
**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 7, 2017

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.)

50 Minuteman Road, Andover, Massachusetts 01810
(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 7, 2017 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 7, 2017

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 7, 2017

MERCURY SYSTEMS, INC.

By: /s/ Gerald M. Haines II
Gerald M. Haines II
Executive Vice President, Chief Financial Officer, and Treasurer

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
99.1	Presentation materials dated November 7, 2017



Mercury Systems FY18 Investor Day Presentation

November 7, 2017
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 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 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 cyber-security regulations and requirements, 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, 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.



Agenda

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

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⁾:
 - \$457M - \$468M revenue
 - \$37.8M - \$40.7M GAAP income
 - \$105.0M - \$109.0M Adj. EBITDA



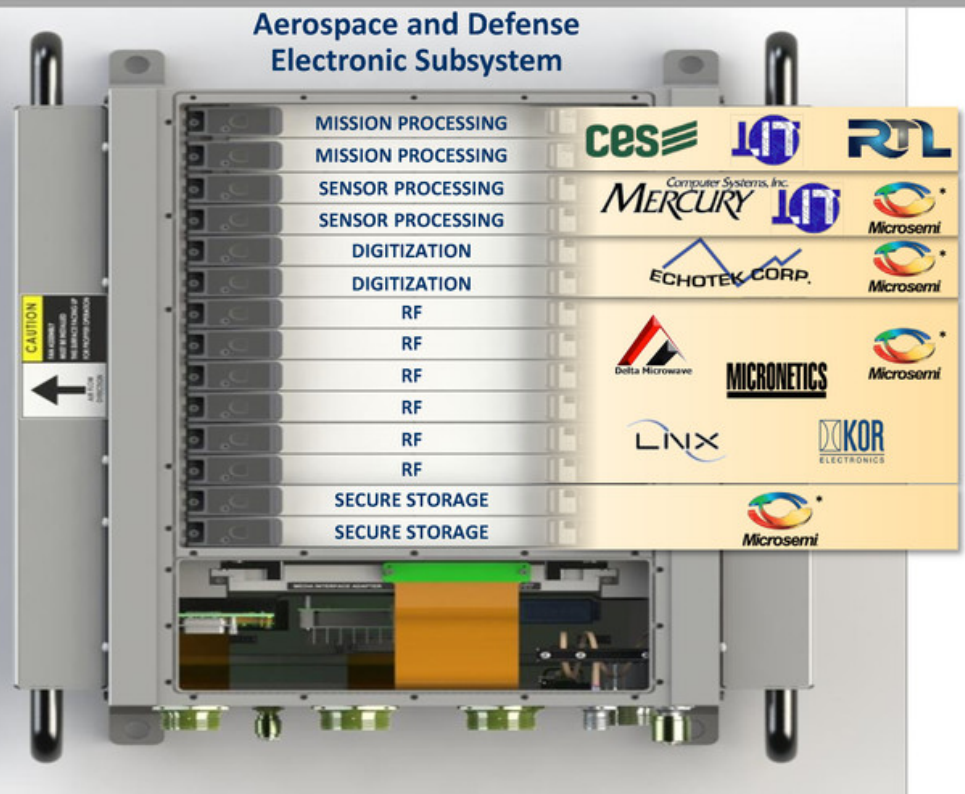
...to address the industry's challenges and opportunities

