
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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): November 8, 2016

Mercury Systems, Inc.
(Exact Name of Registrant as Specified in Charter)

Massachusetts
(State or Other Jurisdiction
of Incorporation)

000-23599
(Commission File Number)

04-2741391
(IRS Employer
Identification No.)

201 Riverneck Road, Chelmsford, Massachusetts 01824
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: (978) 256-1300

Not Applicable
(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 (see General Instruction A.2. below):

- 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 7.01 Regulation FD Disclosure.

The management of Mercury Systems, Inc. (the “Company”) will present an overview of the Company’s business on November 8, 2016 at the Company’s Annual Investor Conference. Attached as Exhibit 99.1 to this Report is a copy of the slide presentation to be made by the Company at the conference.

This information is being furnished pursuant to Item 7.01 of this Report and shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section and will not be incorporated by reference into any registration statement filed by the Company under the Securities Act of 1933, as amended, unless specifically identified as being incorporated therein by reference. This Report will not be deemed an admission as to the materiality of any information in this Report that is being disclosed pursuant to Regulation FD.

Please refer to page 2 of Exhibit 99.1 for a discussion of certain forward-looking statements included therein and the risks and uncertainties related thereto, as well as the use of non-GAAP financial measures included therein.

Item 9.01 Financial Statements and Exhibits.**(d) Exhibits****Exhibit No. Description**

99.1 Presentation materials dated November 8, 2016

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 thereunto duly authorized.

Dated: November 8, 2016

MERCURY SYSTEMS, INC.

By: /s/ Gerald M. Haines II

Gerald M. Haines II

Executive Vice President, Chief Financial Officer, and Treasurer

Exhibit Index

Exhibit No.	Description
99.1	Presentation materials dated November 8, 2016

Mercury Systems FY17 Investor Day Presentation

November 8, 2016
Nasdaq MarketSite
New York, NY



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 2017 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 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 or unanticipated expenses 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, increases in interest rates, changes to export regulations, increases in tax rates, 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, 2016. 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.



Agenda

- **Strategy & Business Update**
 - Mark Aslett
President & CEO
- Growth Strategy at Work
- Financial Update
- Q&A

Pioneering a next generation defense electronics company...

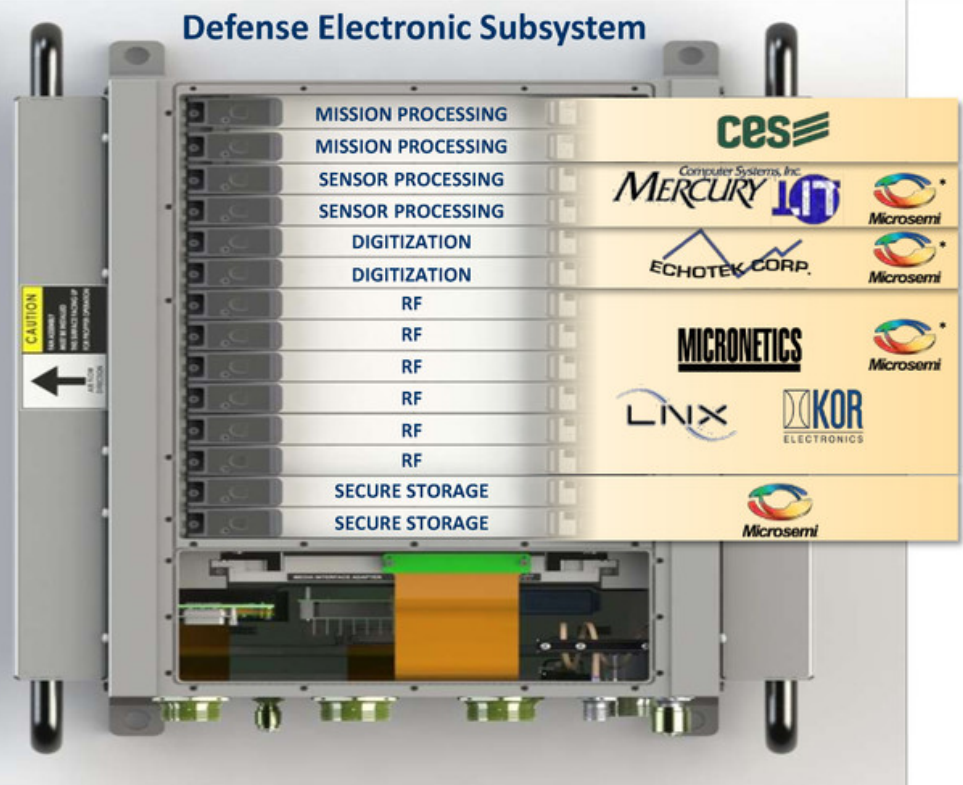
- High-tech commercial business model
- Secure processing subsystems
- Serving defense Prime contractor outsourcing needs
- Deployed on 300+ programs with 25+ Prime contractors
- FY16 \$270M revenue;
Growth YoY:
 - 15% revenue
 - 37% GAAP income
 - 29% Adj. EBITDA
 - 38% backlog
- FY17 guidance⁽¹⁾:
 - \$370M - \$380M revenue
 - \$19.8M - \$22.4M GAAP income
 - \$83M - \$87M Adj. EBITDA



...to address the industry's challenges and opportunities

Acquisitions have transformed Mercury into a commercial...

- Acquired capability expands total addressable market
- Moved up the value chain
- Facilitates greater customer outsourcing
- Accelerates customer supply chain consolidation
- Disintermediate traditional product competitors
- Low-risk content expansion organic growth strategy



...provider of secure sensor and mission processing subsystems

We are deployed on 300+ programs with 25+ Primes

RADAR	F-16	F-35	Triton	Patriot	Aegis
					
EW	F-15	AH-64 Apache	Global Hawk	Badger/Buzzard	SEWIP
					
EO/IR – C4I	F-16	Reaper/Gorgon Stare	F-35	P-8 MMA	KC-46
					
MISSILES & MUNITIONS	SDB II	PGK	MALD-J	Paveway	SM2/3/6
					

snc SIERRA NEVADA CORPORATION

Raytheon

NORTHROP GRUMMAN

BAE SYSTEMS

AIRBUS

LOCKHEED MARTIN



communications



GENERAL ATOMICS



BOEING

HARRIS

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Critical steps to growth and pioneering a new model



Defense will likely remain a \$500B+ industry...



Political Dysfunction:

Sequestration-driven cuts and repeated Continuing Resolutions disrupting DoD budget process and spending



Crowding Out of Defense Spending and Investment:

Rising interest rates, healthcare and social spending; MilPer expense growth, aging military platforms' O&M costs rising



Defense Procurement Reform 3.0:

Firm-fixed-price contracts and less government-funded R&D changing economics and competitive dynamics of defense industry



Industry Has Cut Capacity to Innovate:

Reduced headcount, fewer engineers and aging workforce; Less IR&D and growth investments, increased dividends and buybacks



Challenging Global Security Environment:

Resurgent Russia, Chinese militarization and power projection, ISIS threat, North Korean agitation, Middle East instability

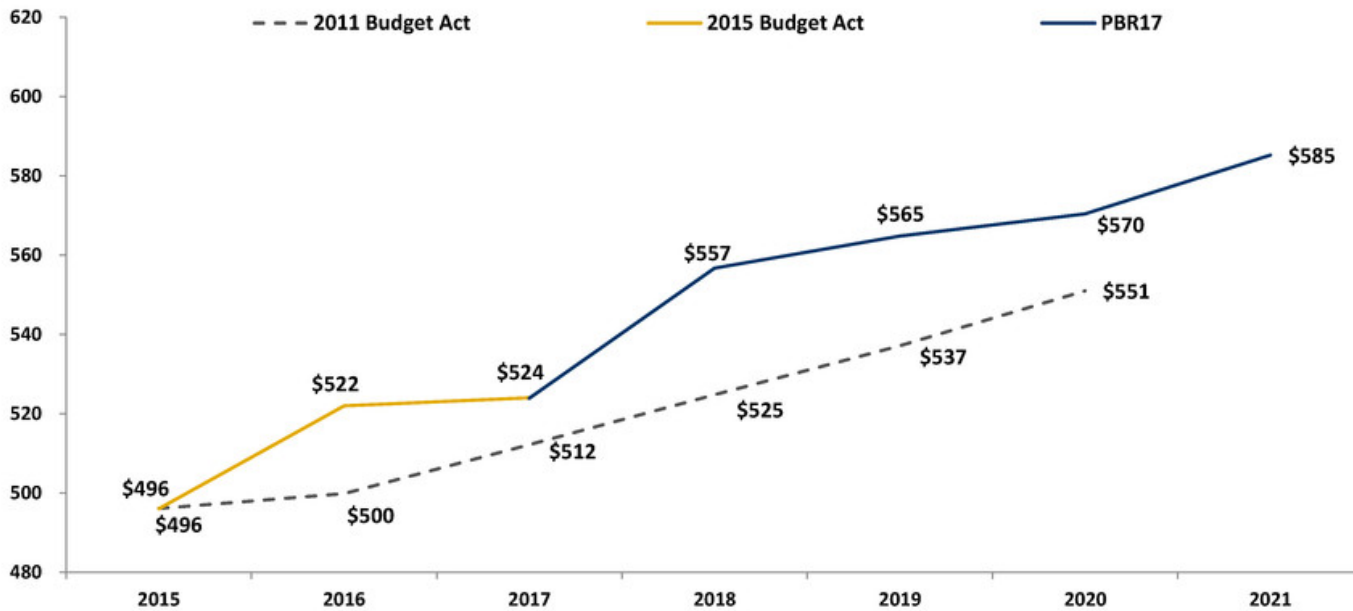
...despite the ongoing political and budget uncertainty



Defense budget outlook improved

GFY17 funded by CR Oct 1-Dec 9 at GFY16 level

Topline Base Authorization Budget vs. BCA Caps & Bipartisan Budget Act Agreement (\$B)



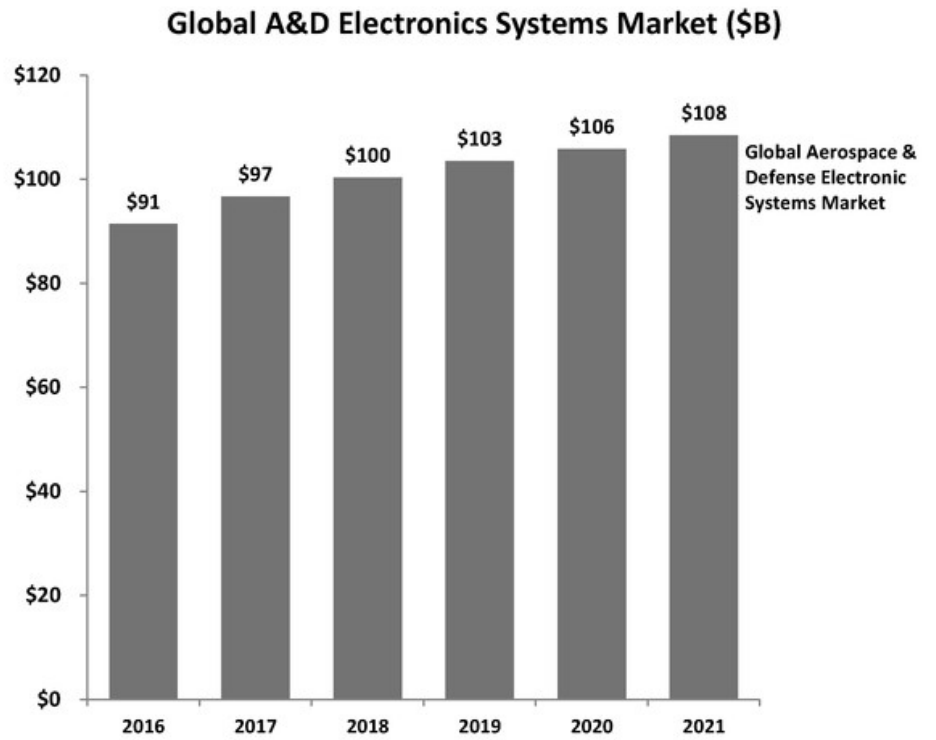
Sources: National Defense Authorization Act of 2016, FY2017 President's Budget Request. Both the House and Senate authorized President's requested \$524b for GFY17. Numbers may not add due to rounding.

PBR17 adjusts FY17 to new budget caps but not FY18-21



Captive outsourcing by defense prime contractors...

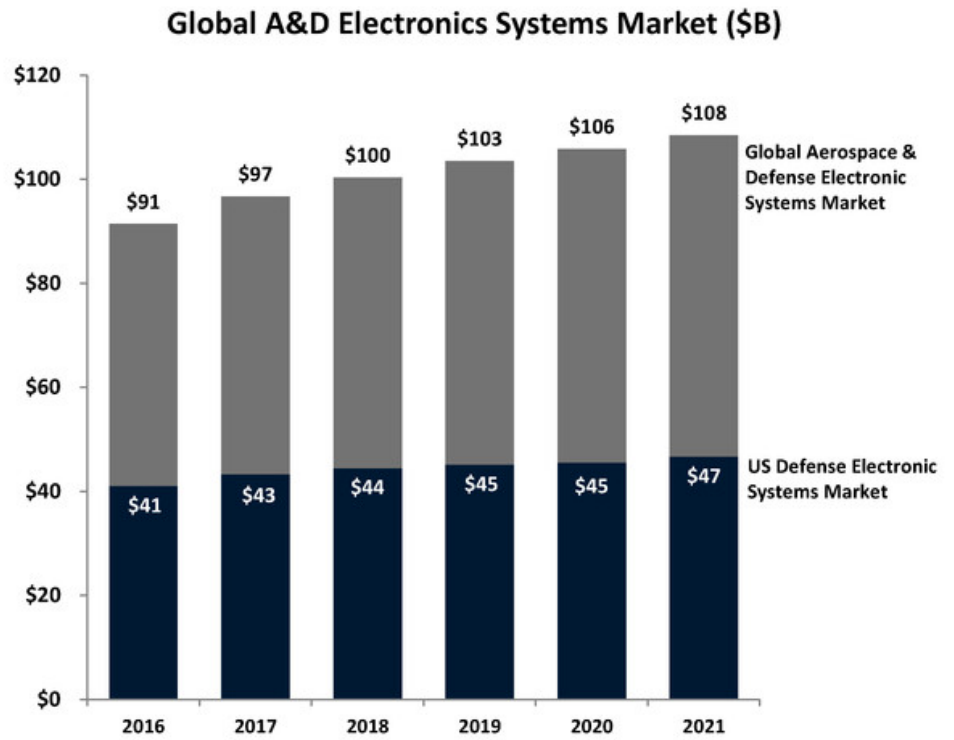
- 2016 A&D electronics is \$91 billion dollar market



...is the defense industry's largest secular growth opportunity

Captive outsourcing by defense prime contractors...

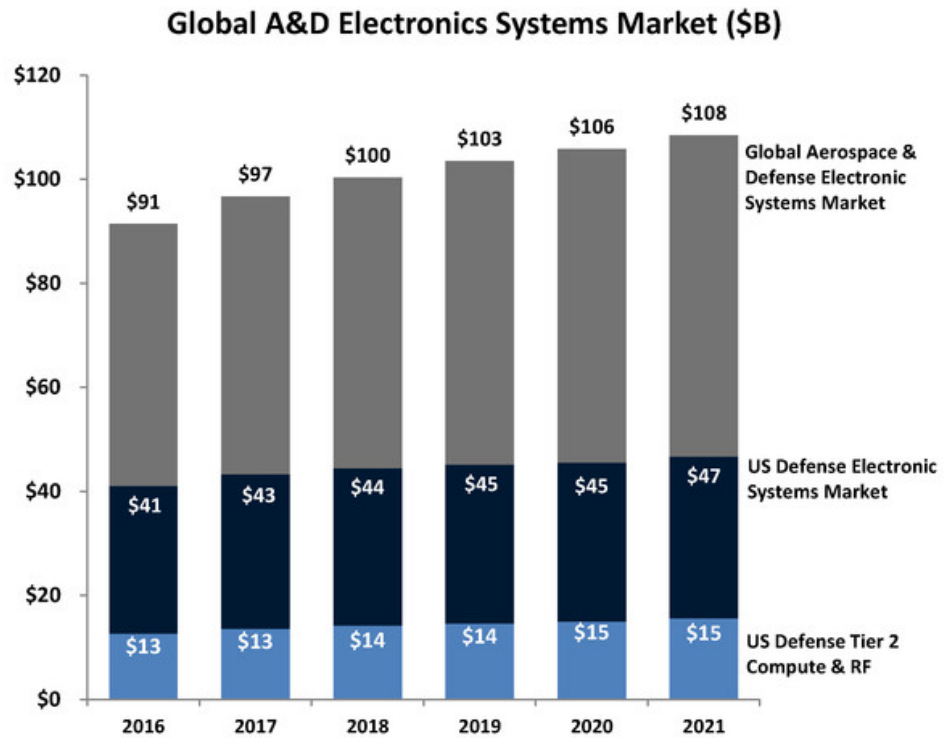
- 2016 A&D electronics is \$91 billion dollar market
- US Defense is nearly half of the total market



...is the defense industry's largest secular growth opportunity

Captive outsourcing by defense prime contractors...

