rocketdyne, AeroVironment, AXON Enterprises, Ball Aerospace, BWX Technologies, Comtech Telecom, Cubic Corp, Curtiss Wright Corp, Ducommun, Esterline Technologies, Elbit Systems, FireEye, FLIR Systems, Harris Corp, Heico, Hexcel, Honeywell Intl, Kaman, KBR, Kratos Defense, L-3 Communications, MDA, Mercury Systems, MOOG, Orbital ATK, Oshkosh Truck, OSI Systems, Rockwell Collins, Sparton, Teledyne Technologies, Textron, Transdigm Group, Triumph Group, United Technologies, Vectrus, Viasat Inc, VSE Corporation, Woodward Aerospace.

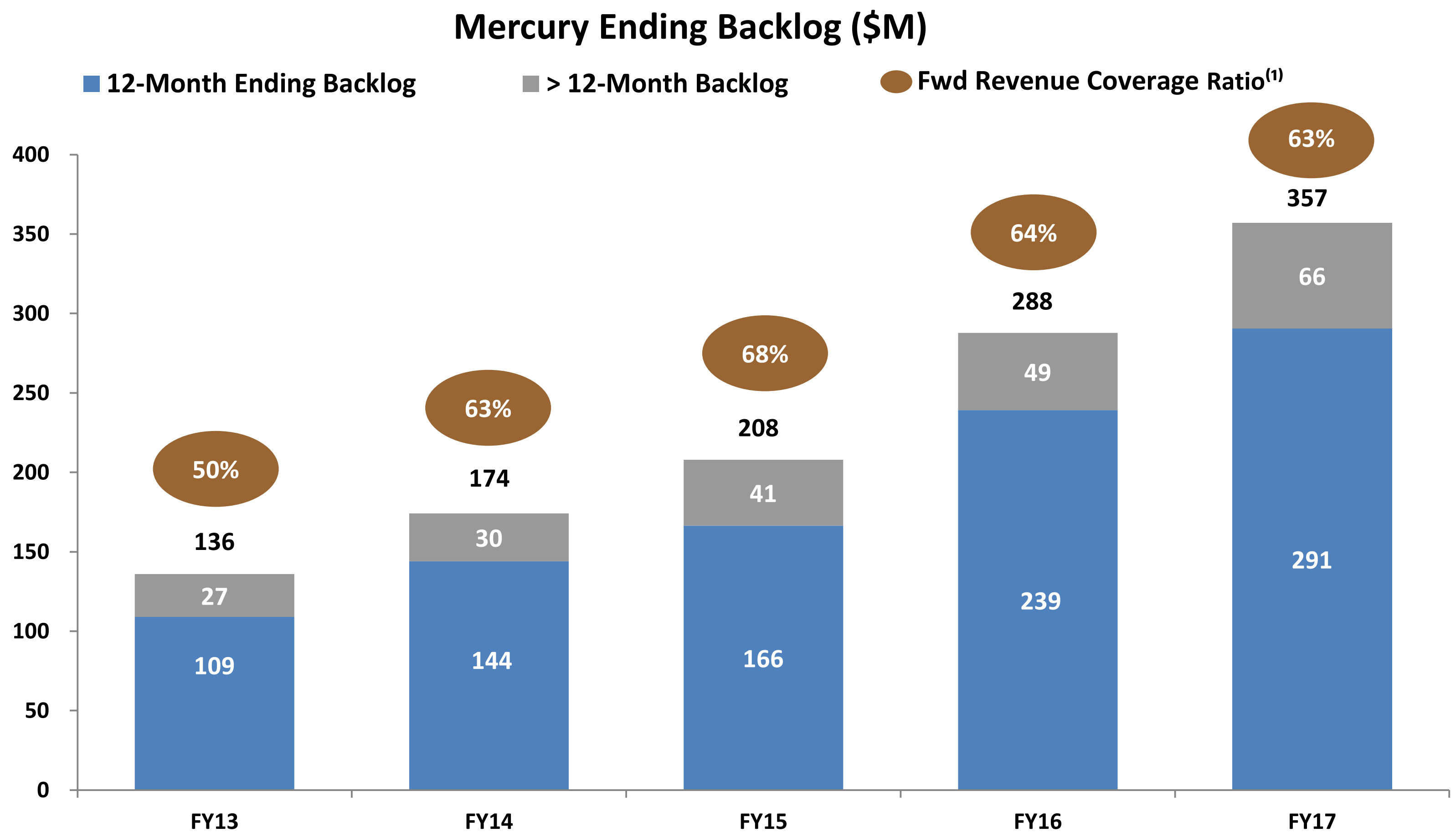
Strong revenue growth and operating leverage…