Strategy delivering above average growth and profitability



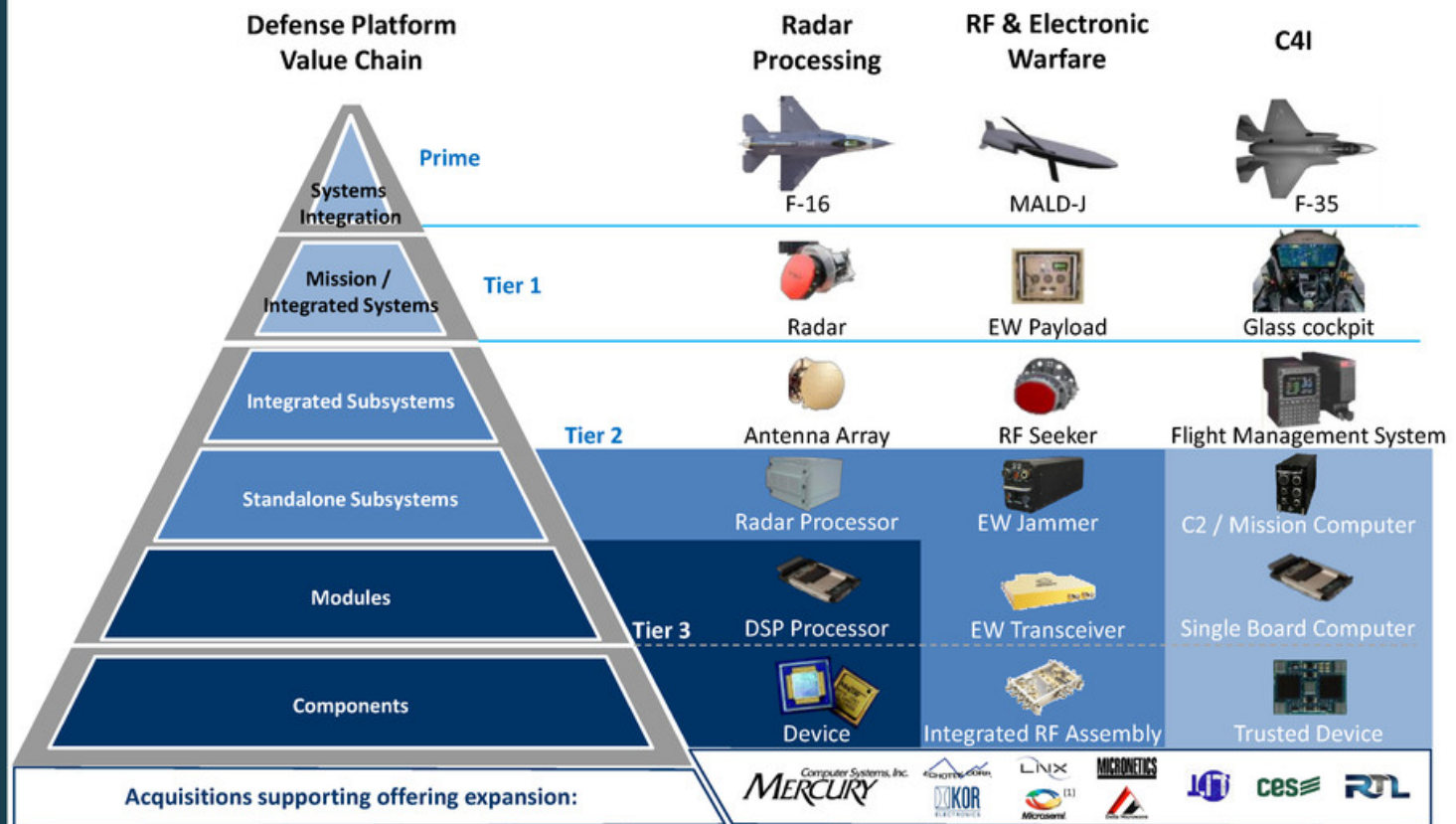
Acquisitions have transformed Mercury into a commercial...

- 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

Mercury has expanded its reach vertically and horizontally



Source: RSAdvisors research & analysis.
 (1) Represents carve-out acquisition from Microsemi Corp.

We are deployed on 300+ programs with 25+ Primes

Aerospace & Defense Platform and Systems Electronics Content					
C4I	P-8 MMA	F-35	AH-64 Apache	KC-46	A330 MRTT
					
Sensor & Effector Mission Systems	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
					



communications



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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



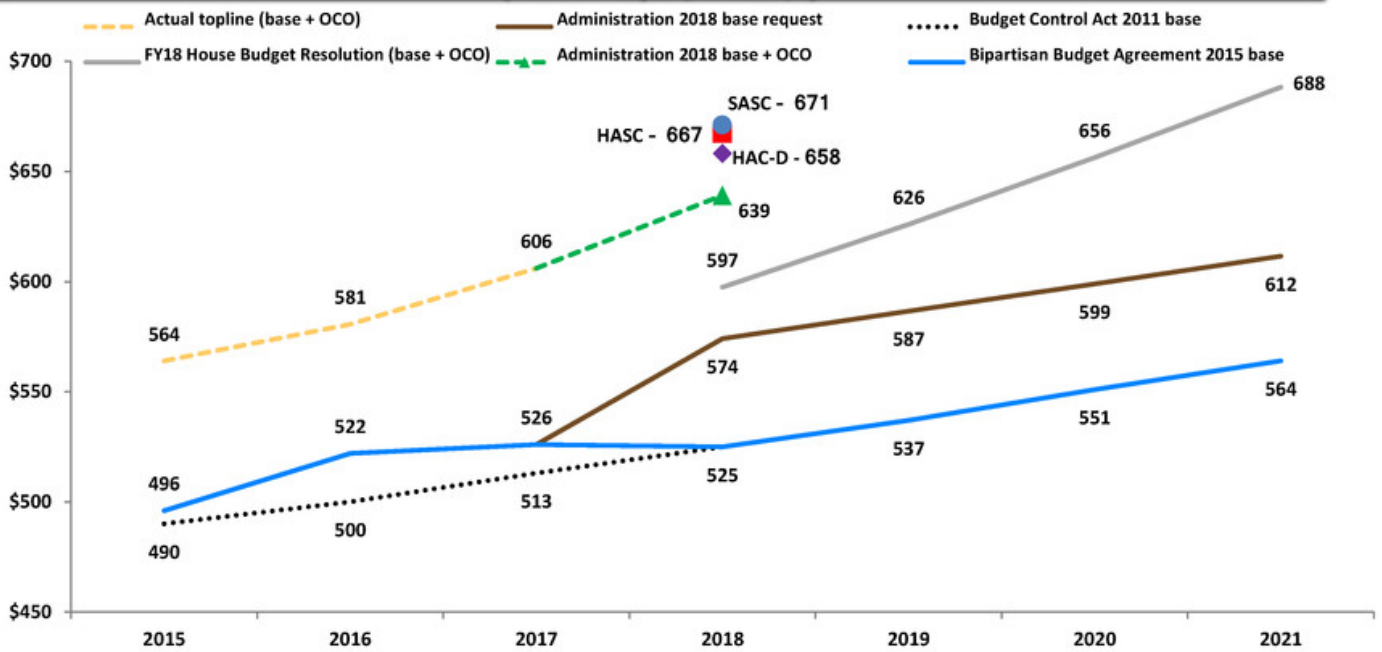
Challenging Global Security Environment:

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



Consensus is emerging between Administration, Congress...

Topline Base Authorization Budget vs. BCA Caps (Discretionary BA, Current \$B)



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

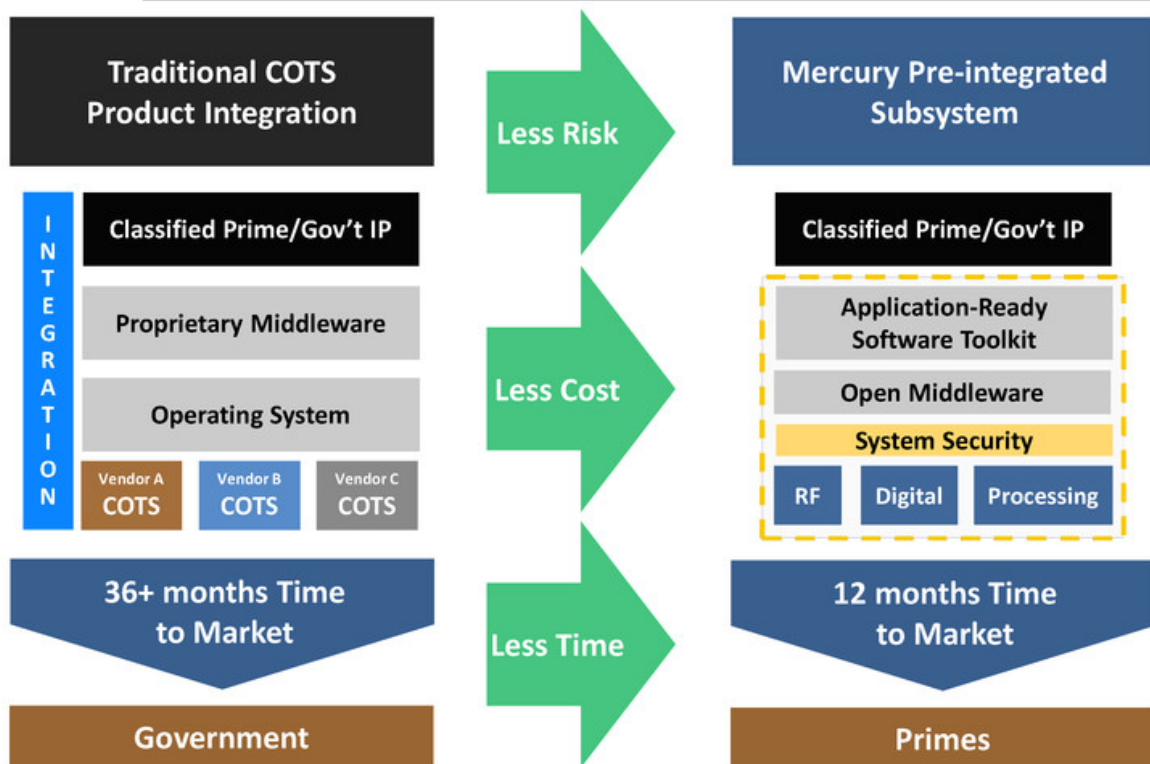
...and DoD on need for increased defense spending

Mercury's vision is to be the...