- 2016 A&D electronics is \$91 billion dollar market
- US Defense is nearly half of the total market
- One third of US Defense compute & RF market addressable by Tier 2
- Small percentage of Tier 2 compute & RF estimated to be outsourced
- Primes outsourcing to fewer but more capable suppliers willing to invest, share risk



...is the defense industry's largest secular growth opportunity

Investor highlights

Proven Management Team	Successful business transformation. Double-digit revenue growth with strong profitability
Leading Positions on Well-funded Platforms	Pure play aerospace and defense electronics company. Embedded on key growth programs aligned to DoD priorities
Aligned with Industry Growth Drivers	Pacific pivot and third offset, aging platform modernization, foreign and international military sales
Next Generation Defense Electronics Business Model	Internally-funded R&D. IP retention. Commercial sales model. US development, manufacturing and support for secure systems
Innovative Technology Leader	Secure sensor processing, safety-critical mission processing and platform management subsystems, software and services
Low Risk Growth Strategy	Captive Prime outsourcing largest secular growth trend. RF and secure processing content expansion on key DoD programs
Business Platform Built to Scale	Scalable business, engineering and manufacturing platform to facilitate future acquisitions



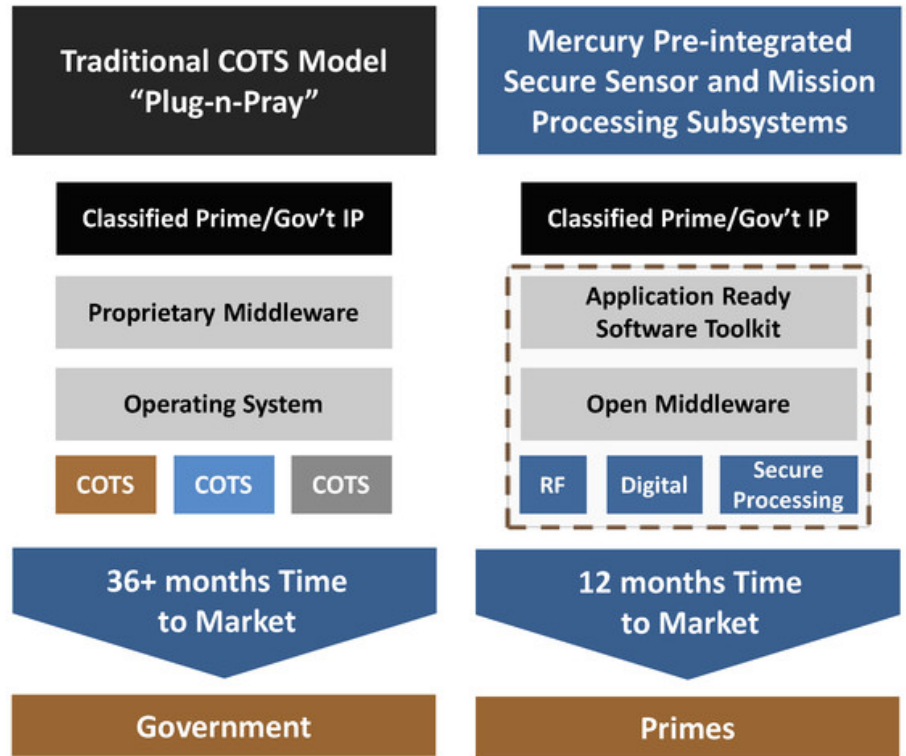
Mercury's vision is to be the...

Leading commercial provider
of secure sensor and mission
processing subsystems



Business model built for speed, innovation and affordability...

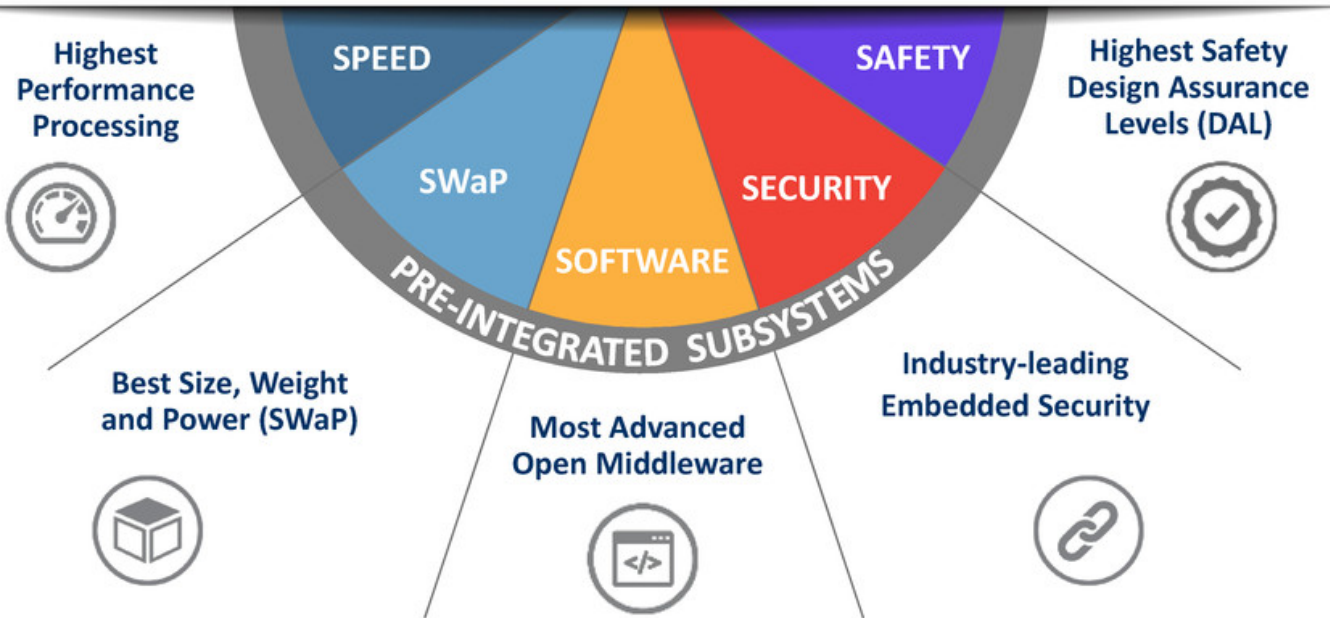
- Traditional COTS board model broken (“Plug-n-Pray”)
 - Product procurement cost low
 - Large hidden integration costs
 - Lower Prime IR&D spending
 - COTS lifecycle support difficult
- Defense procurement reform
 - Less Government-funded cost-plus integration
 - Under firm fixed price, Prime bears risk and expense
- Acquired and pre-integrating sensor chain technologies
 - More affordable, lower risk, simplifies supply chain
 - Open architectures and open middleware speed adoption



...as customers seek affordable outsourced pre-integrated subsystems

Only high-tech commercial company with the technology...

Safe and Secure Sensor and Mission Processing Solutions



...and domain expertise for secure sensor and mission processing

From highly leveraged Teraflop modules and RF subassemblies...



...to secure sensor, platform and mission processing subsystems



Mercury's capabilities and opportunity for growth...



Pacific Pivot & Third Offset:

Platforms need improved sensors, autonomy, electronic protection and attack, on-board exploitation. Greater demand for onboard processing



Aging Platform Modernization:

Port customer software to available state-of-the-art open architectures to rapidly and affordably upgrade electronics on aging military platforms



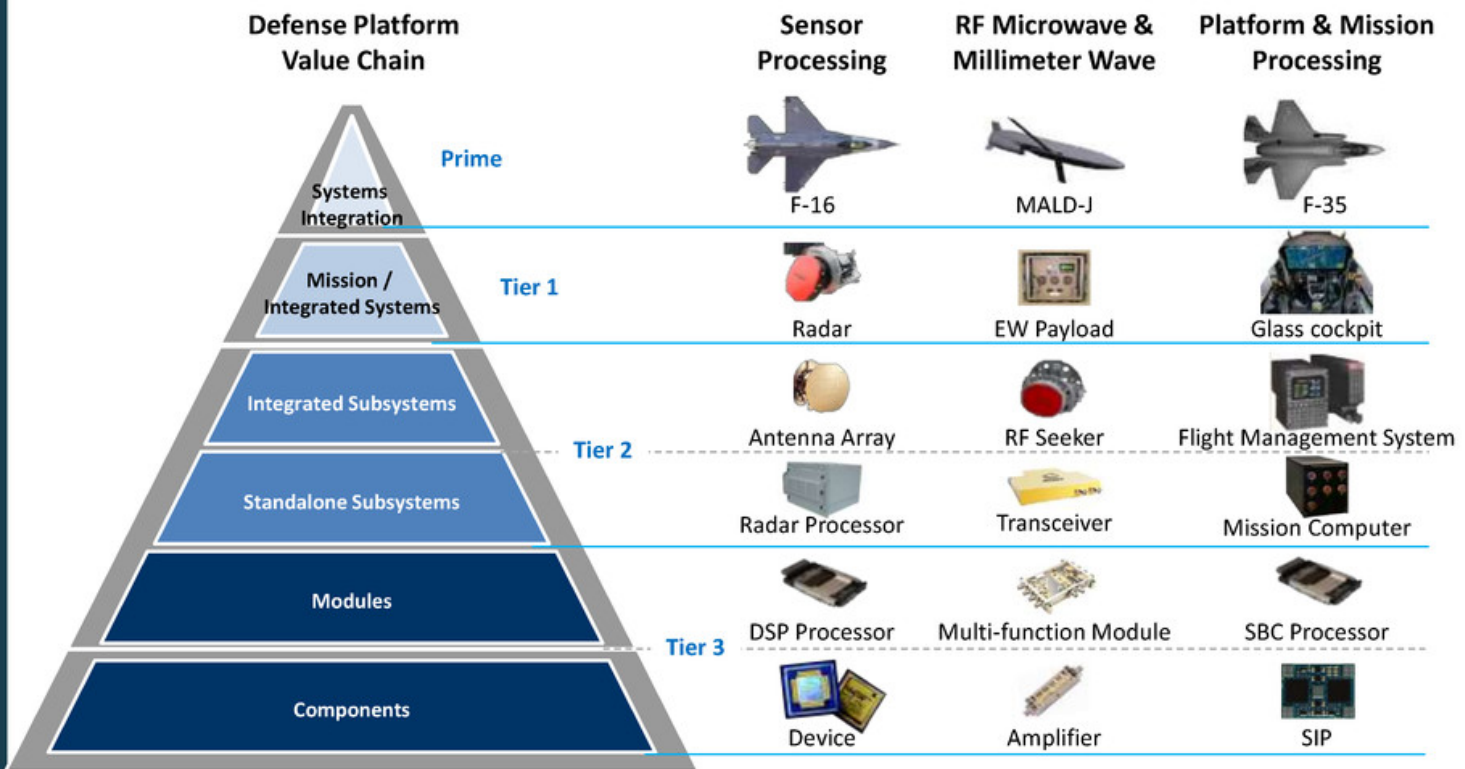
International and Foreign Military Sales:

Upgrade subsystems with security for export to expand addressable market, grow revenues and access international customer R&D funding

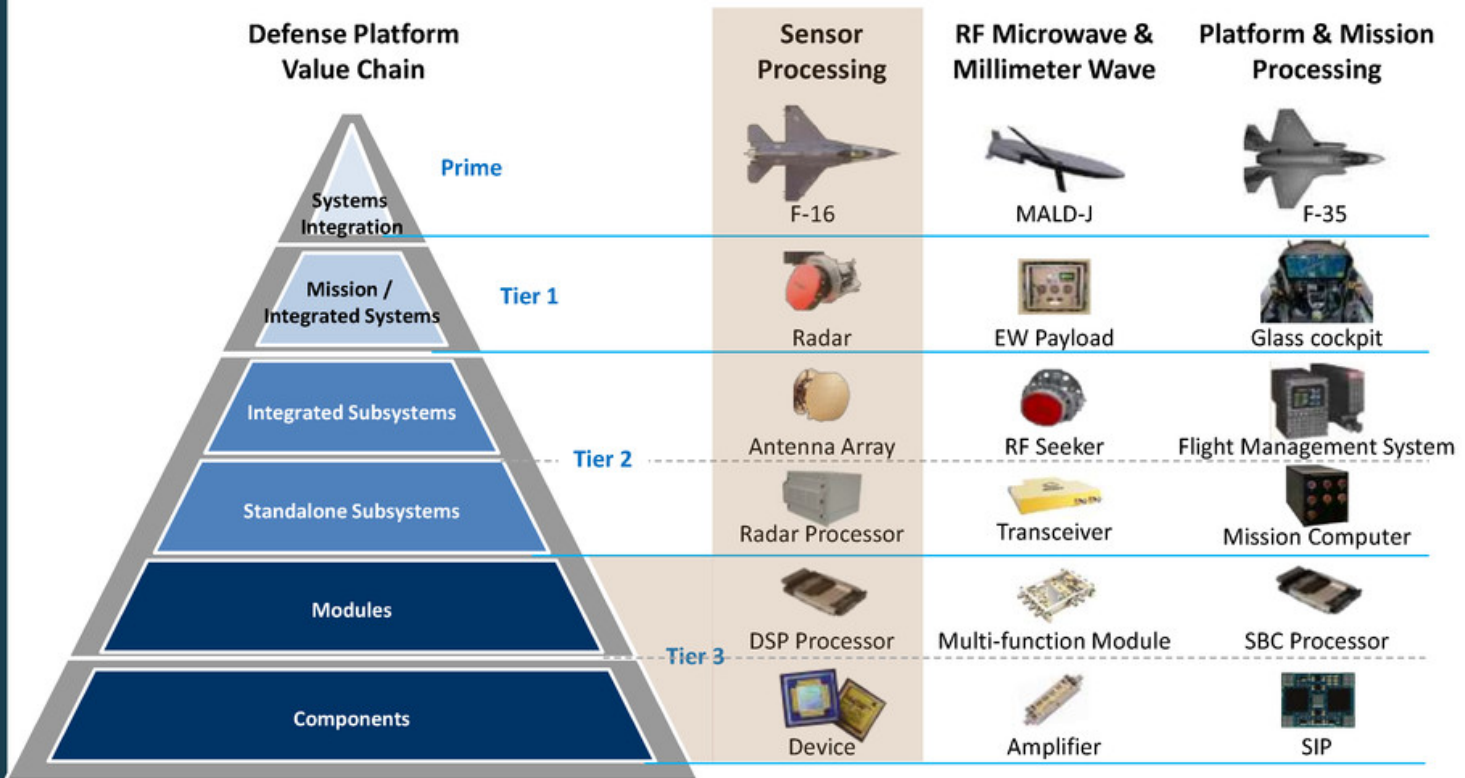
...are aligned to DoD investment priorities



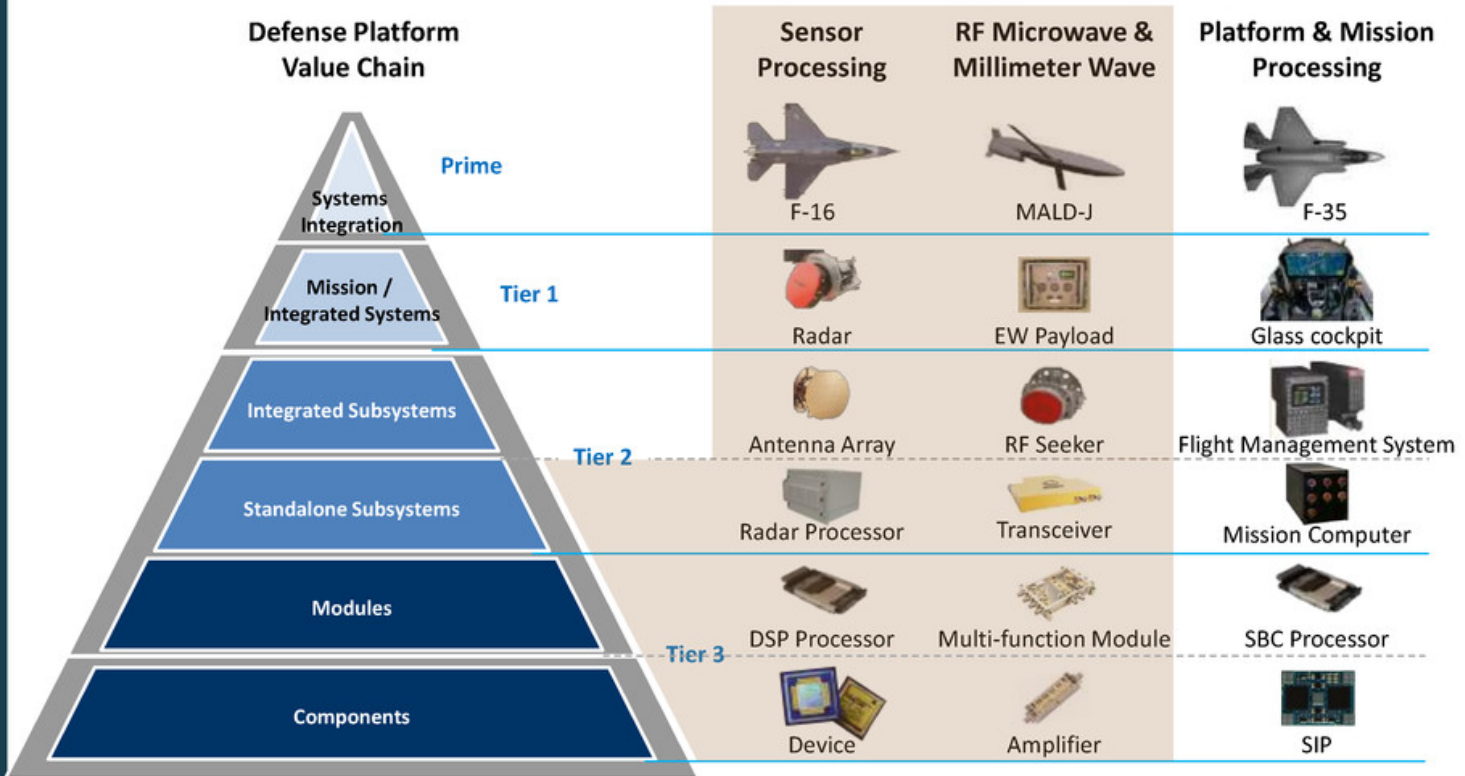
Platform, sensor and mission electronics are integrated at the Tier 1 level by large Defense Prime contractors