Notes:
(1) Fiscal years ended June 30; FY13-17 figures are as reported in the Company's Form 10-Ks.
(2) LTM figures are based on the trailing four fiscal quarters using information reported in the Company's Form 10-Ks, Form 10-Qs and/or most recent earnings release.

…yielded dramatic growth in adjusted EBITDA

FY13-FY17 backlog CAGR of 27%...

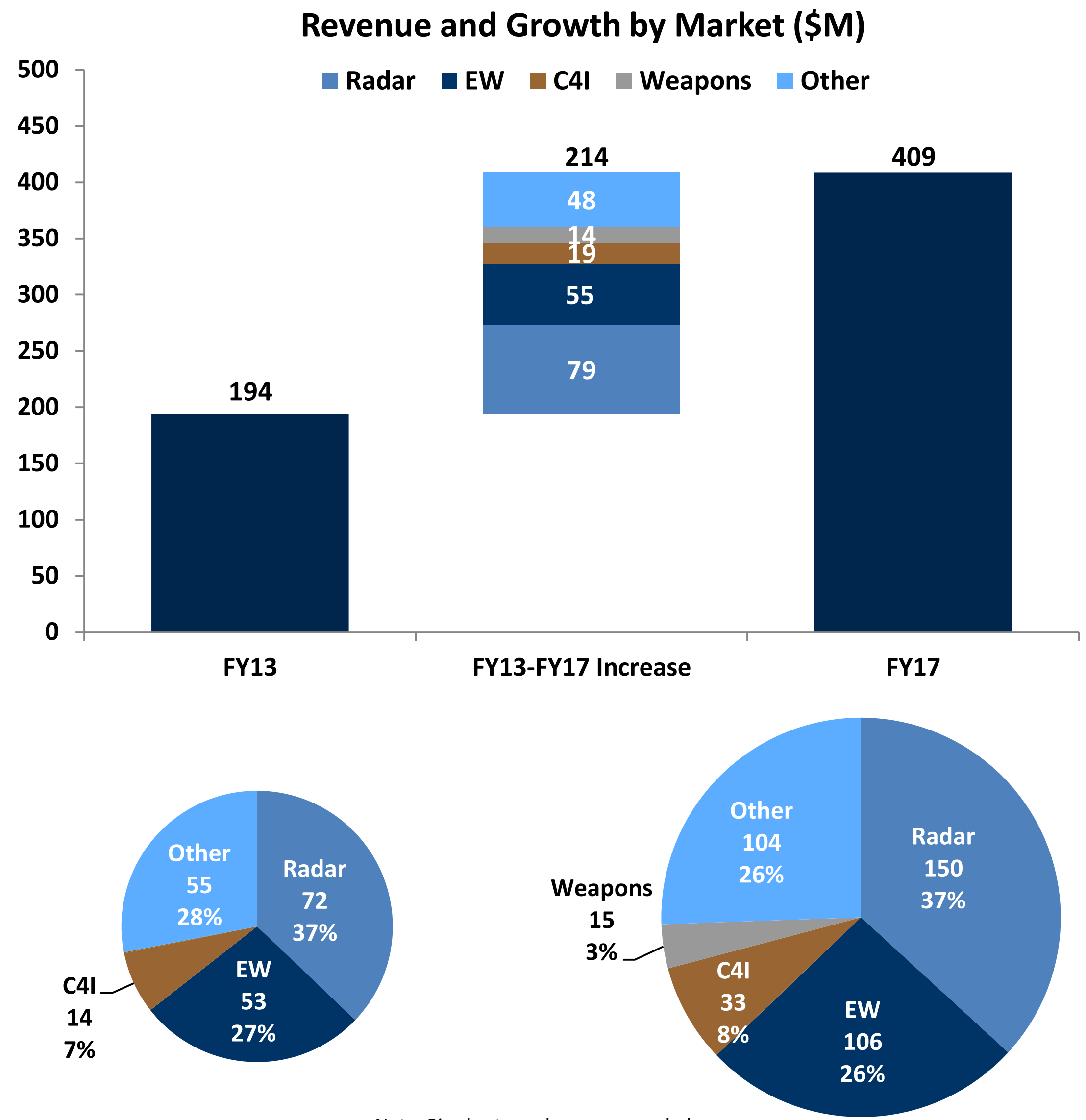


Notes:
(1) Revenue Coverage Ratio = 12-month ending backlog/Next 12 months revenue based on initial revenue guidance (or midpoint of range) issued for subsequent year.

...strong backlog and revenue coverage exiting FY17

Market expansion strategy is working well

- Continued growth in core markets
- Expansion into adjacent markets
- Additional capabilities drive content expansion
- Broader program and customer base
- Vastly larger addressable market
- Consistently driving above market growth rates
- 4 year revenue CAGR 20%



Note: Pie chart numbers are rounded

Strong performance last full fiscal year

51% revenue and 64% adjusted EBITDA growth YoY

In millions, except percentage and per share data	FY16[1]	FY17[1]	Change
Backlog	$287.7	$357.0	24%
Revenue	$270.2	$408.6	51%
Gross Margin	47%	47%	-
Operating Expenses	$103.6	$154.1	49%
GAAP Income	$19.7	$24.9	26%
GAAP EPS **Weighted-average diluted shares outstanding**	$0.56 35.1	$0.58 43.0	4% 23%
Adjusted EPS[2]	$0.96	$1.15	20%
Adj. EBITDA[2]	$57.3	$93.9	64%

Notes:
(1) Fiscal years ended June 30; FY16-17 figures are as reported in the Company's Form 10-Ks.
(2) Non-GAAP, see reconciliation table.