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



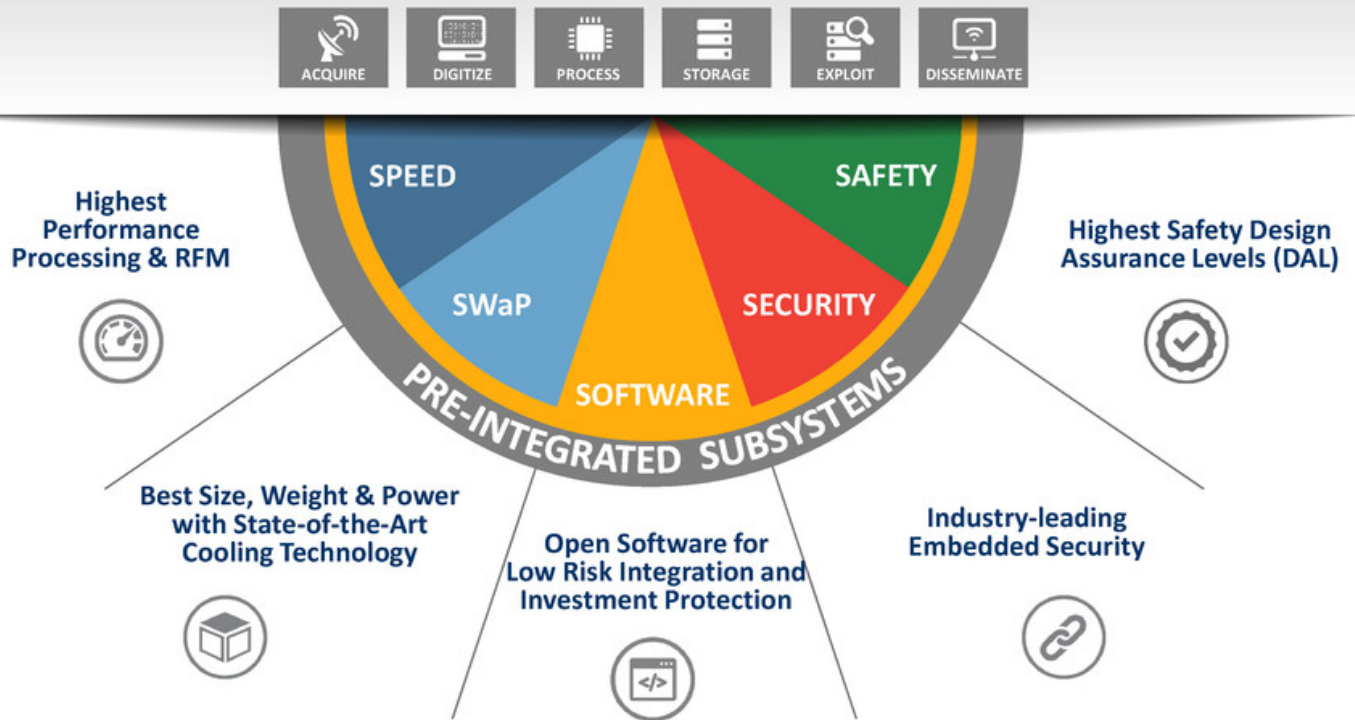
Business model built for speed, innovation and affordability...



...as customers seek outsourced pre-integrated subsystems

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

Secure Sensor and Safety-Critical Processing Solutions



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









From secure Teraflop processing modules and RF subassemblies...



...to secure sensor and safety-critical processing subsystems



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



The A&D electronics systems market has two major segments: C4I and sensor systems

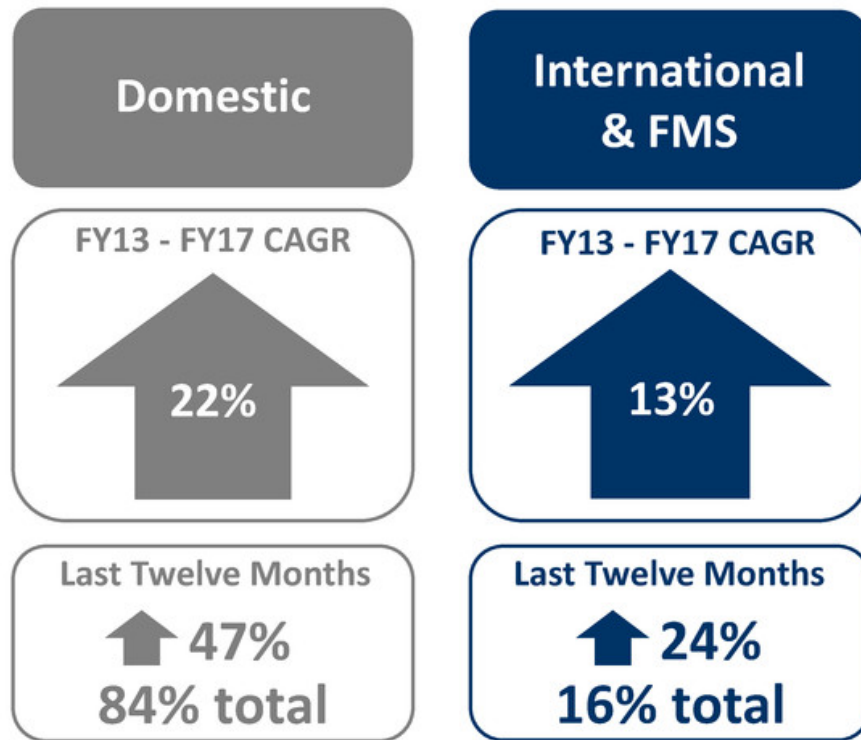
Aerospace & Defense Platform and Systems Electronics Content