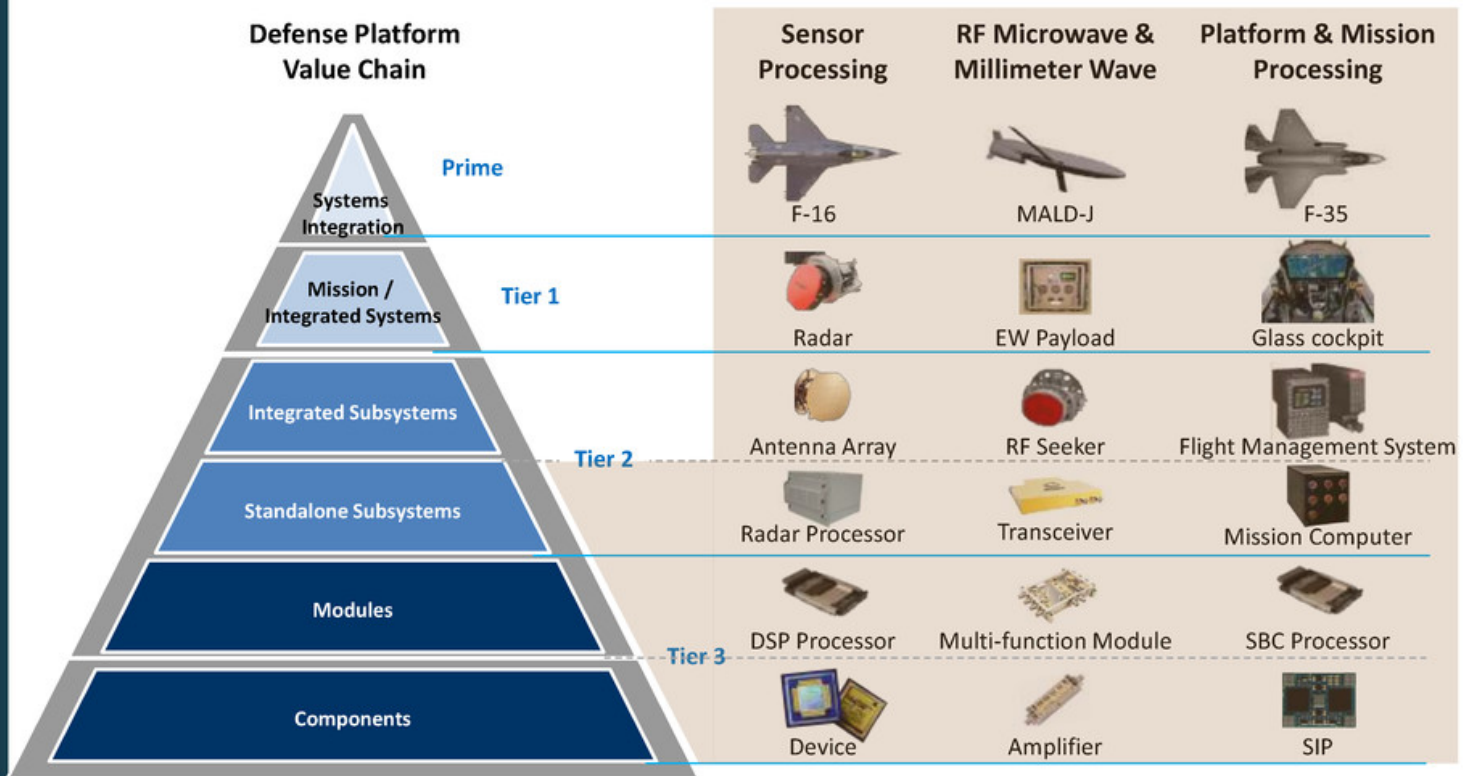
Historically, Mercury was a Tier 3 sensor processing product provider








We moved into RF and up the value chain, to Tier 2, and are providing commercially-developed pre-integrated subsystem solutions



The acquisition of CES moves Mercury into a large adjacent market leveraging our expertise, program base and channel










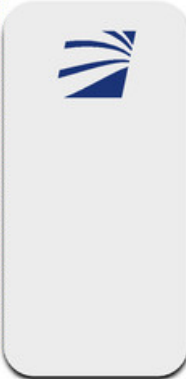
Platform and mission systems both have significant electronics content, which is broken down into seven primary segments

Aerospace & Defense Platform Electronics Content						
Platform Systems		Mission Systems				
Platform Systems		C4I / Mission Systems			Sensor / EW Mission Systems	
Platform Management	Mission Management	Comms	EW	Radar	EO/IR	Acoustics
						
<i>Avionics / Vetrronics</i>	<i>Command & Control / Battle Management</i>	<i>Dedicated Communications</i>	<i>Electronic Warfare</i>	<i>Radar</i>	<i>Electro Optical / Infrared</i>	<i>Acoustics</i>
Control & operation of platform	Processing & exploitation of information	Dissemination of information	Offensive & defensive exploitation of EM spectrum	Use of RF signal to detect, track, and ID	Thermographic camera which provides video output	Sound pulses to determine object location
Platform Management Computer	Platform Combat Systems	Tactical Data Link, SATCOM	EA, ECM, EP SIGINT	AESA, Seeker, Tracking	FMV, WAMI	Sonar
\$14.3B 2.1% CAGR '15-20	\$15.2B 0.6% CAGR '15-20	\$13.4B 2.3% CAGR '15-20	\$11.0B 4.4% CAGR '15-20	\$12.2B 4.0% CAGR '15-20	\$8.0B 4.0% CAGR '15-20	\$3.0B 5.4% CAGR '15-20

2016
Market Size \$B
Example Definition











We started out providing Radar processing modules

Aerospace & Defense Platform Electronics Content						
Mission Systems						
Platform Systems	C4I / Mission Systems			Sensor / EW Mission Systems		
Platform Management	Mission Management	Comms	EW	Radar	EO/IR	Acoustics
						
<i>Avionics / Vetrronics</i>	<i>Command & Control / Battle Management</i>	<i>Dedicated Communications</i>	<i>Electronic Warfare</i>	<i>Radar</i>	<i>Electro Optical / Infrared</i>	<i>Acoustics</i>
Control & operation of platform	Processing & exploitation of information	Dissemination of information	Offensive & defensive exploitation of EM spectrum		Thermographic camera which provides video output	Sound pulses to determine object location
Platform Management Computer	Platform Combat Systems	Tactical Data Link, SATCOM	EA, ECM, EP SIGINT		FMV, WAMI	Sonar
\$14.3B 2.1% CAGR '15-20	\$15.2B 0.6% CAGR '15-20	\$13.4B 2.3% CAGR '15-20	\$11.0B 4.4% CAGR '15-20		\$8.0B 4.0% CAGR '15-20	\$3.0B 5.4% CAGR '15-20

2016
Market Size \$B
Example Definition

















Through a series of capability-led acquisitions, we successfully penetrated the EW market and expanded our Radar content

Aerospace & Defense Platform Electronics Content						
Mission Systems						
Platform Systems	C4I / Mission Systems			Sensor / EW Mission Systems		
Platform Management	Mission Management	Comms	EW	Radar	EO/IR	Acoustics
						
<i>Avionics / Vetronics</i>	<i>Command & Control / Battle Management</i>	<i>Dedicated Communications</i>	<i>Electronic Warfare</i>	<i>Radar</i>	<i>Electro Optical / Infrared</i>	<i>Acoustics</i>
Control & operation of platform	Processing & exploitation of information	Dissemination of information		Thermographic camera which provides video output	Sound pulses to determine object location	
Platform Management Computer	Platform Combat Systems	Tactical Data Link, SATCOM		FMV, WAMI	Sonar	
\$14.3B 2.1% CAGR '15-20	\$15.2B 0.6% CAGR '15-20	\$13.4B 2.3% CAGR '15-20		\$8.0B 4.0% CAGR '15-20	\$3.0B 5.4% CAGR '15-20	

2016 Market Size \$B Example Definition

Source: RSAAdvisors research & analysis

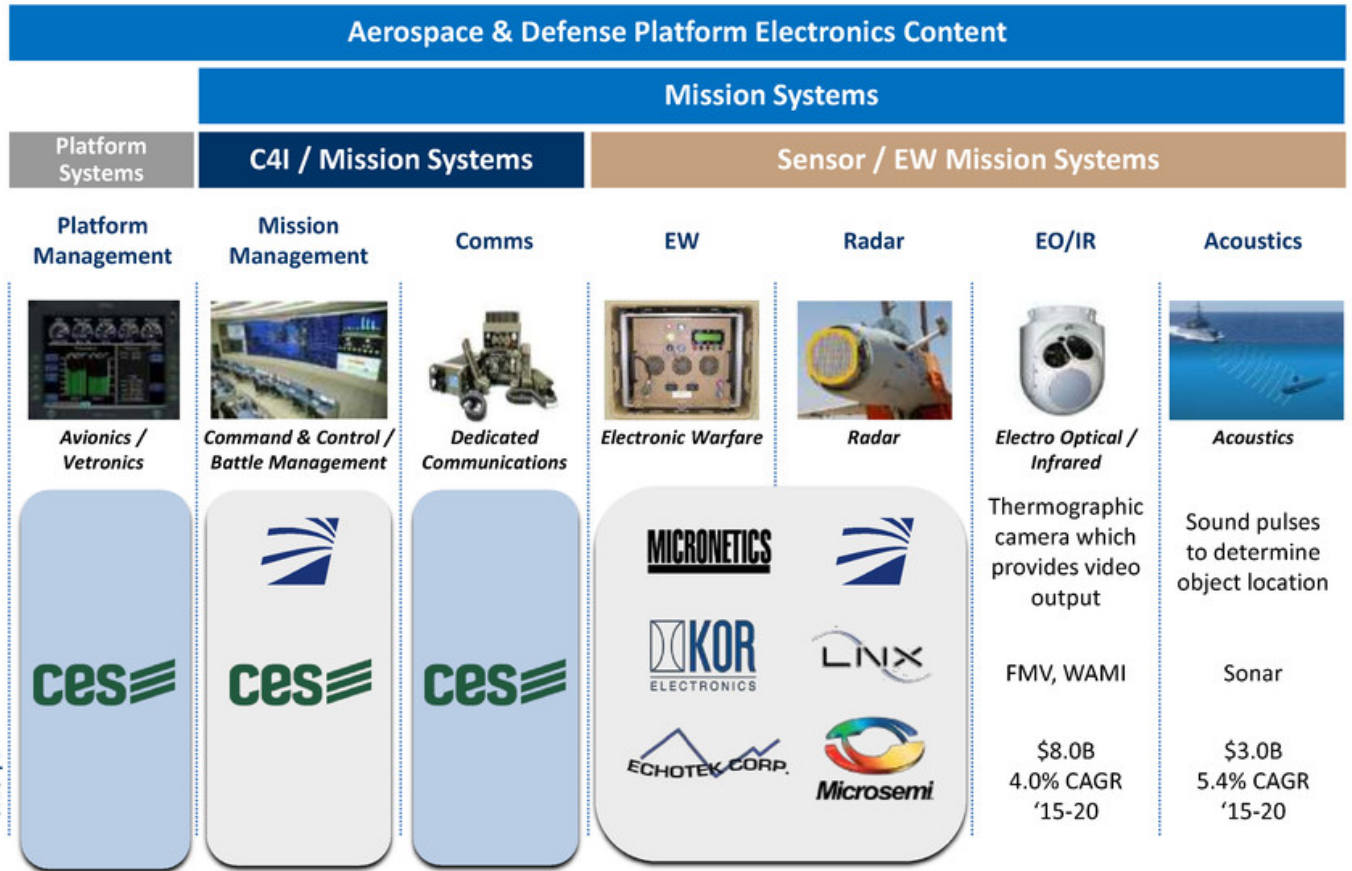
Most recently, we moved into platform management and combat system processing through our secure rackmount and blade servers

Aerospace & Defense Platform Electronics Content						
Mission Systems						
Platform Systems	C4I / Mission Systems			Sensor / EW Mission Systems		
Platform Management	Mission Management	Comms	EW	Radar	EO/IR	Acoustics
						
<i>Avionics / Vetrronics</i>	<i>Command & Control / Battle Management</i>	<i>Dedicated Communications</i>	<i>Electronic Warfare</i>	<i>Radar</i>	<i>Electro Optical / Infrared</i>	<i>Acoustics</i>
Control & operation of platform		Dissemination of information	 		Thermographic camera which provides video output	Sound pulses to determine object location
Platform Management Computer		Tactical Data Link, SATCOM	 		FMV, WAMI	Sonar
\$14.3B 2.1% CAGR '15-20		\$13.4B 2.3% CAGR '15-20	 		\$8.0B 4.0% CAGR '15-20	\$3.0B 5.4% CAGR '15-20

2016 Market Size \$B Example Definition

Source: RSAAdvisors research & analysis

We continue to expand our processing addressable market by moving into platform management, mission computing and comm's processing

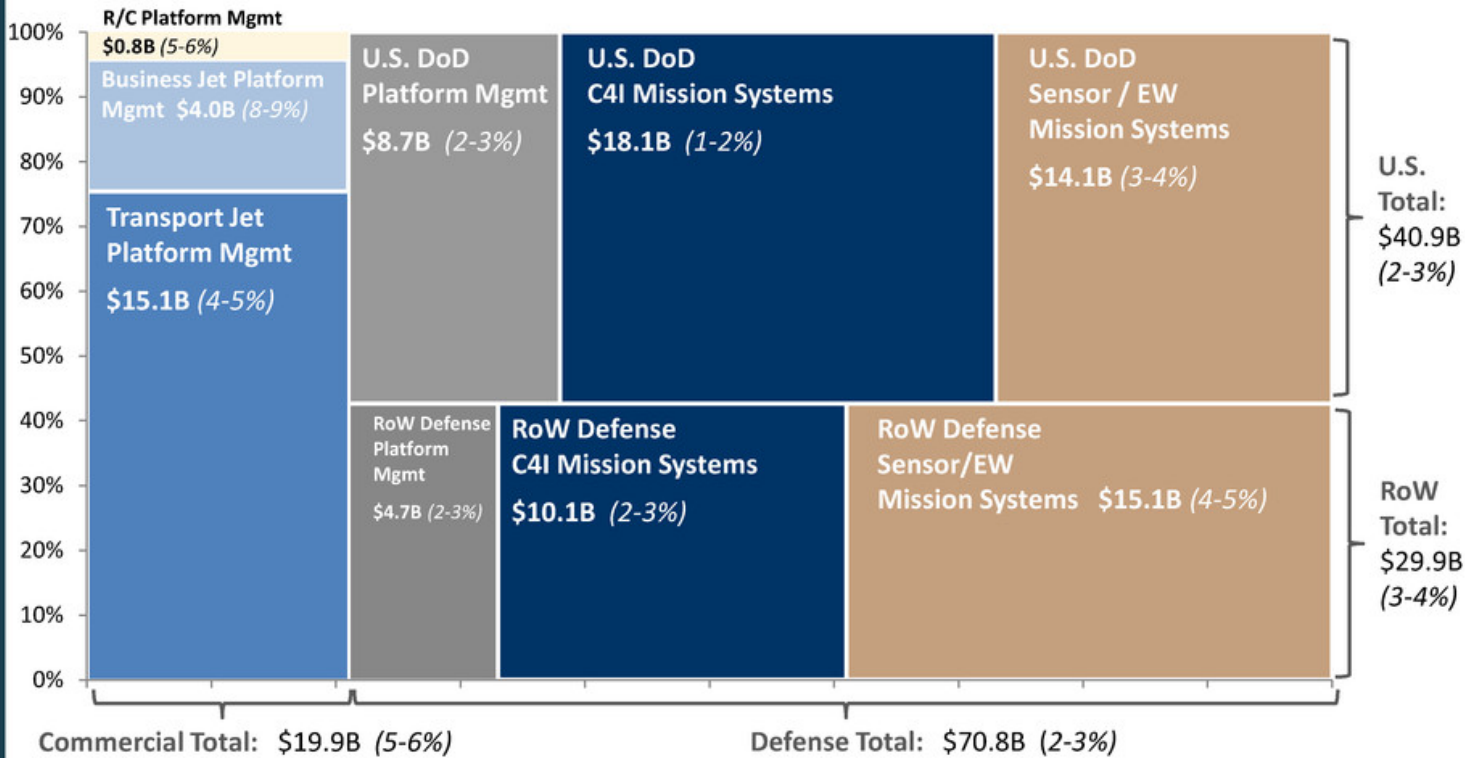


2016 Market Size \$B
Example Definition

Source: RSAAdvisors research & analysis

The global A&D electronics systems market is ~\$91B in 2016
 US Defense is ~\$41B and Commercial Aerospace ~\$20B

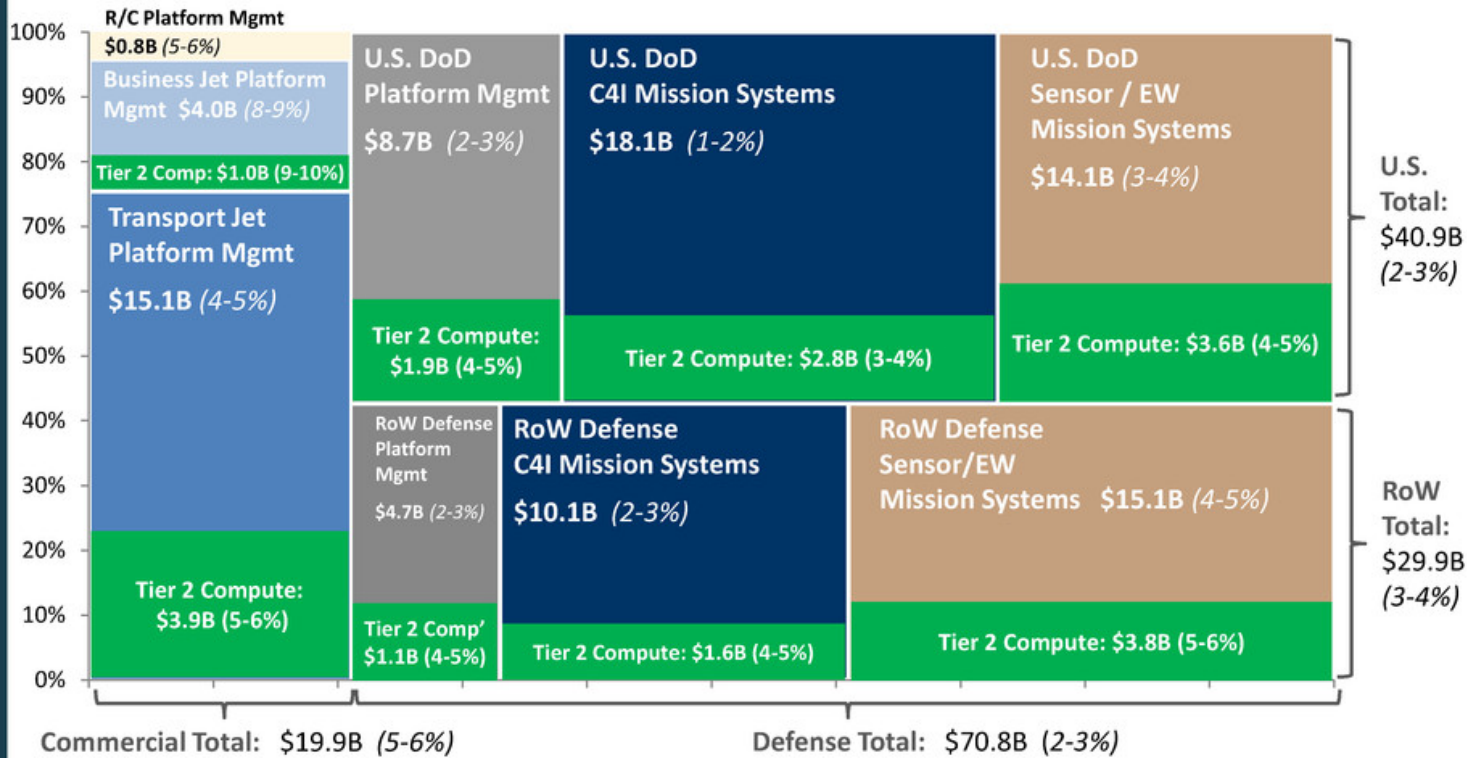
Global A&D Electronics Systems: \$90.7B in 2016 (5-year CAGR range: 3-4% total)