Strong performance continues into FY18

LTM Q2 ’18 vs. LTM Q2 ‘17

Bookings

23%

$480M

Backlog

18%

$376M

Revenue

33%

$447M

Net Income

106%

$43M

Adj. EBITDA

41%

$105M

Notes: Revenue growth for last twelve months ending December 31, 2017 vs. last twelve months ending December 31, 2016. LTM figures are based on the trailing four fiscal quarters using information reported in the Company’s Form 10-Ks, Form 10-Qs and/or most recent earnings release. Numbers are rounded.

FY18 annual guidance

In millions, except percentage and per share data	FY17[1]	FY18[2]	Change
Revenue	$409	$460 - $468	13% - 15%
Gross Margin	46.9%	46.5% - 46.8%	(.4pts) - (.1pt)
Operating Expenses	$154.1	$167.3 - $169.7	9% - 10%
GAAP Income	$24.9	$38.4 - $40.4	54% - 62%
GAAP EPS **Weighted-average diluted shares outstanding**	$0.58 43.0	$0.81 - $0.85 47.6	40% - 47%
Adjusted EPS[3]	$1.15	$1.33 - $1.37	16% - 19%
Adj. EBITDA[3]	$93.9	$106 - $109	13% - 16%

Notes:
(1) FY17 figures are as reported in the Company's Form 10-K.
(2) The guidance included herein is from the Company's most recent earnings release and is as of the date of that release. The Company is neither reconfirming such guidance as of the date of this presentation nor assuming any obligations to update or revise such guidance. For purposes of modeling and guidance, we have assumed no restructuring, acquisition or non-recurring financing-related expenses, an effective tax rate of approximately 33% in the period discussed for periods not reported.
(3) Non-GAAP, see reconciliation table.