		C4I			Sensor & Effector Mission Systems				
		C2I	Comms	EW	Radar	EO/IR	Acoustics	Weapons	
2018 Tier 2* Market (\$B)	Definition	Platform & Mission Mgmt 	C2I 	Comms 	EW 	Radar 	EO/IR 	Acoustics 	Weapons 
	2018 Market (\$B)	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)	\$26.3B 2.3% '18-22 CAGR	\$29.3B 3.3% '18-22 CAGR	\$12.5B 3.0% '18-22 CAGR	\$8.1B 5.0% '18-22 CAGR	\$8.0B 4.4% '18-22 CAGR	\$9.3B 2.2% '18-22 CAGR	\$3.6B 6.1% '18-22 CAGR	\$5.6B 4.2% '18-22 CAGR
	2018 Market (\$B)	\$6.8B 3.5% '18-22 CAGR	\$6.2B 4.9% '18-22 CAGR	\$4.7B 4.5% '18-22 CAGR	\$4.3B 6.1% '18-22 CAGR	\$4.2B 5.5% '18-22 CAGR	\$2.4B 3.5% '18-22 CAGR	\$1.1B 7.3% '18-22 CAGR	\$2.6B 5.3% '18-22 CAGR

Notes:

*Tier 2 includes Embedded computing and subsystems with RF content. Includes US Government and Global Commercial Aerospace Markets
Sources: RSAAdvisors research & analysis

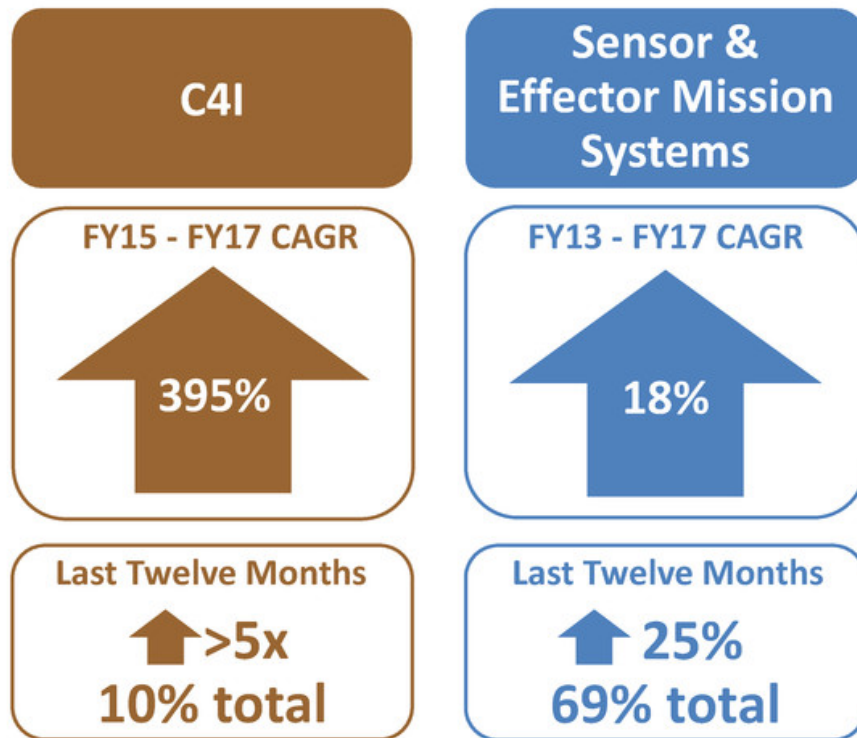
Revenue growth rates by domestic and international / FMS