The Tier 2 total addressable embedded computing market is \$19.7B
 Only a fraction of Tier 2 compute content is currently outsourced

Global A&D Electronics Systems: \$90.7B in 2016 (5-year CAGR range: 3-4% total)

Tier 2 Embedded Computing Systems: \$19.7B in 2016 (5-year CAGR range: 5-6% total)



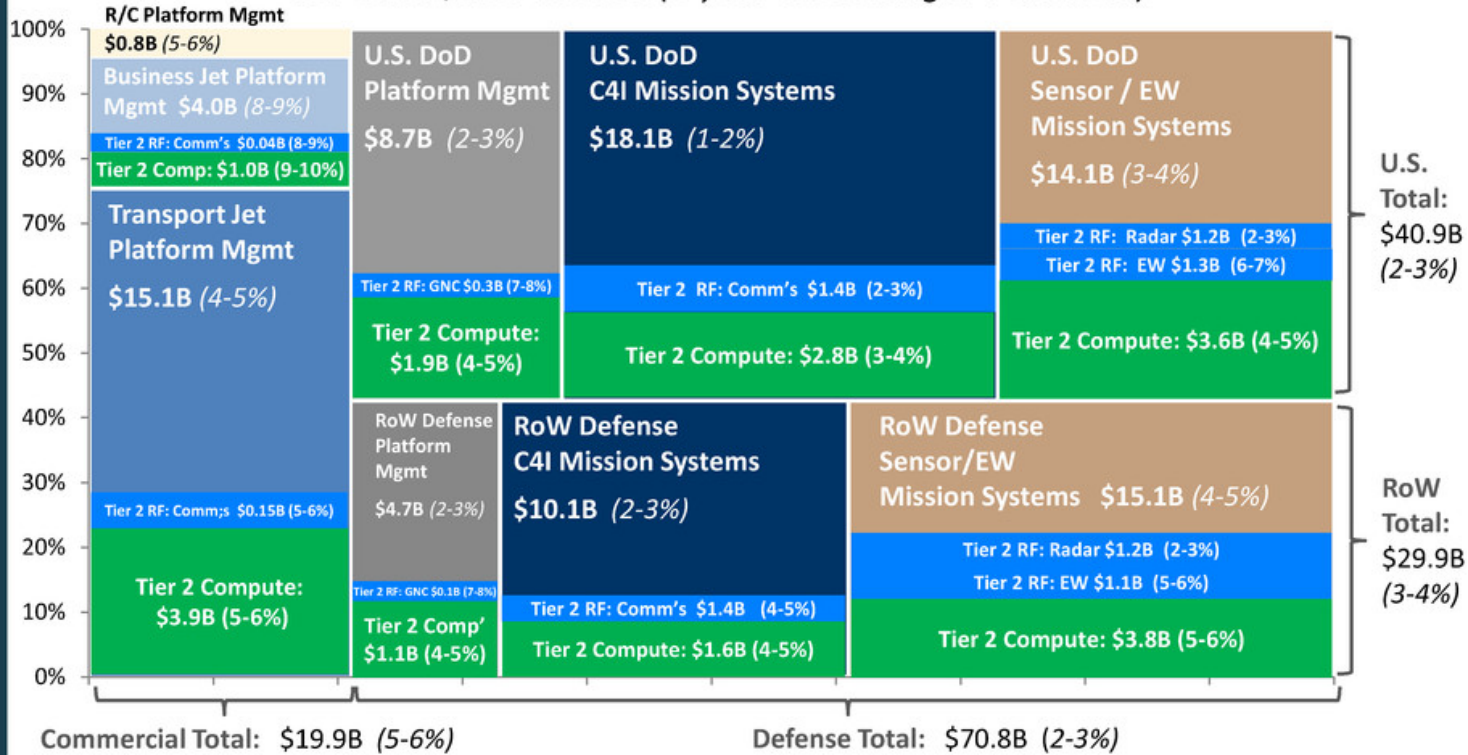
The Tier 2 RF total addressable market is an additional \$8.6B

Only a fraction of the Tier 2 RF content is currently outsourced

Global A&D Electronics Systems: \$90.7B in 2016 (5-year CAGR range: 3-4% total)

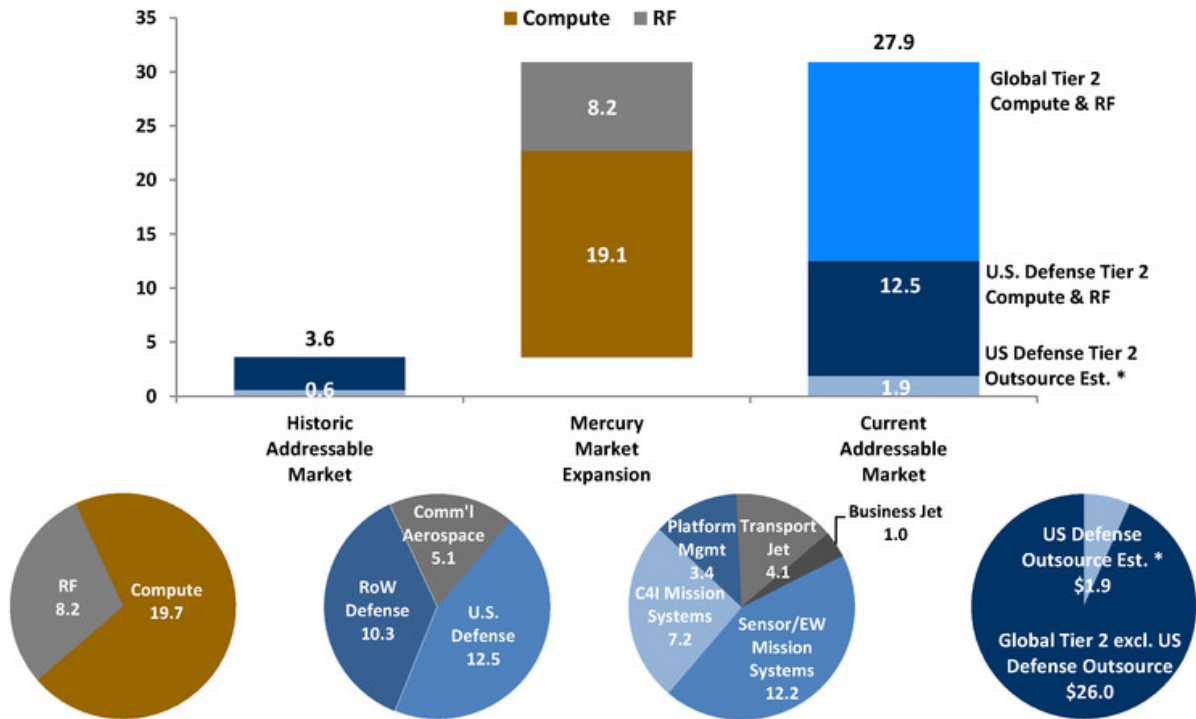
Tier 2 Embedded Computing Systems: \$19.7B in 2016 (5-year CAGR range: 5-6% total)

Tier 2 RF: \$8.6B in 2016 (5-year CAGR range: 4-5% total)



Mercury's internal investments and acquisitions have increased our addressable market 7.5x and opportunity for future growth

Mercury's Tier 2 Addressable Market (\$B)



Captive outsourcing is our largest secular growth opportunity



Strategic rationale for CES acquisition

- Fill capability gaps: mission computing, safety-critical platform management
- Become leading provider of secure and safety-critical processing subsystems
- Performance, security and safety in demand from our strategic accounts
- Disintermediate product competitors facilitating greater Prime outsourcing
- Substantial expansion in Tier 2 compute addressable market
- Capture additional program content by leveraging existing sales channel
- Facilitates continued organic and acquisition-related growth

Highly aligned with our existing strategy and business



We continue to execute on a focused M&A strategy



Strong Strategic Rationale	✓	✓	✓	✓	✓	✓
Expands Addressable Market	✓	✓	✓	✓	✓	✓
Revenue & Cost Synergies	✓	✓	✓	✓	✓	✓
Accretive in Short Term	✓	✓	✓	✓	✓	✓

Disciplined Approach to M&A



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; dramatic improvement in profitability
- Business platform built to grow and scale through future acquisitions



Agenda

- Strategy & Business Update
- Growth Strategy at Work
 - Didier Thibaud
Executive Vice President & COO
- Financial Update
- Q&A

Growth strategy driving program content and market expansion

Aerospace & Defense Platform Electronics Content						
Mission Systems						
Platform Systems	C4I / Mission Systems			Sensor / EW Mission Systems		
Platform Management	Mission Management	Comms	EW	Radar	EO/IR	Acoustics
						
<i>Avionics / Vetronics</i>	<i>Command & Control / Battle Management</i>	<i>Dedicated Communications</i>	<i>Electronic Warfare</i>	<i>Radar</i>	<i>Electro Optical / Infrared</i>	<i>Acoustics</i>
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Platform Management Computer	Platform Combat Systems	Tactical Data Link, SATCOM	EA, ECM, EP SIGINT	AESA, Seeker, Tracking	FMV, WAMI	Sonar
Tanker	Aegis P-8	Reaper Triton NMT FAB-T	SEWIP B2, B3 SSEE DEWS, AIDEWS SIRFC	F-16 SABR LRDR Patriot RDP SDB-II	Gorgon Stare	

Programs Example Definition

Source: RSAAdvisors research & analysis

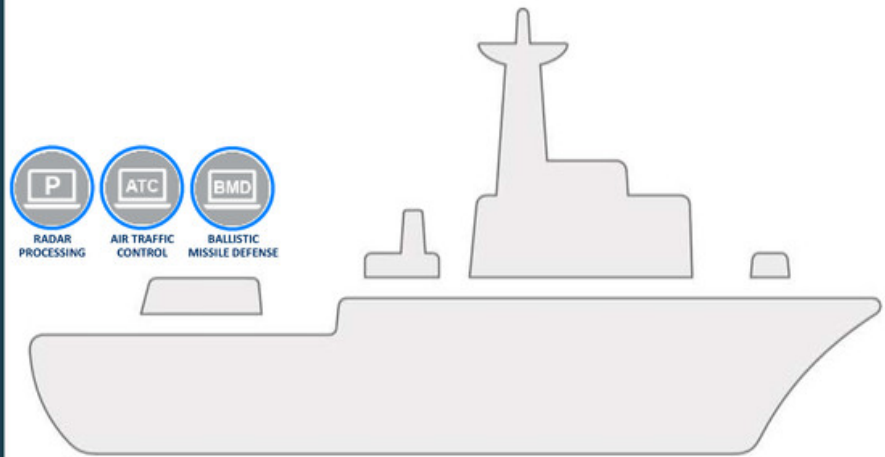


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Naval surface fleet growth strategy in action

Aegis ballistic missile defense Radar

- Radar:
 - Aegis FMS
 - Aegis processing refresh
 - Aegis RF content expansion

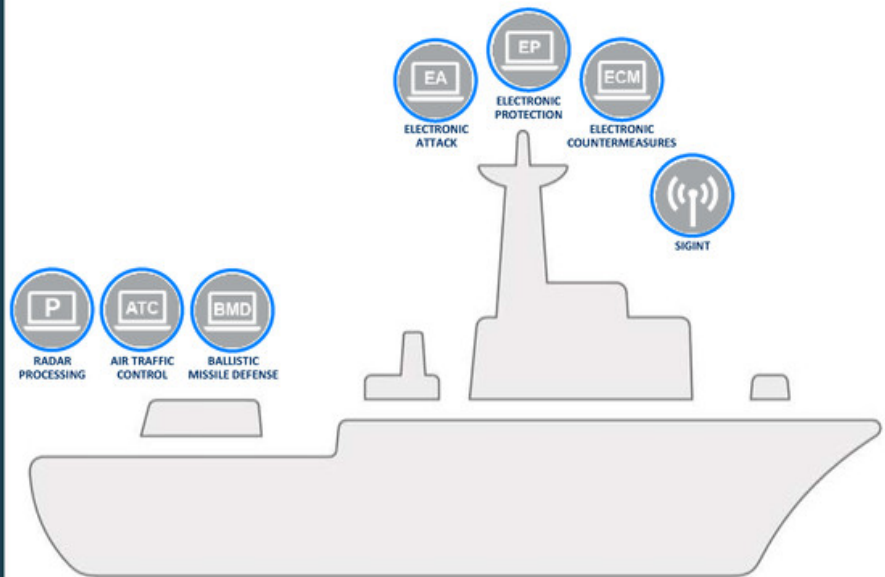


Radar potential program value from \$238M to \$683M

Naval surface fleet growth strategy in action

Domestic fleet electronic warfare and signal intelligence upgrades

- Radar:
 - Aegis FMS
 - Aegis processing refresh
 - Aegis RF content expansion
- Electronic warfare (EW):
 - SEWIP Block 2
 - SEWIP LIMA
 - SEWIP Block 3
- Signals intelligence:
 - SSEE Naval SIGINT

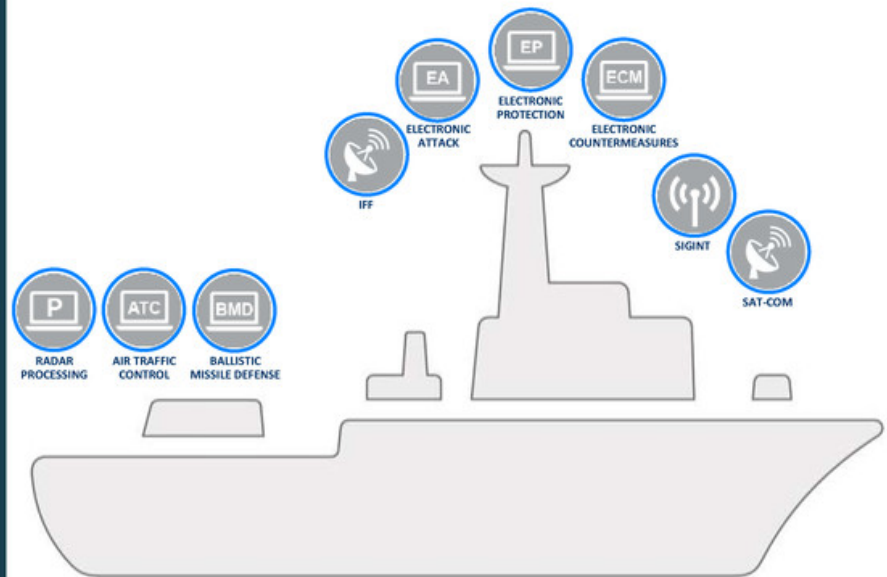


EW expansion driving potential growth from \$370M to \$579M

Naval surface fleet growth strategy in action

Navy Multiband Terminal (NMT) expansion into satellite communications and IFF

- Radar:
 - Aegis FMS
 - Aegis processing refresh
 - Aegis RF content expansion
- Electronic warfare (EW):
 - SEWIP Block 2
 - SEWIP LIMA
 - SEWIP Block 3
- Signals intelligence:
 - SSEE Naval SIGINT
- Mission systems:
 - Navy Multiband Terminal
 - IFF interrogators

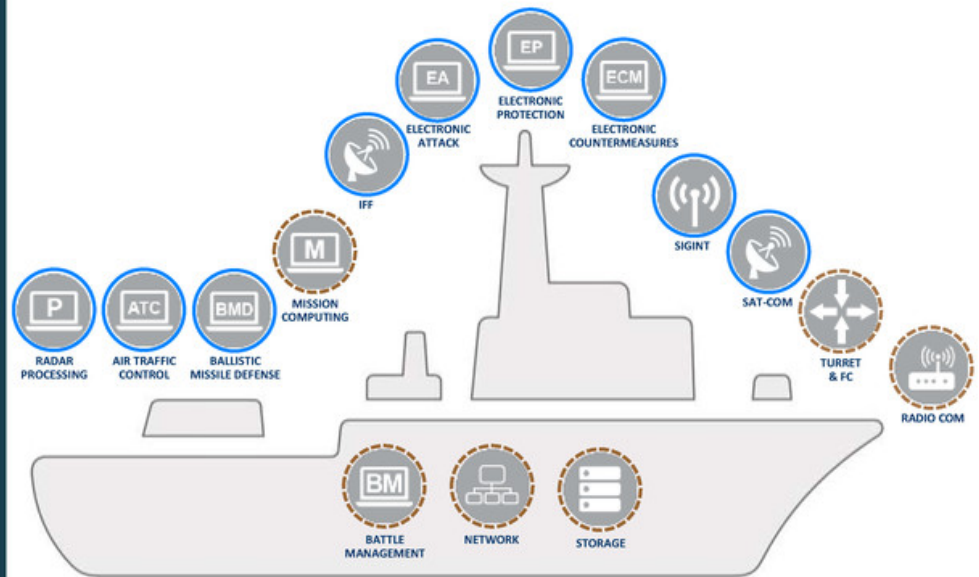


Total potential Naval surface fleet value from \$627M to \$1.3B

Naval surface fleet growth strategy in action

Future market and content expansion in mission computing and platform management

- Radar:
 - Aegis FMS
 - Aegis processing refresh
 - Aegis RF content expansion
- Electronic warfare (EW):
 - SEWIP Block 2
 - SEWIP LIMA
 - SEWIP Block 3
- Signals intelligence:
 - SSEE Naval SIGINT
- Mission systems:
 - Navy Multiband Terminal
 - IFF
 - Battle management
 - Mission computing
- Platform management