Achieving target business model

	FY16(1)	FY17(1)	FY18(2)	Target Business Model
Revenue	100%	100%	100%	**100%**
Gross Margin	47%	47%	47%	**45 - 50%**
SG&A	20%	19%		**16 - 18%**
R&D	13%	13%		**11 - 13%**
Amortization	3%	5%	5%	**4 - 5%**
GAAP Income	7%	6%	8-9%	**NA**
Adj. EBITDA(3)	21%	23%	23%	**22 - 26%**

Notes:
(1) FY16 and FY17 figures are as reported in the Company's Form 10-K.
(2) The guidance included herein is from the Company's most recent earnings release and is as of the date of that release. The Company is neither reconfirming such guidance as of the date of this presentation nor assuming any obligations to update or revise such guidance. For purposes of modeling and guidance, we have assumed no restructuring, acquisition or non-recurring financing-related expenses, an effective tax rate of approximately 33% in the period discussed for periods not reported.
(3) Non-GAAP, see reconciliation table.

Conservative balance sheet

$400M revolving credit facility, universal shelf for future investments

(In millions)	FY16 Actual	FY17 Actual	Q2 FY18 Actual
ASSETS			
Cash & cash equivalents	81.7	41.6	32.0
Accounts receivable, net	95.9	113.7	123.0
Inventory, net	58.3	81.1	105.9
PP&E, net	28.3	51.6	51.6
Goodwill and intangibles, net	460.7	509.9	505.5
Other	11.6	17.8	17.8
TOTAL ASSETS	**736.5**	**815.7**	**835.8**
LIABILITIES AND S/E			
AP and other liabilities	71.2	90.3	86.6
Debt	192.3	0.0	0.0
Total liabilities	**263.5**	**90.3**	**86.6**
Stockholders' equity	**473.0**	**725.4**	**749.2**
TOTAL LIABILITIES AND S/E	**736.5**	**815.7**	**835.8**

Note: On February 1, 2018 (Q3FY18); the transaction closed with Mercury acquiring both Ceres and its wholly-owned subsidiary, Themis. Mercury drew $195 million on its existing $400 million revolving credit facility to facilitate the closing of the acquisition, with the higher amount reflecting an estimated adjustment for working capital, including cash, expected to be received with the acquired company at closing.

We actively develop potential acquisition targets across all channels

~$580M of capital deployed in ~24 months

	LINX	KOR ELECTRONICS	MICRONETICS	LIT	Microsemi*	ces	Delta Microwave	RTL	THEMIS
Acquisition Close Date	Jan 2011	Dec 2011	Aug 2012	Dec 2015	May 2016	Nov 2016	Apr 2017	Jul 2017	Feb 2018
Size	$31M	$70M	$75M	$10M	$300M	$39M	$40.5M	Not Reported	$180M
Strong Strategic Rationale	✓	✓	✓	✓	✓	✓	✓	✓	✓
Expand Addressable Market	✓	✓	✓	✓	✓	✓	✓	✓	✓
Revenue & Cost Synergies	✓	✓	✓	✓	✓	✓	✓	✓	✓
Accretive in Short Term	✓	✓	✓	✓	✓	✓	✓	✓	✓
Seller	Founder	Private Equity	Public	Founder	Corporate Carve-out	Private Equity	Founder	Founder	Private
Sourcing	Proprietary Negotiated	Proprietary Negotiated	Targeted Auction	Proprietary Negotiated	Proprietary Negotiated	Proprietary Negotiated	Targeted Auction	Proprietary Negotiated	Targeted Auction

Disciplined Approach to M&A

Learn Market → Add Capabilities → Scale Business → Leverage Channel → Maintain Conservative Balance Sheet

* Represents carve-out acquisition from Microsemi Corp.