Int'l and FMS revenue growth accelerating given our program mix



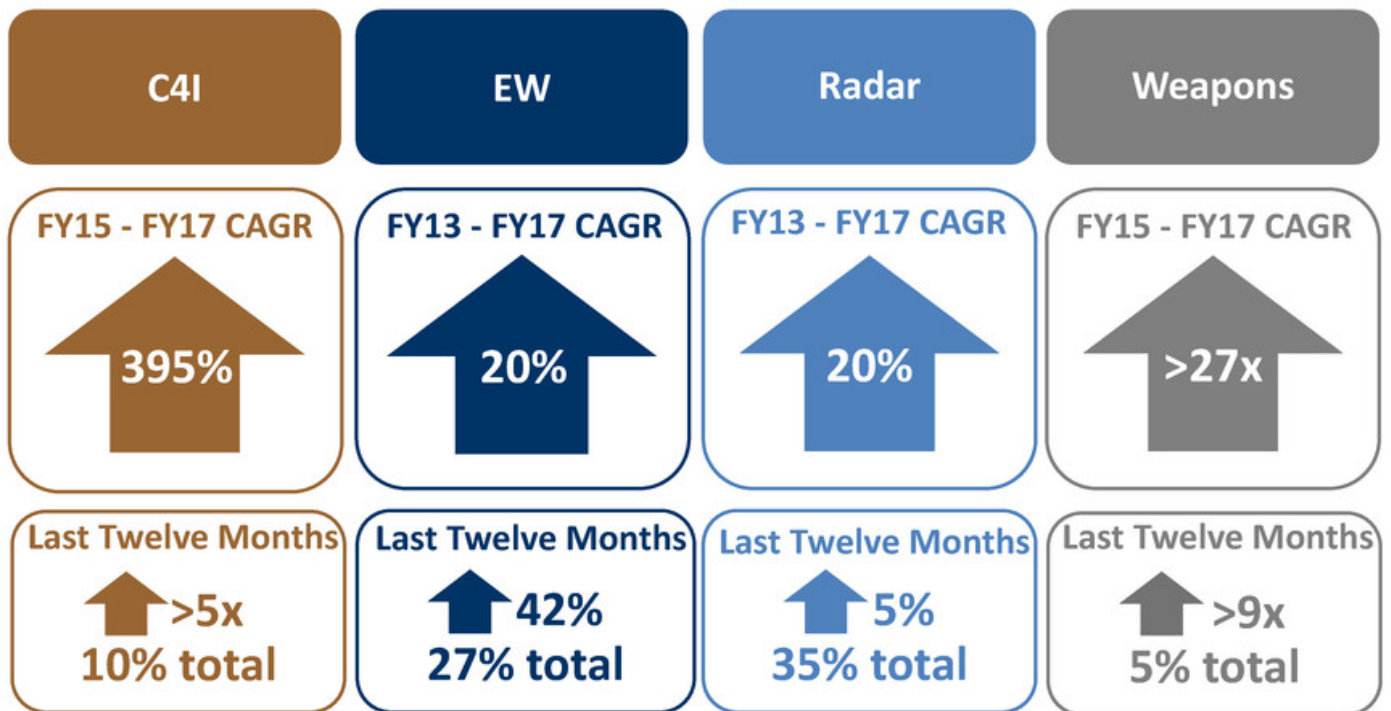
Revenue growth rates by major market segment