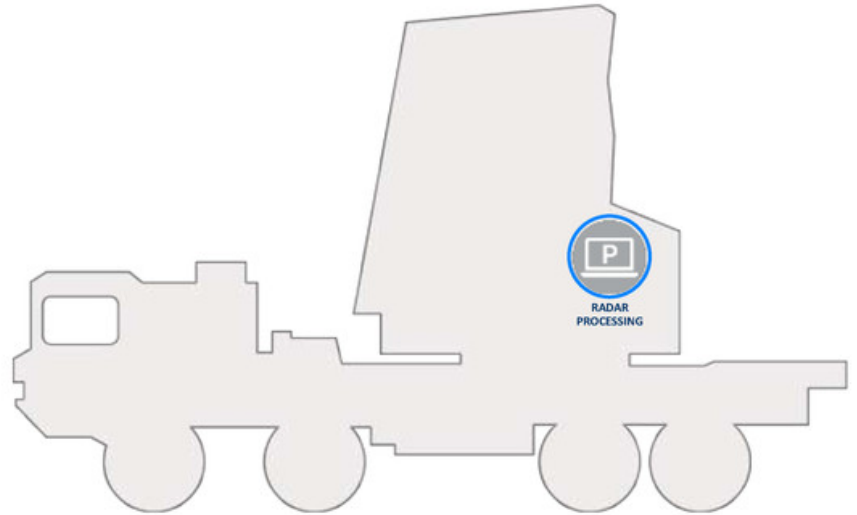


Future growth opportunities in both processing and RF expansion

Missile defense growth strategy in action

Patriot ground mobile missile defense

- Ground mobile Radar
 - Patriot missile defense Radar processing
- Platform management
 - Patriot fire control

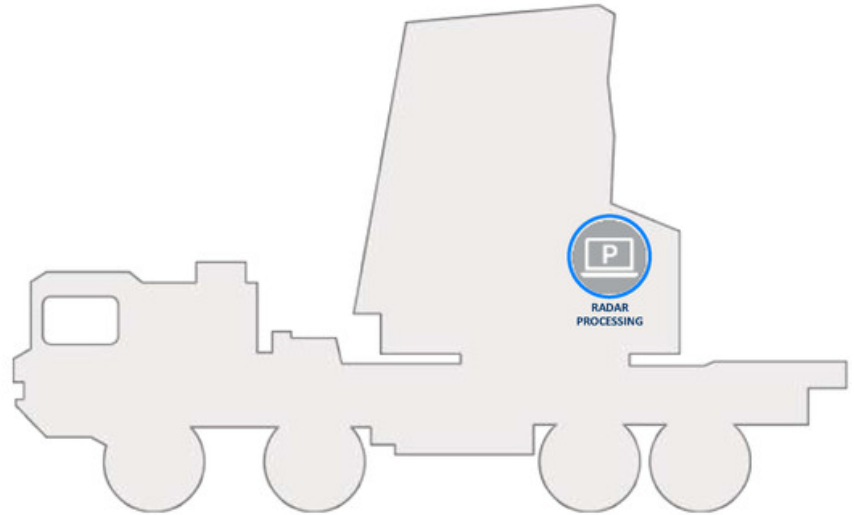


Strategic account focus driving content expansion

Missile defense growth strategy in action

Aegis Ashore; Long Range Discrimination Radar (LRDR) fixed ballistic missile defense

- Ground mobile Radar
 - Patriot missile defense Radar processing
- Platform management
 - Patriot fire control
- Ground fixed Radar
 - Aegis Ashore ballistic missile defense Radar processing
 - LRDR processing

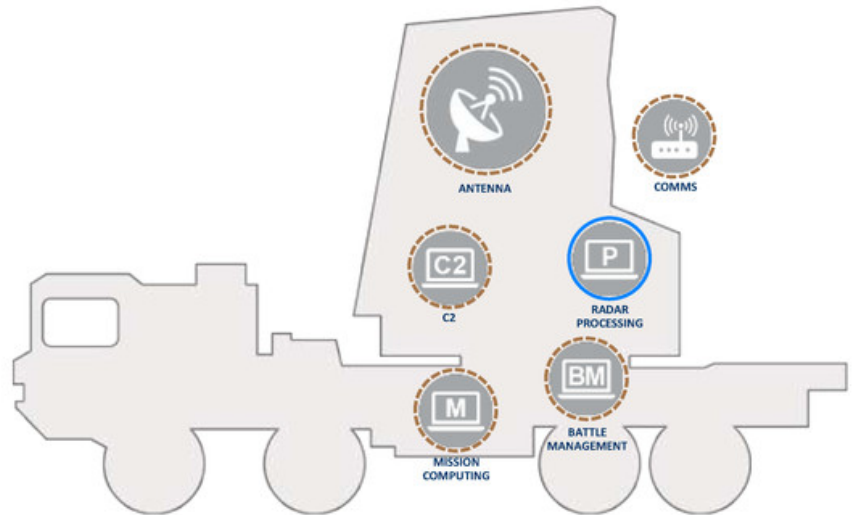


Ground missile defense driving potential growth \$82M to \$299M

Missile defense growth strategy in action

Recent acquisitions expand addressable market

- Ground mobile Radar
 - Patriot missile defense Radar processing
- Platform management
 - Patriot fire control
- Ground fixed Radar
 - Aegis Ashore ballistic missile defense Radar processing
 - LRDR processing
 - RF antenna content expansion
- Mission systems and platform management expansion

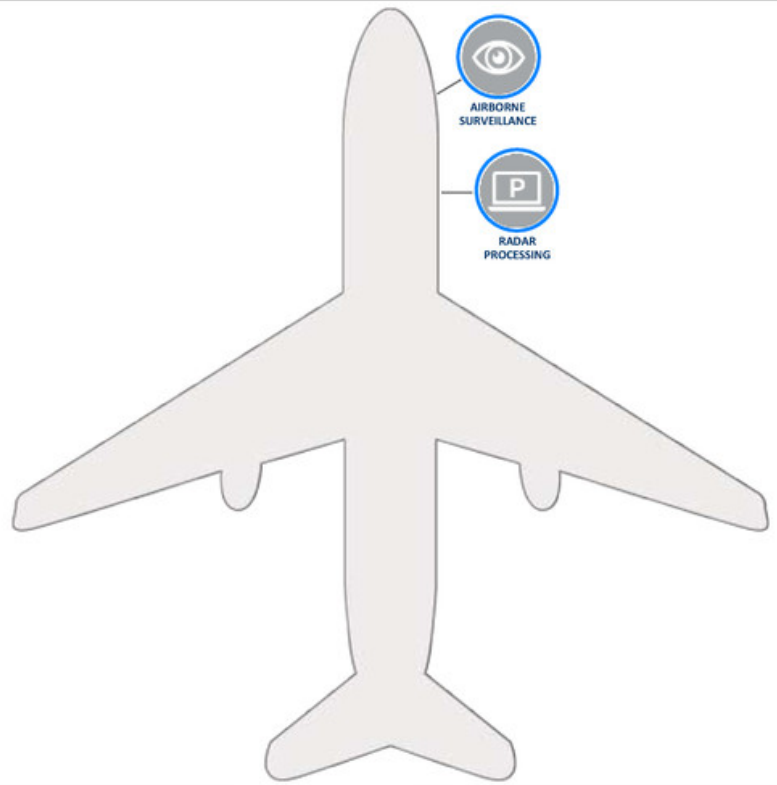


M&A should drive additional content expansion opportunities

Manned airborne growth strategy in action

Leadership in Radar processing

- Radar processing:
 - F-16, F-22, F-35, B1, P-8, E2-D

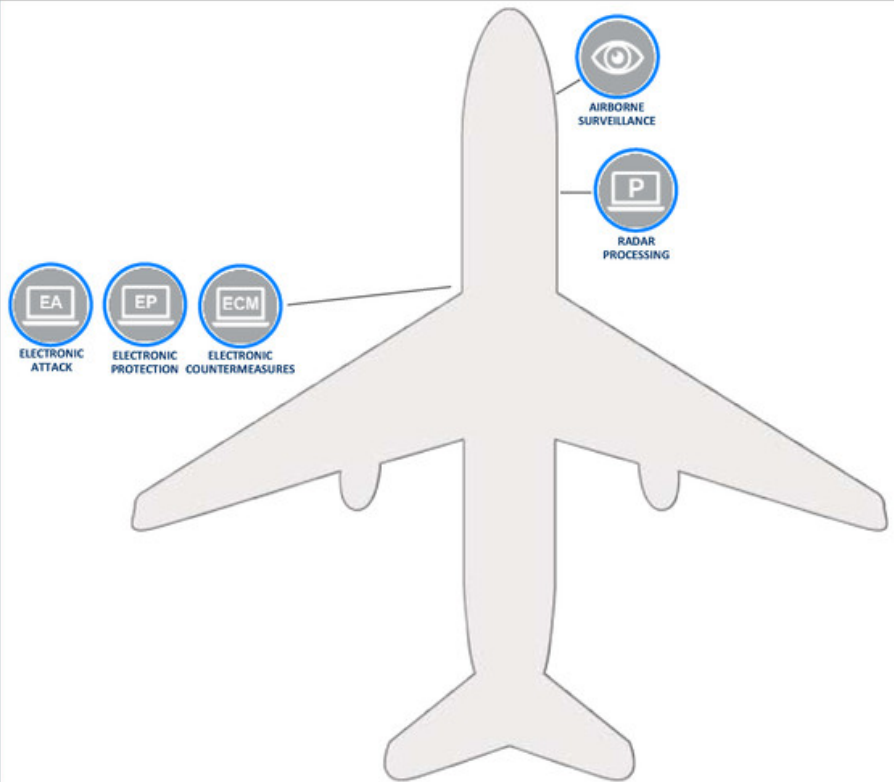


Airborne Radar programs driving value from \$409M to \$970M

Manned airborne growth strategy in action

Expansion into electronic warfare applications

- Radar processing:
 - F-16, F-22, F-35, B1, P-8, E2-D
- Electronic warfare:
 - Fighter: DEWS, AIDEWS
 - Helicopter: SIRFC
 - Widebody: AWACS
 - Pod: Filthy Badger & Buzzard

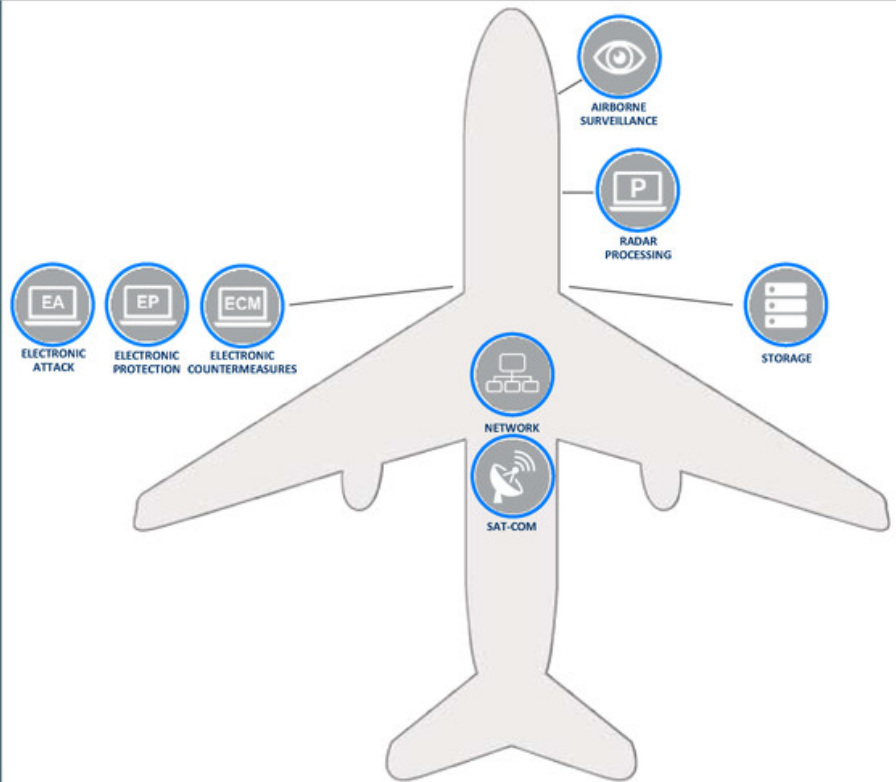


EW driving additional value from \$188M to \$424M

Manned airborne growth strategy in action

M&A-driven content expansion in mission computing and platform management

- Radar processing:
 - F-16, F-22, F-35, B1, P-8, E2-D
- Electronic warfare:
 - Fighter: DEWS, AIDEWS
 - Helicopter: SIRFC
 - Widebody: AWACS
 - Pod: Filthy Badger & Buzzard
- Platform management
 - KC-46
- Mission systems
 - SatCom pod

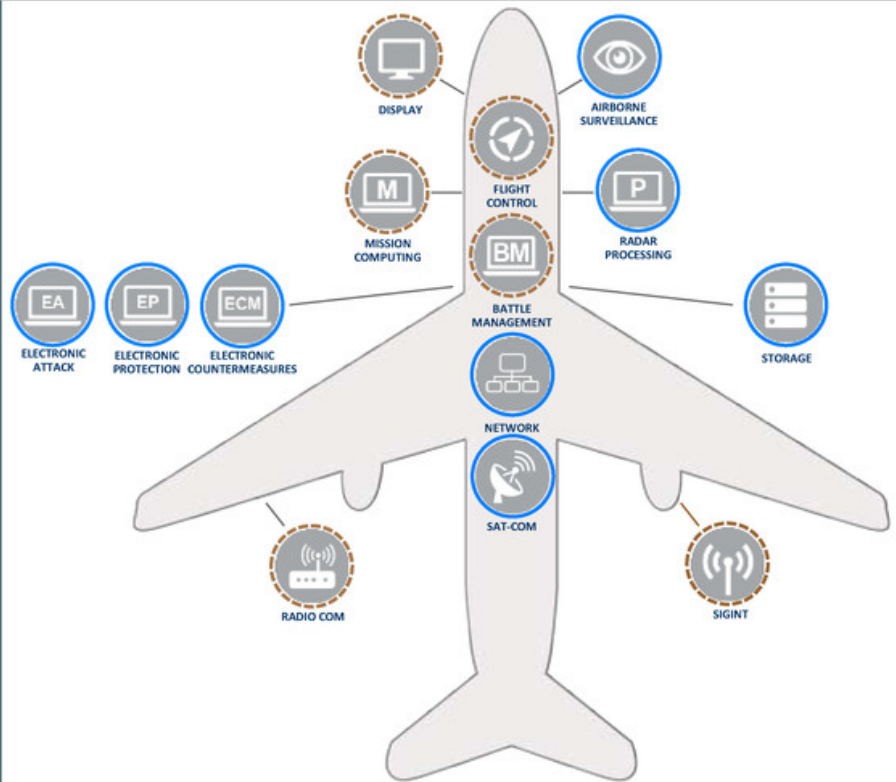


Mission computing expected to drive additional growth

Manned airborne growth strategy in action

Future market and content expansion in mission computing and platform management

- Radar processing:
 - F-16, F-22, F-35, B1, P-8, E2-D
- Electronic warfare:
 - Fighter: DEWS, AIDEWS
 - Helicopter: SIRFC
 - Widebody: AWACS
 - Pod: Filthy Badger & Buzzard
- Platform management
 - KC-46
- Mission systems
 - SatCom pod
- Mission systems & platform management expansion



Market expansion opening new opportunities for growth

Unmanned airborne growth strategy in action

Leadership in Radar and WAMI processing

- Radar processing
 - Predator, Reaper, Global Hawk, Triton
- Wide Area Motion Imagery
 - Gorgon Stare WAMI

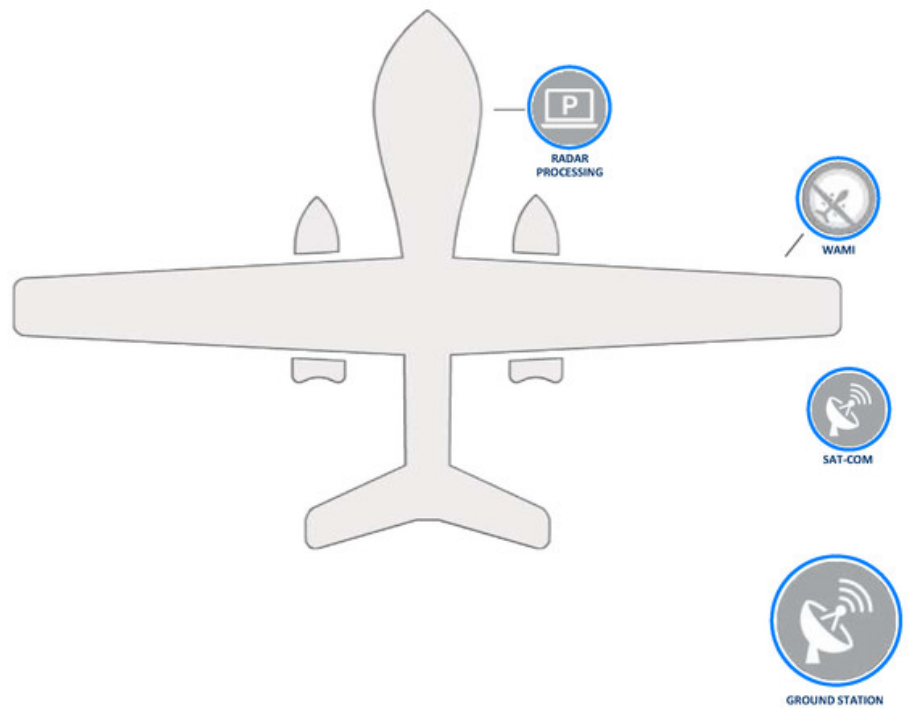


Radar, EO/IR programs value from \$116M to \$171M

Unmanned airborne growth strategy in action

Recent acquisitions added communications processing

- Radar processing
 - Predator, Reaper, Global Hawk, Triton
- Wide Area Motion Imagery
 - Gorgon Stare WAMI
- Mission systems
 - Communications