Poised for continued, profitable growth

- Improving defense environment; fast-moving streams enhance opportunities
- Acquisitions have transformed top and bottom lines
- Broader base of larger, more diversified programs
- Record backlog enhances forward visibility, facilitates operational execution
- Sustained growth & profitability – above industry averages
- Strong financial position supports organic growth and future M&A

Appendix

Strong LTM performance

33% revenue and 41% adjusted EBITDA growth YoY

In millions, except percentage and per share data	LTM Q2 FY17[1]	LTM Q2 FY18[1]	Change
Backlog	$318.8	$376.4	18%
Revenue	$337.0	$446.9	33%
Gross Margin	46.4%	46.9%	0.5 pt
Operating Expenses	$129.2	$163.6	27%
GAAP Income	$20.9	$42.9	106%
GAAP EPS	$0.55	$0.92	68%
Adjusted EPS[2]	$1.05	$1.27	20%
Adj. EBITDA[2]	$74.0	$104.7	41%

Notes:
(1) LTM figures are based on the trailing four fiscal quarters using information reported in the Company's Form 10-Ks, Form 10-Qs and/or most recent earnings release.
(2) Non-GAAP, see reconciliation table.

FY18 guidance (as of January 24th)

In millions, except percentage and per share data	FY17	FY18[1]	YoY Change
	Actual	Est. Range	
Revenue	$409	$460 - $468	13% - 15%
GAAP Income	$24.9	$38.4 - $40.4	54% - 62%
Adj EBITDA[2]	$93.9	$106.0 - $109.0	13% - 16%
Adj EBITDA Adjustments:			
Income (loss) from continuing operations	24.9	38.4 - 40.4	
Interest (income) expense, net	7.1	0.1	
Tax provision (benefit)	6.2	5.7 - 6.6	
Depreciation	12.6	16.0 – 16.0	
Amortization of intangible assets	19.7	22.5	
Restructuring and other charges	2.0	0.4	
Impairment of long-lived assets	0.0	0.0	
Acquisition and financing costs	2.4	3.5	
Fair value adjustments from purchase accounting	3.7	0.6	
Litigation and settlement expenses	0.1	0.0	
Stock-based and other non-cash compensation expense	15.3	18.9	
Adj EBITDA[2]	$93.9	$106.0 - $109.0	13% - 16%
GAAP EPS	$0.58	$0.81 - $0.85	$0.23 to $0.27
Adjusted EPS[2]	$1.15	$1.33 - $1.37	$0.18 to $0.22

Notes:
(1) The guidance included herein is from the Company's most recent earnings release and is as of the date of that release. The Company is neither reconfirming such guidance as of the date of this presentation nor assuming any obligations to update or revise such guidance. For purposes of modeling and guidance, we have assumed no restructuring, acquisition or non-recurring financing-related expenses and an effective tax rate of approximately 33% in the period discussed for periods not reported.
(2) Non-GAAP.