We are growing significantly above market and taking share



Revenue growth rates by sub market segment

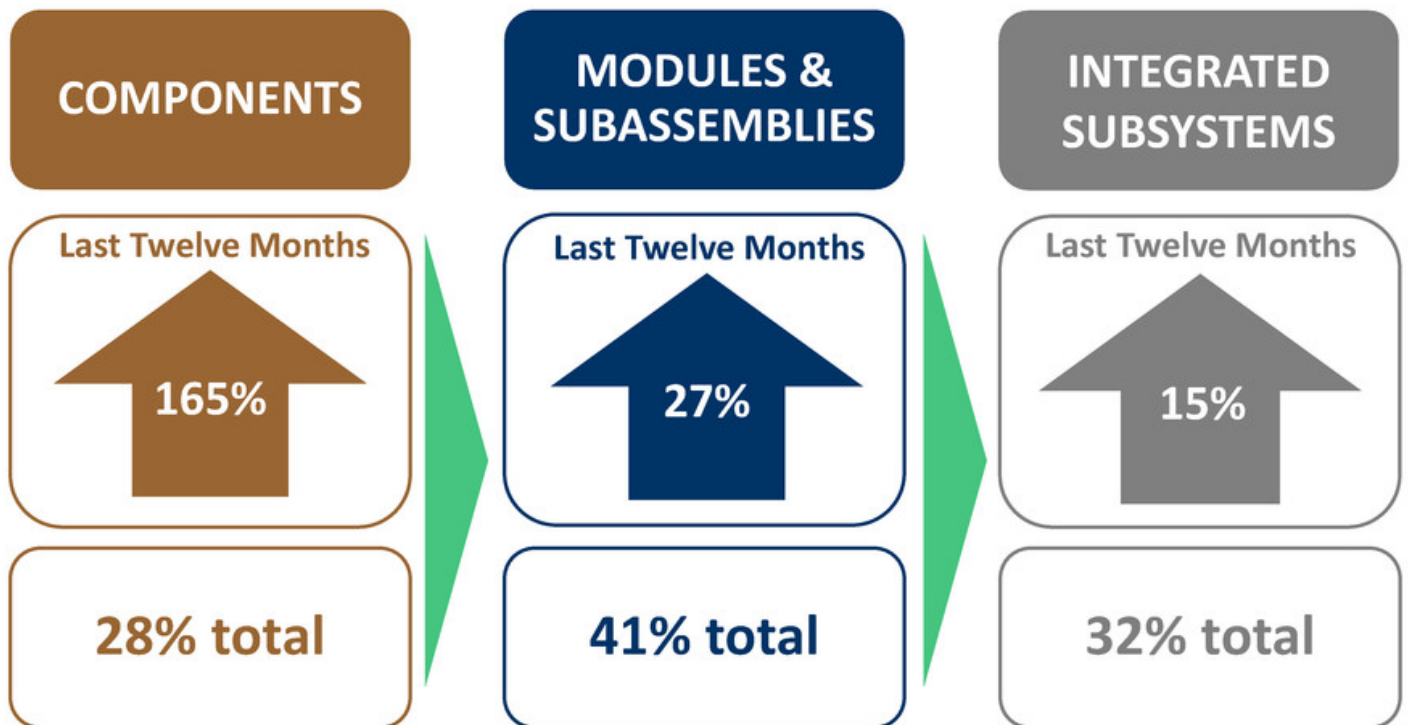


We are growing significantly above market and taking share



Revenue growth rates by tier

Integrated subsystems revenue growth is a proxy for outsourcing

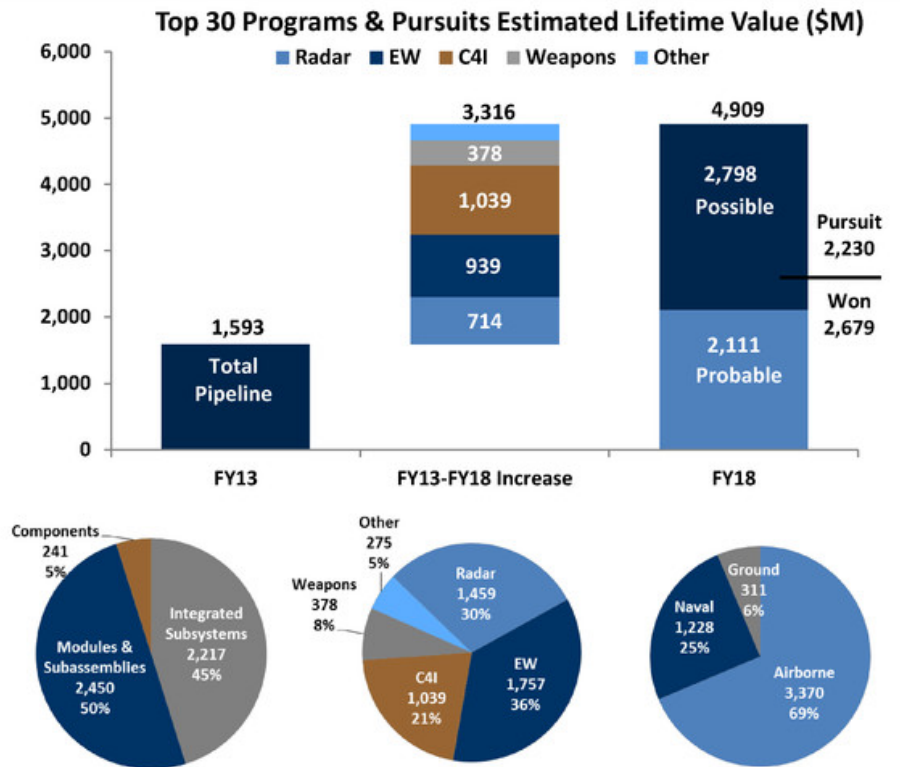


Transforming components and modules into integrated subsystems



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.