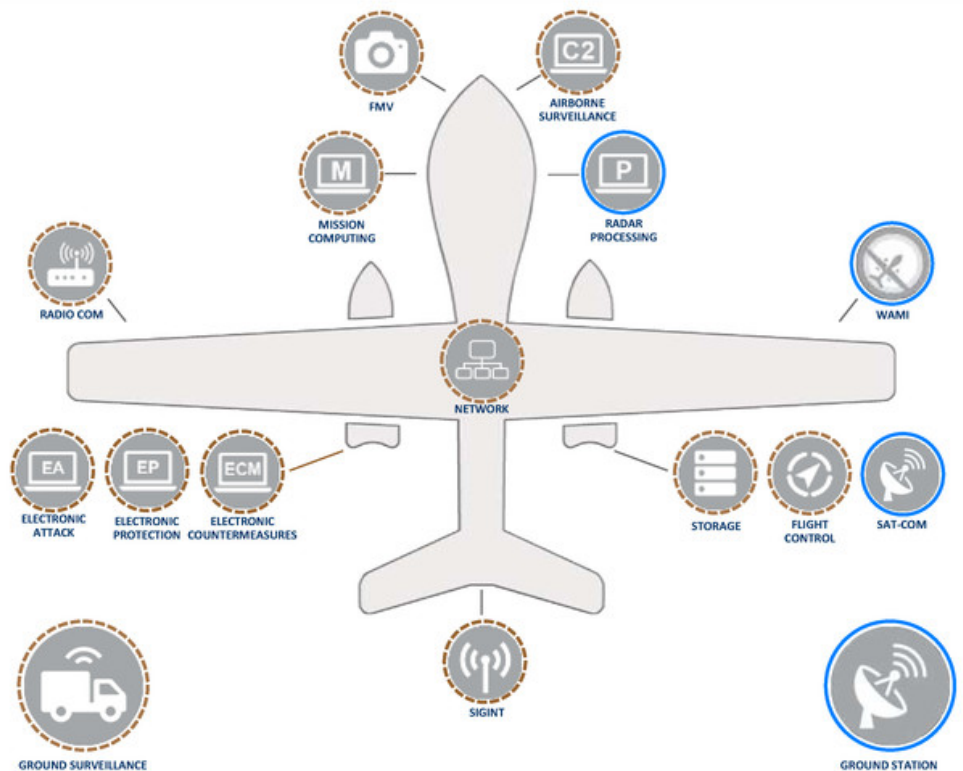


Entering communications market will drive additional growth

Unmanned airborne growth strategy in action

Recent and past acquisitions provide opportunities for future expansion

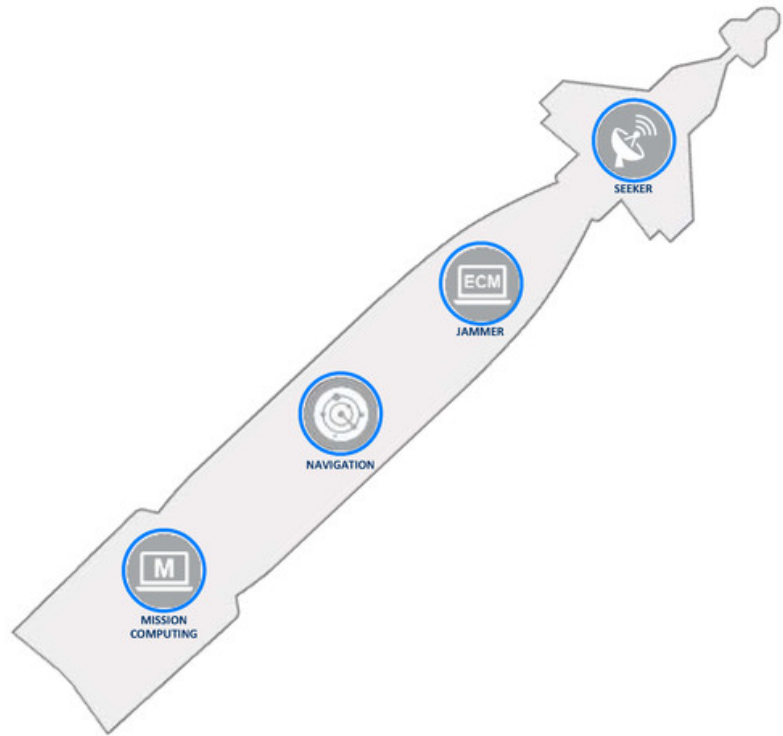
- Radar processing
 - Predator, Reaper, Global Hawk, Triton
- Wide Area Motion Imagery
 - Gorgon Stare WAMI
- Mission systems
 - Communications
 - Mission computing
 - Networking
- Electronic warfare
 - SIGINT
 - EA/EP/ECM
- Platform management
 - Flight controls
 - Storage systems



New M&A opening broad range of opportunities

Market expansion to smart munitions

- PGK – Precision Guidance Kit for large caliber traditional munitions
- Paveway – Laser guided bomb
- SDB II – Next-generation Small Diameter Bomb
- MALD – Miniature Air Launched Decoy



Market expansion driving growth from \$191M to \$417M

Market & content expansion strategy driving growth

- Designed in on well-funded, long-standing programs of record
- Aligned with DoD strategy and in growing areas of the budget
- Leveraging long-standing relationships with key strategic accounts
- Driving content and market expansion through acquisitions
- Technologies and product portfolio enabling growth

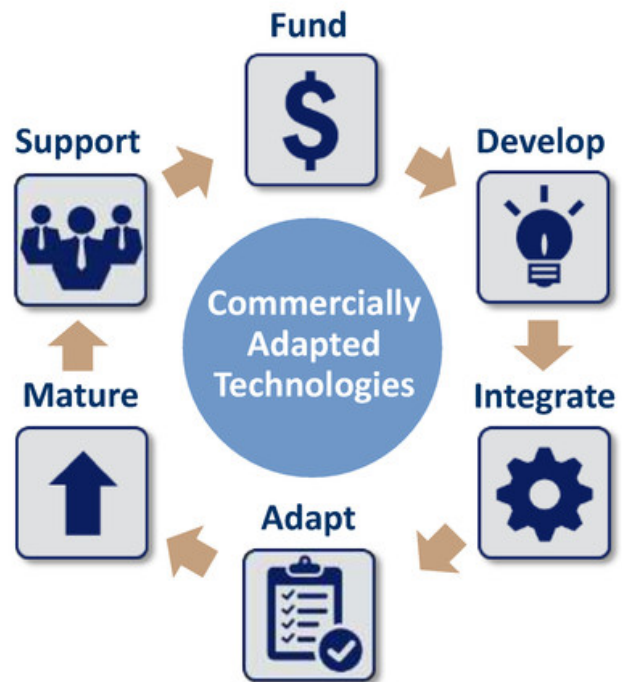


Agenda

- Strategy & Business Update
- Growth Strategy at Work
- Financial Update
 - Gerry Haines
Executive Vice President & CFO
- Q&A

We are pioneering a next-generation business model...

- Start with commercially available technology
- Internal R&D funds the development of modular, reusable, open innovations
- Pre-integration improves affordability, time to market
- Rapid customization and adaptation to platform
- Mature technologies and manufacturing lower cost and reduce risk
- Support rapidly changing commercial technology for a decade or more



...creating an opportunity for growth and strong returns

Mercury's position is very strong...

The defense environment has improved since FY13

- Budget deal yielded first increases in 5 years
- Targeted market segments remain strong
- Franchise programs moving into full-rate production
- Next-gen programs being awarded
- Budget growth creates new opportunities



Strategic and financial actions positioned us well

- Acquired capabilities drive content and market expansion
- Improved cost structure yields continued operating leverage
- Adding content on long-standing, well-funded franchise programs
- Backlog has more than doubled since FY13
- FY17 forecast based on strong programs

...with growth and profitability outpacing industry averages



Mercury has broadened its base...

- Acquired businesses brought wide array of new programs & capabilities
- Content expansion drives outsized growth in existing programs
- New design wins have expanded the program portfolio
- Result is expanded, diversified, growing base of programs and content
- Broader portfolio yields lower program risk

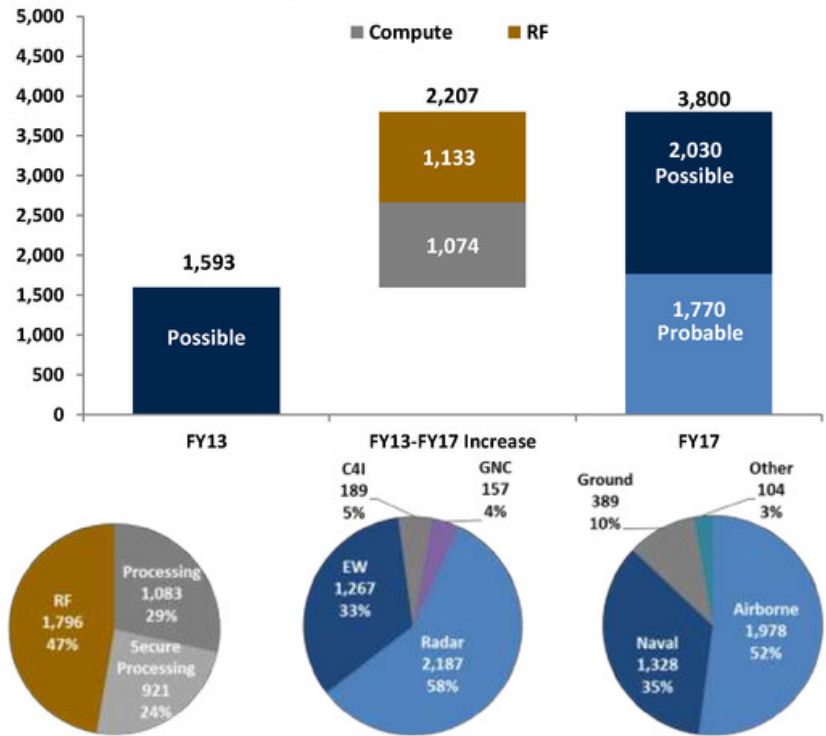
...through strategic acquisitions and investment



Acquisitions and investments driving significant opportunity growth...

- Low-risk content expansion growth strategy
- Key production programs
- Total potential value grew 2.4x to \$3.8B in 4 years
- Converted 1.1x of possible to probable value in 3 years
- After 4 years, RF now represents ~50% of opportunity pipeline
- Opportunities driven by Radar (58%) and EW (33%)

Top 30 Programs Estimated Lifetime Value (\$M)



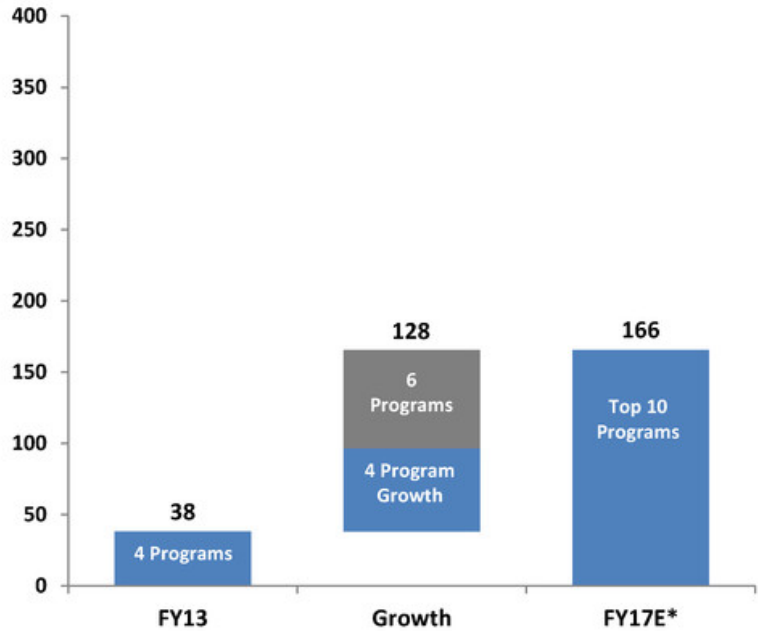
...which in turn is driving strong actual results

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

Organic and acquisition growth strategy is working well

- Greater program diversity today than in FY13
- 4 continuing programs growing >2.5x since FY13
- 6 other programs comprise 40% of FY17E top 10 revenue

Revenue Growth FY13-FY17E (\$M)

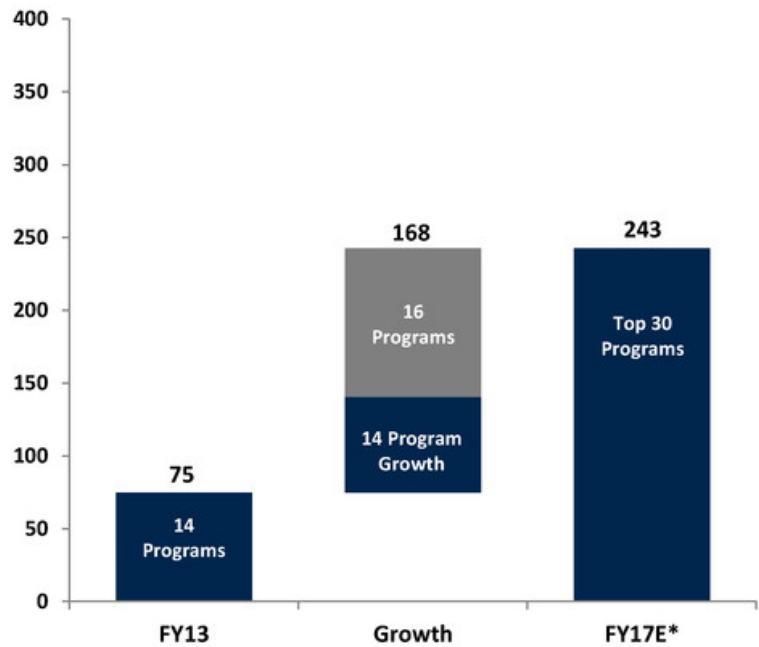


Note: *Estimated FY17 amounts are based on the Company's full year guidance included in its most recent earnings release.

Organic and acquisition growth strategy is working well

- Greater program diversity today than in FY13
- 4 continuing programs growing >2.5x since FY13
- 6 other programs comprise 40% of FY17E top 10 revenue
- Grown, added and acquired future top programs
- 16 other programs comprise 42% of FY17E top 30 revenue

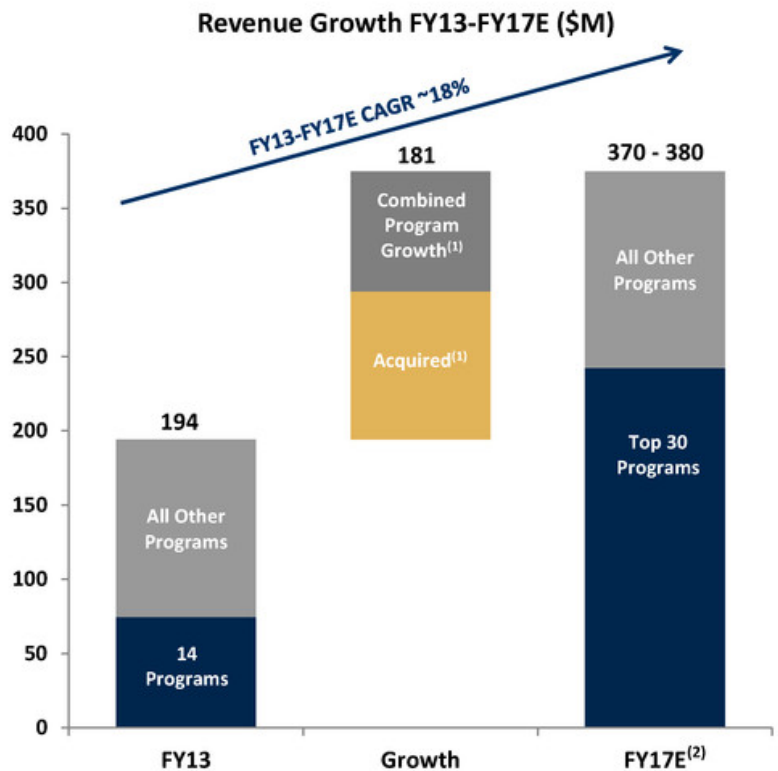
Revenue Growth FY13-FY17E (\$M)



Note: *Estimated FY17 amounts are based on the Company's full year guidance included in its most recent earnings release.

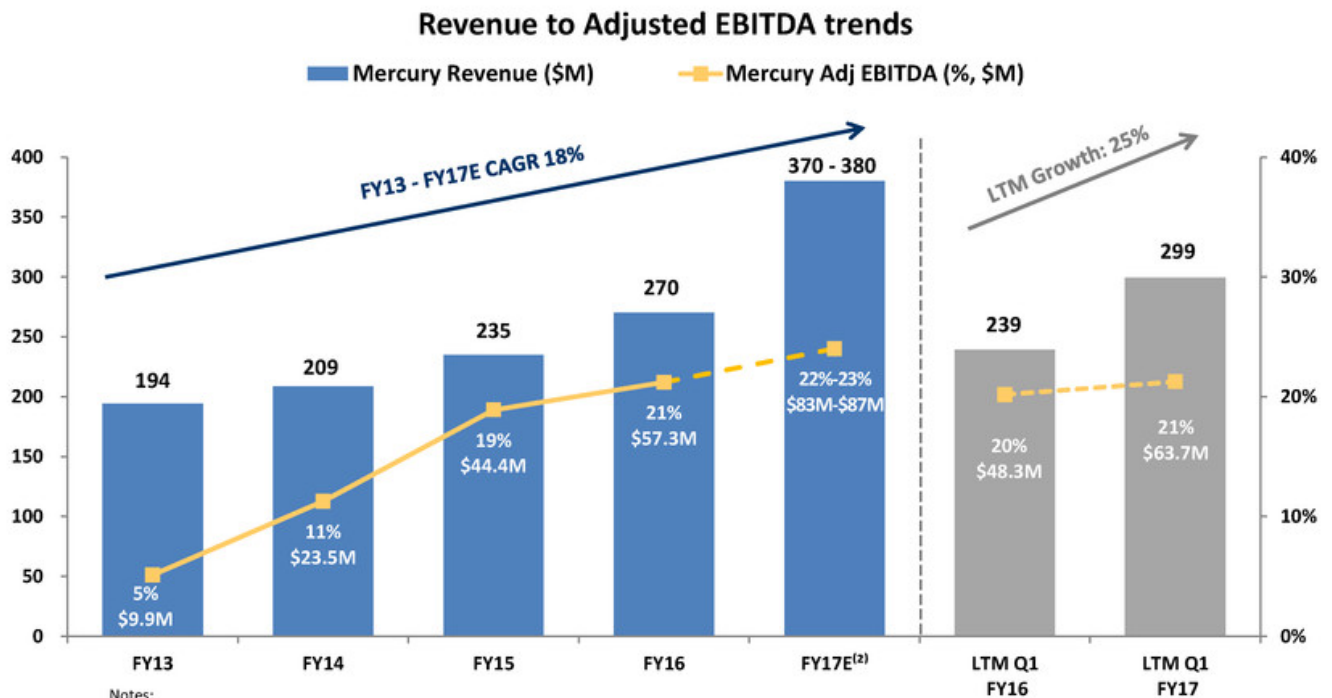
Organic and acquisition growth strategy is working well

- Greater program diversity today than in FY13
- 4 continuing programs growing >2.5x since FY13
- 6 other programs comprise 40% of FY17E top 10 revenue
- Grown, added and acquired future top programs
- 16 other programs comprise 42% of FY17E top 30 revenue
- Acquisitions and organic growth driving dramatic FY17 revenue increase
- Size, breadth and diversity of programs have increased



Note: (1) Acquired represents approximately \$100 million of pro forma FY16 revenue from acquisition completed May 2, 2016. Combined Program Growth includes expected increases in both acquired and organic program revenue.
 (2) Estimated FY17 amounts are based on the Company's full year guidance included in its most recent earnings release. CAGR is based on the mid-point of FY17 guidance range.