Adjusted EPS reconciliation

(000's)	FY13	FY14	FY15	FY16	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	FY17	Q1 FY18	Q2 FY18
Diluted net earnings (loss) per share[1]	**$ (0.46)**	**$ (0.13)**	**$ 0.44**	**$ 0.56**	**$ 0.10**	**$ 0.13**	**$ 0.16**	**$ 0.19**	**$ 0.58**	**$ 0.38**	**$ 0.19**
Income (loss) from continuing operations	**$(13,782)**	**$ (4,072)**	**$ 14,429**	**$ 19,742**	**$ 3,819**	**$ 5,204**	**$ 7,048**	**$ 8,804**	**$ 24,875**	**$ 17,953**	**$ 9,133**
Amortization of intangible assets	8,222	7,328	7,008	8,842	4,602	4,888	4,732	5,458	19,680	5,637	5,827
Restructuring and other charges	7,060	5,443	3,175	1,240	297	69	459	1,127	1,952	95	313
Impairment of long-lived assets	-	-	-	231	-	-	-	-	-	-	-
Acquisition and financing costs	318	-	451	4,701	553	1,114	569	153	2,389	854	1,366
Fair value adjustments from purchase accounting	2,293	-	-	1,384	2,077	870	270	462	3,679	509	84
Litigation and settlement expenses	-	-	-	(1,925)	-	100	-	17	117	-	-
Stock-based and other non-cash compensation expense	7,854	8,999	8,640	9,574	3,632	4,093	3,715	3,901	15,341	4,697	4,941
Impact to income taxes	(8,776)	(5,772)	(6,733)	(9,975)	(6,085)	(4,441)	(3,574)	(4,501)	(18,602)	(11,951)	(8,611)
Adjusted income from continuing operations	**$ 3,189**	**$ 11,926**	**$ 26,970**	**$ 33,814**	**$ 8,895**	**$ 11,897**	**$ 13,219**	**$ 15,421**	**$ 49,431**	**$ 17,794**	**$ 13,053**
Diluted adjusted net earnings per share [1]	**$ 0.10**	**$ 0.37**	**$ 0.82**	**$ 0.96**	**$ 0.22**	**$ 0.30**	**$ 0.29**	**$ 0.32**	**$ 1.15**	**$ 0.37**	**$ 0.28**
Weighted-average shares outstanding:											
Basic	30,128	31,000	32,114	34,241	38,865	39,151	43,773	46,211	41,986	46,504	46,752
Diluted	30,492	31,729	32,939	35,097	39,865	39,985	44,814	47,472	43,018	47,489	47,447

Notes:
(1) Numbers shown are in cents.

Adjusted EBITDA reconciliation

(000'S)	FY13	FY14	FY15	FY16	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	FY17	Q1 FY18	Q2 FY18
Income (loss) from continuing operations	**$(13,782)**	**$ (4,072)**	**$ 14,429**	**$ 19,742**	**$ 3,819**	**$ 5,204**	**$ 7,048**	**$ 8,804**	**$ 24,875**	**$ 17,953**	**$ 9,133**
Interest expense (income), net	31	40	13	1,041	1,782	1,888	1,756	1,680	7,106	(16)	104
Tax provision (benefit)	(10,501)	(1,841)	4,366	5,544	(1,259)	1,779	3,170	2,503	6,193	(8,381)	1,335
Depreciation	8,445	7,625	6,332	6,900	2,718	2,966	3,233	3,672	12,589	3,700	3,775
Amortization of intangible assets	8,222	7,328	7,008	8,842	4,602	4,888	4,732	5,458	19,680	5,637	5,827
Restructuring and other charges	7,060	5,443	3,175	1,240	297	69	459	1,127	1,952	95	313
Impairment of long-lived assets	-	-	-	231	-	-	-	-	-	-	-
Acquisition and financing costs	318	-	451	4,701	553	1,114	569	153	2,389	854	1,366
Fair value adjustments from purchase accounting	2,293	-	-	1,384	2,077	870	270	462	3,679	509	84
Litigation and settlement expenses	-	-	-	(1,925)	-	100	-	17	117	-	-
Stock-based and other non-cash compensation expense	7,854	8,999	8,640	9,574	3,632	4,093	3,715	3,901	15,341	4,697	4,941
Adjusted EBITDA	**$ 9,940**	**$ 23,522**	**$ 44,414**	**$ 57,274**	**$ 18,221**	**$ 22,971**	**$ 24,952**	**$ 27,777**	**$ 93,921**	**$ 25,048**	**$ 26,878**