Strong revenue growth and operating leverage...



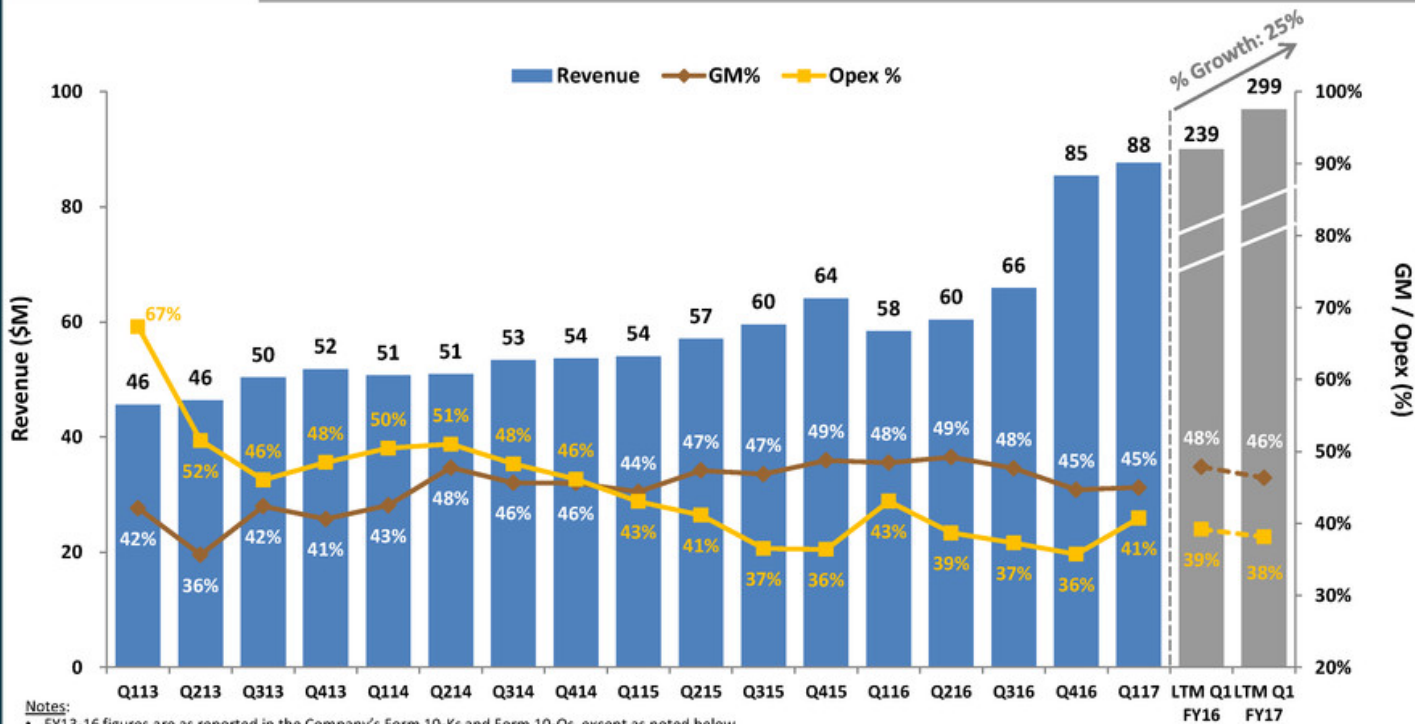
Notes:

- (1) Fiscal years ended June 30; FY13-16 figures are as reported in the Company's Form 10-Ks.
- (2) Estimate based upon guidance from the Company's most recent earnings release. CAGR assumes revenue at the mid-point of the range.
- (3) LTM figures are based on the trailing four fiscal quarters using information reported in the Company's Form 10-Ks and Form 10-Qs.

...yielded dramatic growth in adjusted EBITDA



Double digit revenue growth was accompanied by...



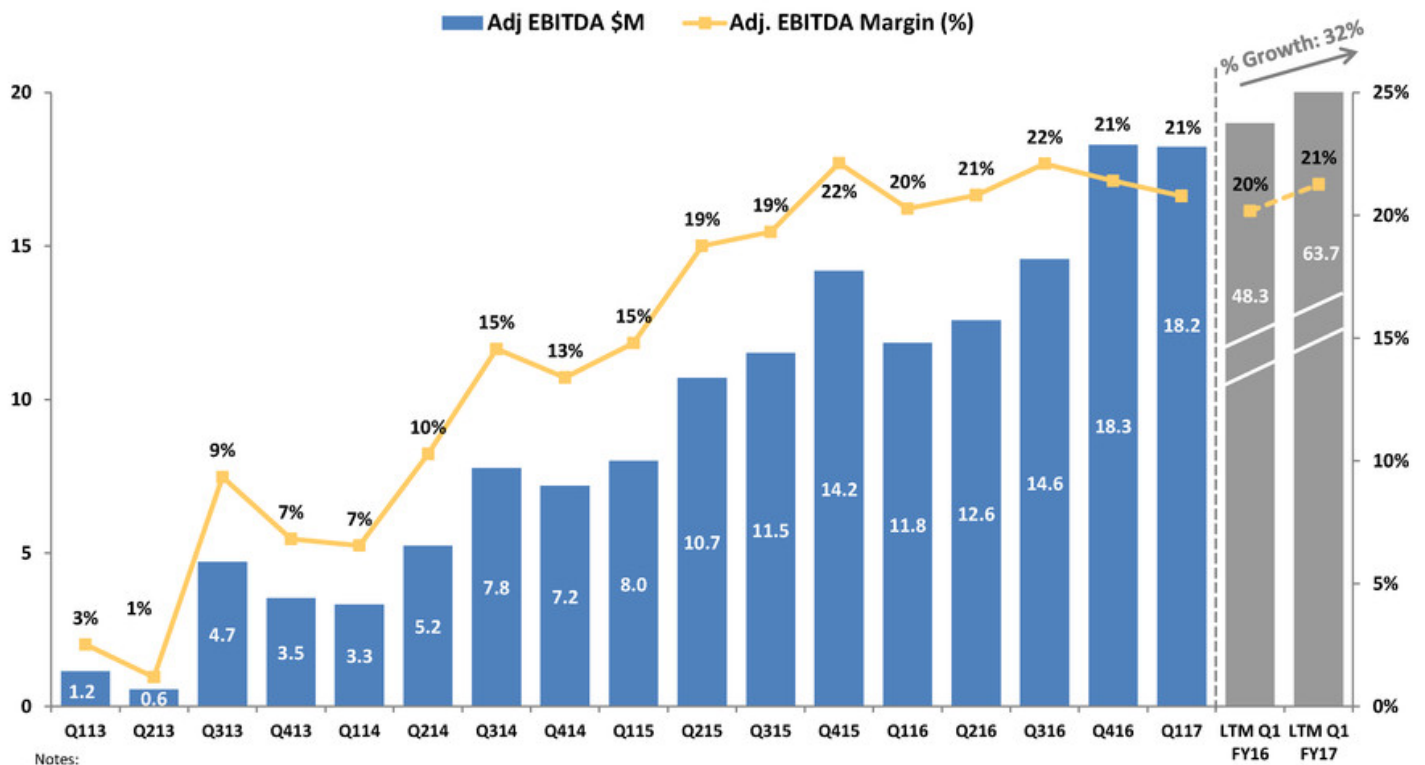
Notes:

- FY13-16 figures are as reported in the Company's Form 10-Ks and Form 10-Qs, except as noted below.
- The first three quarters of FY16 were subsequently adjusted for the reclassification of sustaining engineering expenses from Cost of Revenues to Research and Development. The impacts were \$0.8M, \$1.2M and \$0.9M for the 1st quarter, 2nd quarter and 3rd quarter of fiscal 2016, respectively.
- LTM figures are based on the trailing four fiscal quarters using information reported in the Company's Form 10-Ks and Form 10-Qs, except as noted above.

...gross margin improvement and operating expense leverage



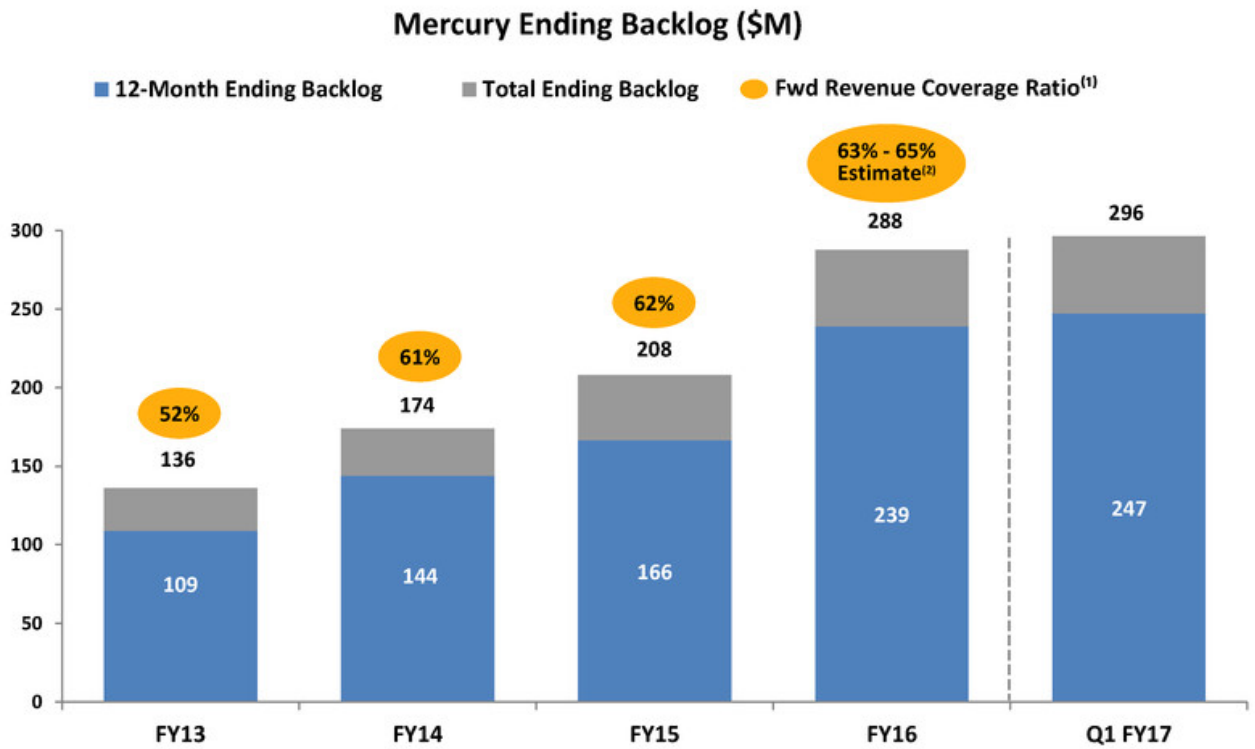
FY13-FY16 Adjusted EBITDA CAGR of 79%



Notes:

- FY13-16 figures are as reported in the Company's Form 10-Ks and Form 10-Qs.
- Adjusted EBITDA is income from continuing operations before interest income and expense, income taxes, depreciation, amortization of intangible assets, restructuring and other charges, impairment of long-lived assets, acquisition and financing costs, fair value adjustments from purchase accounting, litigation and settlement income and expense, and stock-based compensation expense.
- LTM figures are based on the trailing four fiscal quarters using information reported in the Company's Form 10-Ks and Form 10-Qs.

FY13-FY16 backlog CAGR of 28%...



...yielded record backlog and revenue coverage exiting FY16

Notes:

- (1) Revenue Coverage Ratio = 12-month ending backlog/Next 12 months Revenue (or initial revenue estimate for current/future year).
- (2) Estimate based upon guidance from the Company's most recent earnings release.



Strong performance in FY16

15% revenue and 29% adjusted EBITDA growth YoY

<i>In millions, except percentage and per share data</i>	FY15⁽¹⁾	FY16⁽²⁾	Change
Backlog	\$208	\$288	38%
Revenue	\$235	\$270	15%
Gross Margin⁽²⁾	47%	47%	-
Operating Expenses⁽²⁾ Adjusted OpEx (% of revenue) ⁽³⁾	\$91.9 38%	\$103.6 36%	12.7% (2) pts
GAAP Income⁽⁴⁾	\$14.4	\$19.7	37%
GAAP EPS	\$0.44	\$0.56	27%
Adjusted EPS⁽⁵⁾	\$0.82	\$0.96	17%
Adj. EBITDA⁽⁵⁾	\$44.4	\$57.3	29%

Notes:

- (1) FY15 and FY16 figures are as reported in the Company's Form 10-Ks, except as noted below.
(2) FY16 was adjusted for the subsequent reclassification of \$2.9M of sustaining engineering expenses from Cost of Revenues to Research and Development.
(3) Excludes \$3.3M of restructuring and acquisition costs and other related expenses from GAAP operating expenses in FY15 and \$5.2M in FY16.
(4) GAAP income from continuing operations.
(5) Non-GAAP, see reconciliation table.



Q1 FY17 vs. Q1 FY16

Q1 FY16 adjusted for applicable GAAP accounting changes (stock-based comp.)

<i>In millions, except percentage and per share data</i>	Q1FY16	Q1FY17	Change
Revenue	\$58	\$88	52%
Gross Margin⁽¹⁾	48%	45% ⁽²⁾	(3)pt
Operating Expenses⁽¹⁾	\$25.2	\$35.7	42%
GAAP Income⁽³⁾	\$2.9	\$3.8	31%
GAAP EPS⁽³⁾	\$0.08	\$0.10	25%
Adjusted EPS⁽⁴⁾	\$0.19	\$0.22	16%
Adj. EBITDA⁽⁴⁾	\$11.8	\$18.2	54%

Notes:

(1) Q1FY16 figures are as reported in the Company's Form 10-Q and were adjusted for the reclassification of \$0.8M of sustaining engineering expenses from Cost of Revenues to Research and Development.

(2) Includes \$2.1 million negative impact of inventory valuation step-up from purchase accounting.

(3) GAAP income from continuing operations. Q1FY16 figure is as reported in the Company's Form 10-Q and was adjusted for the adoption of FASB ASU 2016-09, Improvements to Employee Share-Based

Payment Accounting. The tax benefit (provision) was \$0.9M, \$0.9M and \$0.02 for GAAP income from continuing operations, tax provision (benefit) and GAAP EPS, respectively.

(4) Non-GAAP, see reconciliation table.



Q2 FY17 guidance vs. Q2 FY16 actual

<i>In millions, except percentage and per share data</i>	Q2FY16	Q2FY17⁽¹⁾	Change
Revenue	\$60	\$91.0 - \$95.0	51% - 57%
Gross Margin⁽²⁾	49%	46% - 47% ⁽³⁾	(3)pt - (2)pt
Operating Expenses⁽²⁾	\$23.4	\$36 - \$37	54% - 58%
GAAP Income⁽⁴⁾	\$5.0	\$2.7 - \$4.5	(46%) - (11%)
GAAP EPS⁽⁴⁾	\$0.15	\$0.07 - \$0.11	(53%) - (27%)
Adjusted EPS⁽⁵⁾	\$0.23	\$0.22 - \$0.27	(4%) - 17%
Adj. EBITDA⁽⁵⁾	\$12.6	\$18.1 - \$20.9	44% - 66%

Notes:

- (1) The guidance included herein is from the Company's most recent earnings release and is as of the date of that release. Excludes the impact of the Company's recently announced definitive purchase agreement for the acquisition of CES Creative Electronic Systems SA. 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 financing-related expenses and an effective tax rate of approximately 35% in the period discussed.
- (2) Q2FY16 figures are as reported in the Company's Form 10-Q and were adjusted for the reclassification of \$1.2M of sustaining engineering expenses from Cost of Revenues to Research and Development.
- (3) Includes \$0.7 million negative impact of inventory valuation step-up from purchase accounting.
- (4) Q2FY16 figure is as reported in the Company's Form 10-Q and was adjusted for the adoption of FASB ASU 2016-09, Improvements to Employee Share-Based Payment Accounting. The tax benefit (provision) was \$0.2M, \$0.2M and \$0.01 for GAAP income from continuing operations, tax provision (benefit) and GAAP EPS, respectively.
- (5) Non-GAAP, see reconciliation table.



FY17 annual guidance

<i>In millions, except percentage and per share data</i>	FY16⁽¹⁾	FY17⁽²⁾	Change
Revenue	\$270	\$370 - \$380	37% - 41%
GAAP Income⁽³⁾	\$19.7	\$19.8 - \$22.4	0% - 14%
GAAP EPS	\$0.56	\$0.50 - \$0.56	(12%) - 0%
Adjusted EPS⁽⁴⁾	\$0.96	\$1.03 - \$1.09	7% - 14%
Adj. EBITDA⁽⁴⁾	\$57.3	\$83.0 - \$87.0	45% - 52%

Notes:

(1) FY16 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. Excludes the impact of the Company's recently announced definitive purchase agreement for the acquisition of CES Creative Electronic Systems SA. 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 financing-related expenses and an effective tax rate of approximately 35% in the period discussed.

(3) GAAP income from continuing operations.

(4) Non-GAAP, see reconciliation table.



New target business model beginning FY17

	FY15 ⁽¹⁾	FY16 ⁽¹⁾	FY17 ⁽²⁾	New Target Business Model
Revenue	100%	100%	100%	100%
Gross Margin ⁽³⁾	47%	47%		45% - 50%
SG&A	21%	20%		16% - 18%
R&D ⁽³⁾	14%	13%		11% - 13%
Amortization	3%	3%	~5%	4% - 5%
GAAP Income ⁽⁴⁾	6%	7%	5% - 6%	NA
Adj. EBITDA ⁽⁵⁾	19%	21%	22% - 23%	22% - 26%

Notes:

(1) FY15 figures are as reported in the Company's Form 10-K, except as noted below in footnote 3.

(2) The guidance included herein is from the Company's most recent earnings release and is as of the date of that release. Excludes the impact of the Company's recently announced definitive purchase agreement for the acquisition of CES Creative Electronic Systems SA. 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 financing-related expenses and an effective tax rate of approximately 35% in the period discussed.

(3) FY16 was adjusted for the subsequent reclassification of \$2.9M of sustaining engineering expenses from Cost of Revenues to Research and Development.

(4) GAAP income from continuing operations.

(5) Non-GAAP, see reconciliation table.



Guidance: Strong performance track record

		Q1		Q2		Q3		Q4	
		Reported	Guidance	Reported	Guidance	Reported	Guidance	Reported	Guidance
2013	Revenue (\$M)	49.4	51.0 - 57.0	49.8	43.0 - 49.0	54.1	44.0 - 50.0	55.4	48.0 - 54.0
	EPS (\$)	(0.24)	(0.05) - 0.00	(0.16)	(0.24) - (0.17)	\$0.03	(0.08) - (0.02)	(0.07)	(0.13) - (0.07)
2014	Revenue (\$M)	53.9	48.0 - 54.0	53.1	48.0 - 54.0	55.5	50.0 - 56.0	53.7	52.0 - 56.0
	EPS (\$)	(0.07)	(0.14) - (0.08)	(0.03)	(0.12) - (0.06)	(0.02)	(0.15) - (0.09)	(0.02)	(0.10) - (0.04)
2015	Revenue (\$M)	54.1	50.0 - 55.0	57.1	54.0 - 58.0	59.6	56.0 - 60.0	64.1	62.0 - 64.0
	EPS (\$)	0.02	(0.06) - (0.01)	0.09	0.01 - 0.05	0.14	0.10 - 0.14	0.18	0.10 - 0.13
2016	Revenue (\$M)	58.4	54.0 - 59.0	60.4	58.0 - 61.0	65.9	63.0 - 67.0	85.4	65.5 - 68.5
	EPS (\$)	0.08 ⁽¹⁾	0.05 - 0.08	0.23 ⁽²⁾	0.15 - 0.18 ⁽²⁾	0.25	0.19 - 0.22	0.29	0.20 - 0.22
2017	Revenue (\$M)	87.6	82.0 - 87.0		91.0 - 95.0 ⁽³⁾				
	EPS (\$)	0.22	0.19 - 0.23		0.22 - 0.27 ⁽³⁾				

Notes:

- (1) Q1 FY16 was adjusted for the adoption of FASB ASU 2016-09, Improvements to Employee Share-Based Payment Accounting. The tax benefit (provision) was \$0.9M, \$0.9M and \$0.02 for GAAP income from continuing operations, tax provision (benefit) and GAAP EPS, respectively.
- (2) In Q2 FY16, the company changed the guidance from GAAP EPS to Adjusted EPS.
- (3) The guidance included herein is from the Company's most recent earnings release and is as of the date of that release. Excludes the impact of the Company's recently announced definitive purchase agreement for the acquisition of CES Creative Electronic Systems SA. 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 financing-related expenses and an effective tax rate of approximately 35% in the period discussed.

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Conservative balance sheet

Ample liquidity, unused \$100M credit facility, \$400M Universal Shelf capacity

(In millions)	FY15 Actual	FY16 Actual	Q1 FY17 Actual
ASSETS			
Cash & cash equivalents	77.6	81.7	77.3 ⁽¹⁾
Accounts receivable, net	53.8	95.9	85.7
Inventory, net	32.0	58.3	58.4
PP&E, net	13.2	28.3	31.4
Goodwill and intangibles, net	186.1	460.7	456.6
Other	24.2	11.6	12.7
TOTAL ASSETS	386.9	736.5	722.1
LIABILITIES AND S/E			
AP and other liabilities	36.8	71.2	57.4
Debt	0.0	192.3 ⁽²⁾	190.2 ⁽²⁾
Total liabilities	36.8	263.5	247.6
Stockholders' equity	350.1	473.0	474.5
TOTAL LIABILITIES AND S/E	386.9	736.5	722.1

Notes:

(1) Does not reflect use of approximately \$40 million in connection with acquisition of CES completed in Q2 of fiscal 2017.

(2) \$200 Term Loan A facility entered into on May 2, 2016 in connection with closing of Microsemi carve-out acquisition.



CES transaction overview

Acquired Creative Electronic Systems (“CES”)
Privately-owned, defense-oriented, mission computing business

Tuck-in transaction consistent with Mercury's market expansion strategy
~\$38 million purchase price; ~\$23 million in revenue for 12 months ended September 30, 2016

Provides key capabilities in large, highly complementary growth markets
Strong in mission computing, safety-critical avionics, and platform management

Substantial cost synergies anticipated as a percentage of acquired EBITDA
Positive impact of run-rate synergies expected to be fully realized by end of fiscal 2018

Expected to be accretive to FY17 adjusted EBITDA and adjusted EPS
Adjusted EBITDA margin expected to align with target model in FY18 as synergies are realized



Poised for continued, profitable growth

- Improved 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

Management team

Demonstrated track record of double-digit defense revenue growth and improved profitability

Since 2007, Mercury management has successfully grown the Company's defense business, returned the Company to profitability, acquired and integrated several companies, and positioned Mercury as a leading pure-play defense electronics company.



Mark Aslett
President, Chief Executive Officer and Director

- Mark joined Mercury in 2007 as President and CEO
- In-depth experience that spans the technology industry, across a variety of markets including telecommunications, data networking, security, defense and life sciences
- Prior to joining Mercury, Mark was President and Chief Executive Officer of Enterasys Networks and held various positions with Marconi plc and its affiliated companies



Didier Thibaud
Executive Vice President, Chief Operating Officer

- Didier joined Mercury in 1995 and serves as EVP and COO. Prior positions include President of MCE, as well as managing the Company's Advanced Computing Solutions group and heading international subsidiaries
- Before joining Mercury, Didier was Technical Director and Account Manager for Horizon Technologies, where he specialized in the development of Services and System Integrations for European Defense and Commercial businesses



Gerry Haines
Executive Vice President, Chief Financial Officer and Treasurer

- Gerry joined Mercury in 2010 and is responsible for Mercury's financial and treasury functions, as well as the Company's security program and compliance and risk management functions
- Executive experience spanning defense, high-tech, biotech, alternative energy and manufacturing
- Prior to joining Mercury, Gerry was Executive Vice President at Verenum Corporation and held various positions with Enterasys Networks, Cabletron Systems, and Applied Extrusion Technologies



Michael Ruppert
Senior Vice President, Strategy and Corporate Development

- Michael is responsible for Mercury's corporate development activities, including strategy, planning and mergers and acquisitions
- Fifteen years of investment banking experience spanning mergers and acquisitions, capital formation, strategy development and execution in aerospace and defense markets
- Prior to joining Mercury, Michael was Co-Founder and Managing Partner of RSPartners, LLC and has held various positions with UBS Securities, Lehman Brothers and Lazard



Chris Cambria
Senior Vice President, General Counsel and Secretary

- Chris joined Mercury in 2016 and is responsible for the direction and management of Mercury's legal affairs, including support for mergers and acquisitions and corporate finance transactions
- More than 30 years' experience providing strategic oversight of legal and regulatory matters, managing major acquisition transactions and serving as a key advisor in rapidly growing business environments
- Prior to joining Mercury, Chris has served as Vice President, General Counsel, and Secretary of Aerojet Rocketdyne Holdings, Inc., and Senior Vice President and General Counsel at L-3 Communications Corp



Q2 FY17 guidance (as of October 25th)

<i>In millions, except percentage and per share data</i>	Q2 FY16	Q2 FY17 ⁽¹⁾	YoY Change
	Actual	Est. Range	
Revenue	\$60	\$91 - \$95	51% - 57%
GAAP Income from continuing operations ⁽²⁾	\$5.0	\$2.7 - \$4.5	(46%) - (11%)
Adj. EBITDA ⁽³⁾	\$12.6	\$18.1 - \$20.9	44% - 66%
Adj EBITDA Reconciliation:			
Income (loss) from continuing operations	5.0	2.7 - 4.5	
Interest (income) expense, net	(0.0)	1.7	
Tax provision (benefit) ⁽²⁾	1.4	1.4 - 2.4	
Depreciation	1.6	3.0	
Amortization of intangible assets	1.6	4.6	
Restructuring and other charges	0.2	0.0	
Impairment of long-lived assets	0.2	0.0	
Acquisition and financing costs	0.0	0.1	
Fair value adjustments from purchase accounting	0.0	0.7	
Litigation and settlement (income) expense, net	0.0	0.0	
Stock-based compensation expense	2.4	3.9	
Adj. EBITDA ⁽³⁾	\$12.6	\$18.1 - \$20.9	44% - 66%
GAAP EPS ⁽²⁾	\$0.15	\$0.07 - \$0.11	(\$0.08) to (\$0.04)
Adjusted EPS ⁽³⁾	\$0.23	\$0.22 - \$0.27	\$0.01 to \$0.04

Notes:

(1) The guidance included herein is from the Company's most recent earnings release and is as of the date of that release. Excludes the impact of the Company's recently announced definitive purchase agreement for the acquisition of CES Creative Electronic Systems SA. 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 financing-related expenses and an effective tax rate of approximately 35% in the period discussed.

(2) Q2FY16 was adjusted for the adoption of FASB ASU 2016-09, Improvements to Employee Share-Based Payment Accounting. The tax benefit (provision) was \$0.2M, \$0.2M and \$0.01 for GAAP income from continuing operations, tax provision (benefit) and GAAP EPS, respectively.

(3) Non-GAAP.



FY17 guidance (as of October 25th)

<i>In millions, except percentage and per share data</i>	FY16	FY17 ⁽¹⁾	YoY Change
	Actual	Est. Range	
Revenue	\$270	\$370 - \$380	37% - 41%
GAAP Income from continuing operations	\$19.7	\$19.8 - \$22.4	0% - 14%
Adj. EBITDA ⁽²⁾	\$57.3	\$83.0 - \$87.0	45% - 52%
<u>Adj EBITDA Reconciliation:</u>			
Income (loss) from continuing operations	19.7	19.8 - 22.4	
Interest (income) expense, net	1.0	6.9	
Tax provision (benefit)	5.5	7.4 - 8.8	
Depreciation	6.9	12.7	
Amortization of intangible assets	8.8	17.8	
Restructuring and other charges	1.2	0.3	
Impairment of long-lived assets	0.2	0.0	
Acquisition and financing costs	4.7	0.9	
Fair value adjustments from purchase accounting	1.4	2.8	
Litigation and settlement (income) expense, net	(1.9)	0.0	
Stock-based compensation expense	9.6	14.4	
Adj. EBITDA ⁽²⁾	\$57.3	\$83.0 - \$87.0	45% - 52%
GAAP EPS	\$0.56	\$0.50 - \$0.56	(\$0.07) to \$0.00
Adjusted EPS ⁽²⁾	\$0.96	\$1.03 - \$1.09	\$0.07 to \$0.13

Notes:

(1) The guidance included herein is from the Company's most recent earnings release and is as of the date of that release. Excludes the impact of the Company's recently announced definitive purchase agreement for the acquisition of CES Creative Electronic Systems SA. 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 financing-related expenses and an effective tax rate of approximately 35% in the period discussed.

(2) Non-GAAP.



Adjusted EPS reconciliation

(000's)	FY13	FY14	FY15	Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16	FY16	Q1 FY17
Diluted net earnings (loss) per share ⁽¹⁾⁽²⁾	\$ (0.46)	\$ (0.13)	\$ 0.44	\$ 0.08	\$ 0.15	\$ 0.13	\$ 0.19	\$ 0.56	\$ 0.10
Income (loss) from continuing operations	\$ (13,782)	\$ (4,072)	\$ 14,429	\$ 2,856	\$ 5,040	\$ 4,357	\$ 7,489	\$ 19,742	\$ 3,819
Amortization of intangible assets	8,222	7,328	7,008	1,713	1,638	1,754	3,737	8,842	4,602
Restructuring and other charges	7,060	5,443	3,175	338	221	409	272	1,240	297
Impairment of long-lived assets	-	-	-	-	231	-	-	231	-
Acquisition and financing costs	318	-	451	2,298	25	1,726	653	4,702	553
Fair value adjustments from purchase accounting	2,293	-	-	-	-	-	1,384	1,384	2,077
Litigation and settlement expenses	-	-	-	-	-	-	(1,925)	(1,925)	-
Stock-based compensation expense	7,854	8,999	8,640	2,702	2,392	2,149	2,330	9,573	3,632
Impact to income taxes ⁽²⁾	(8,776)	(5,772)	(6,733)	(3,466)	(1,722)	(1,978)	(2,808)	(9,975)	(6,085)
Adjusted income from continuing operations	\$ 3,189	\$ 11,926	\$ 26,970	\$ 6,441	\$ 7,825	\$ 8,417	\$ 11,132	\$ 33,814	\$ 8,895
Diluted adjusted net earnings per share ⁽¹⁾	\$ 0.10	\$ 0.38	\$ 0.82	\$ 0.19	\$ 0.23	\$ 0.25	\$ 0.29	\$ 0.96	\$ 0.22
Weighted-average shares outstanding:									
Basic	30,128	31,000	32,114	32,778	33,120	33,251	37,811	34,241	38,865
Diluted	30,492	31,729	32,939	33,616	33,831	33,991	38,954	35,097	39,865

Notes:

(1) Numbers shown are in cents.

(2) Upon the adoption of FASB ASU 2016-09, Improvements to Employee Share-Based Payment Accounting, the Company recognized \$1,100 of excess tax benefits in FY16. The tax benefit (provision) impacts were \$896, \$247, \$(169), and \$126 for 1st quarter, 2nd quarter, 3rd quarter and 4th quarter, respectively. The GAAP EPS impacts were \$0.02, \$0.01, \$0.00, and \$(0.03) for 1st quarter, 2nd quarter, 3rd quarter and 4th quarter, respectively.



Adjusted EBITDA reconciliation

(000's)	FY13	FY14	FY15	Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16	FY16	Q1 FY17
Income (loss) from continuing operations ⁽¹⁾	\$ (13,782)	\$ (4,072)	\$ 14,429	\$ 2,856	\$ 5,040	\$ 4,357	\$ 7,489	\$ 19,742	\$ 3,819
Interest expense (income), net	31	40	13	(22)	(21)	(36)	1,120	1,041	1,782
Tax provision (benefit) ⁽¹⁾	(10,501)	(1,841)	4,366	368	1,433	2,642	1,101	5,544	(1,259)
Depreciation	8,445	7,625	6,332	1,588	1,620	1,565	2,127	6,900	2,718
Amortization of intangible assets	8,222	7,328	7,008	1,713	1,638	1,754	3,737	8,842	4,602
Restructuring and other charges	7,060	5,443	3,175	338	221	409	272	1,240	297
Impairment of long-lived assets	-	-	-	-	231	-	-	231	-
Acquisition and financing costs	318	-	451	2,298	25	1,725	653	4,701	553
Fair value adjustments from purchase accounting	2,293	-	-	-	-	-	1,384	1,384	2,077
Litigation and settlement expenses	-	-	-	-	-	-	(1,925)	(1,925)	-
Stock-based compensation expense	7,854	8,999	8,640	2,702	2,392	2,150	2,330	9,574	3,632
Adjusted EBITDA	\$ 9,940	\$ 23,522	\$ 44,414	\$ 11,841	\$ 12,579	\$ 14,566	\$ 18,288	\$ 57,274	\$ 18,221

Notes:

(1) Upon the adoption of FASB ASU 2016-09, Improvements to Employee Share-Based Payment Accounting, the Company recognized \$1,100 of excess tax benefits in FY16. The tax benefit (provision) impacts were \$896, \$247, \$(169), and \$126 for 1st quarter, 2nd quarter, 3rd quarter and 4th quarter, respectively.



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.
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	ECM	Electronic Countermeasures	OpenVPX	System-level specification for VPX, initiated by Mercury
AESA	Active Electronically Scanned Array	EO/IR	Electro-optical / Infrared	PBR	President's Budget Request
AIDEWS	Advanced Integrated Defensive Electronic Warfare Suite	EP	Electronic Protection	PGK	Precision Guidance Kit
AMC	Advanced Microelectronics Center	EW	Electronic Warfare	RDP	Radar Digital Processor
ATCA	Advanced Telecommunications Architecture	FAB-T	Family of Beyond Line-of-Sight Terminals	RF	Radio Frequency
AWACS	Airborne Warning and Control System	FC	Fire Control	RoW	Rest of World
BCA	Budget Control Act	FMS	Foreign Military Sales	SABR	Scalable Agile Beam Radar
C2	Command & Control	FMV	Full Motion Video	SBC	Single Board Computer
C4ISR	Command, Control, Communications, Computers, Intelligence, Surveillance, Reconnaissance	IFF	Identification Friend or Foe	SDB	Small Diameter Bomb
COTS	Commercial off-the Shelf	IMA	Integrated Microwave Assembly	SEWIP	Surface Electronic Warfare Improvement Program
CR	Continuing Resolution	LRDR	Long Range Discrimination Radar	SIGINT	Signals Intelligence
DAL	Design Assurance Level	MALD	Miniature Air Launched Decoy	SIP	System-in-Package
DEWS	Digital Electronic Warfare System	MMA	Multimission Maritime Aircraft	SIRFC	Suite of Integrated RF Countermeasures
DRFM	Digital Radio Frequency Memory	MOSA	Modular Open Systems Architecture	SM	Standard Missile
DSP	Digital Signal Processing	NMT	Navy Multiband Terminal	SSEE	Ships Signal Exploitation Equipment
EA	Electronic Attack	O&M	Operations & Maintenance	SWaP	Size Weight and Power