Sales-related definitions

Design Win	A design win means that the customer has selected us to provide services, products, or intellectual property for a program of record or equivalent. In addition, the customer has won the program and we have an initial purchase order from the customer.
Pursuit	We have a Design Win with a prime contractor who is bidding to win a program of record, or we are bidding to win content on a program of record that has either already been awarded to a prime contractor or that the prime contractor is also bidding on.
Won	We have a Design Win with a prime contractor for a program of record, and the prime contractor has won the program and received its contractual award.
Possible	Possible value is a projection based upon our current information and assumptions regarding the system configuration, systems or units utilized per platform or installation, current and potential future Design Wins, our average sales price for current and/or future content, the number of platforms, spares, and potential retrofits, as well as the potential for foreign military sales - all of which could change materially as and when new information becomes available or assumptions are revised. Possible value is the highest outcome we believe to be reasonable given a range of potential outcomes based upon available information and our current set of assumptions.
Probable	Probable value is a projection based upon our current information and assumptions regarding the system configuration, systems or units utilized per platform or installation, current and potential future Design Wins, our average sales price for current and/or future content, the number of platforms, spares, and potential retrofits, as well as the potential for foreign military sales - all of which could change materially as and when new information becomes available or assumptions are revised. Probable value is the outcome we believe to be most likely given a range of potential outcomes based upon available information and our current set of assumptions.

Glossary

AEGIS	Aegis Ballistic Missile Defense System	**EP**	Electronic Protection	**O&M**	Operations & Maintenance
AESA	Active Electronically Scanned Array	**EPAWWS**	Eagle Passive Active Warning Survivability System	**OpenVPX**	System-level specification for VPX, initiated by Mercury
AIDEWS	Advanced Integrated Defensive Electronic Warfare Suite	**ES**	Electronic Support	**PBR**	President's Budget Request
AMC	Advanced Microelectronics Center	**ESSM**	Evolved SeaSparrow Missile	**PGK**	Precision Guidance Kit
AMRAAM	Advanced Medium Range Air to Air Missile	**EW**	Electronic Warfare	**PNT**	Precision Navigation & Timing
ATC	Air Traffic Control	**FAB-T**	Family of Beyond Line-of-Sight Terminals	**RDP**	Radar Digital Processor
ATCA	Advanced Telecommunications Architecture	**FC**	Fire Control	**RF**	Radio Frequency
AWACS	Airborne Warning and Control System	**FMS**	Foreign Military Sales	**RoW**	Rest of World
BCA	Budget Control Act	**FMV**	Full Motion Video	**SABR**	Scalable Agile Beam Radar
C2	Command & Control	**G/ATOR**	Ground/Air Task Oriented Radar	**SAR**	Synthetic Aperture Radar
C4ISR	Command, Control, Communications, Computers, Intelligence, Surveillance, Reconnaissance	**HEL**	High Energy Laser	**SBC**	Single Board Computer
CM	Countermeasures	**HPM**	High Power Microwave	**SDB**	Small Diameter Bomb
COTS	Commercial off-the Shelf	**IFF**	Identification Friend or Foe	**SEWIP**	Surface Electronic Warfare Improvement Program
CR	Continuing Resolution	**IMA**	Integrated Microwave Assembly	**SIGINT**	Signals Intelligence
DAL	Design Assurance Level	**LRDR**	Long Range Discrimination Radar	**SIP**	System-in-Package
DEWS	Digital Electronic Warfare System	**LTAMDS**	Lower Tier Air and Missile Defense Sensor	**SIRFC**	Suite of Integrated RF Countermeasures
DRFM	Digital Radio Frequency Memory	**MALD**	Miniature Air Launched Decoy	**SM**	Standard Missile
DSP	Digital Signal Processing	**MHTK**	Miniature Hit-to-Kill	**SSEE**	Ships Signal Exploitation Equipment
EA	Electronic Attack	**MMA**	Multimission Maritime Aircraft	**SWaP**	Size Weight and Power
ECM	Electronic Countermeasures	**MRTT**	Multimission Maritime Aircraft	**THAAD**	Terminal High Altitude Area Defense
EM	Electromagnetic	**MOSA**	Modular Open Systems Architecture	**WAMI**	Wide Area Motion Imagery
EO/IR	Electro-optical / Infrared	**NMT**	Navy Multiband Terminal		