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  Avionics / Vetronics Control & operation of platform & mission systems	C2I  Command & Control / Battle Management Processing & exploitation of information	Comms  Dedicated Communications Dissemination of information	EW  Electronic Warfare Offensive / defensive exploitation of EM spectrum	Radar  Radar Use of RF signal to detect, track, ID	EO/IR  Electro-Optical/ Infrared Thermo-graphic camera with video output	Acoustics  Acoustics Sound pulses to determine object location	Weapons  Missiles/ Munitions Seekers, HEL, HPM Naval Launched Air Launched	2018 Tier 2* Market (\$B) 
								2018 Market (\$B) 

Notes:

*Tier 2 includes Embedded computing and subsystems with RF content. Includes US Government and Global Commercial Aerospace Markets

Sources: RSAAdvisors research & analysis

(1) Represents carve-out acquisition from Microsemi Corp.

We actively develop potential acquisition targets across all channels

~\$400mm of capital deployed in ~24 months

								
Acquisition Close Date	Jan 2011	Dec 2011	Aug 2012	Dec 2015	May 2016	Nov 2016	Apr 2017	Jul 2017
Size	\$31mm	\$70mm	\$75mm	\$10mm	\$300mm	\$39mm	\$40.5mm	Not Reported
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
Sourcing	Proprietary Negotiated	Proprietary Negotiated	Targeted Auction	Proprietary Negotiated	Proprietary Negotiated	Proprietary Negotiated	Targeted Auction	Proprietary Negotiated

Disciplined Approach to M&A

Learn Market

Add Capabilities

Scale Business

Leverage Channel

Maintain Conservative Balance Sheet

* Represents carve-out acquisition from Microsemi Corp.



Glassdoor current employee ratings

Validates Mercury's destination employer and acquirer of choice status

	Mercury Systems	Glass Door Average	Proxy Peer Group ⁽¹⁾	Tier 2 Defense Company Index ⁽²⁾
Overall Rating	4.3	3.2	3.6	3.4
Culture & Values	4.2	3.2	3.6	3.2
Work-Life Balance	3.7	3.3	3.6	3.4
Senior Management	4.2	2.9	3.2	3.0
Compensation & Benefits	4.0	3.2	3.6	3.4
Career Opportunities	4.1	3.0	3.3	3.2
Recommend to Friend	87%	58%	67%	63%
CEO Approval	96%	69%	79%	71%
Positive Business Outlook	89%	39%	57%	53%

(1) PROXY PEER GROUP: ADTRAN, Inc., AeroVironment, Inc., Analogic Corp., Astronics Corp., Brooks Automation, Inc., CalAmp Corp., Cognex Corp., Comtech Telecommunications Corp., Cray, Inc., Digi International, Inc., Ducommun, Inc., Gigamon, Inc., Infinera Corp., InvenSense, Inc., iRobot Corp., Ixia, Kratos Defense & Security Solutions, Inc., MACOM Technology Solutions Holdings, Inc., MKS Instruments, Inc., NETGEAR, Inc., NetScout Systems, Inc., Novanta, Inc., Progress Software Corp., Qualys, Inc., Ruckus Wireless, Inc., ShoreTel, Inc., Sonus Networks, Inc., Sparton Corp., Vicor Corp.

(2) TIER 2 DEFENSE INDEX: AAR Corporation, Aerojet Rocketdyne, AeroVironment, AXON Enterprises, Ball Aerospace, BXW 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.

Source: Glass Door, Inc., October 27, 2017



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



Agenda

- Strategy & Business Update






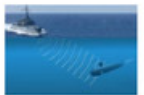

- Growth Strategy at Work

- Didier Thibaud
Executive Vice President & COO

- Financial Update

- Q&A

Growth strategy driving program content and market expansion

Aerospace & Defense Platform and Systems Electronics Content							
C4I			Sensor & Effector Mission Systems				
	C2I	Comms	EW	Radar	EO/IR	Acoustics	Weapons
Platform & Mission Mgmt							
Avionics / Vetrronics	Command & Control / Battle Management	Dedicated Communications	Electronic Warfare	Radar	Electro-Optical/ Infrared	Acoustics	Missiles/ Munitions
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
Platform Management Computer	Platform Combat Systems, ISR, PNT	Tactical Radio, Data Link, SATCOM	EA, ECM, EP, ES SIGINT	Tactical & Strategic Multifunction Radar, SAR, ATC	FMV, WAMI, EO/IR CM	Sonar	
KC-46 A330 MRTT H225	F-35 P-8	Predator Reaper NMT FAB-T	SEWIP B2, B3 SSEE DEWS, AIDEWS EPAWSS	F-16 SABR SPY-1 F-35 LRDR Patriot RDP Global Hawk	Gorgon Stare		SDB-II PGK Paveway ESSM AMRAAM

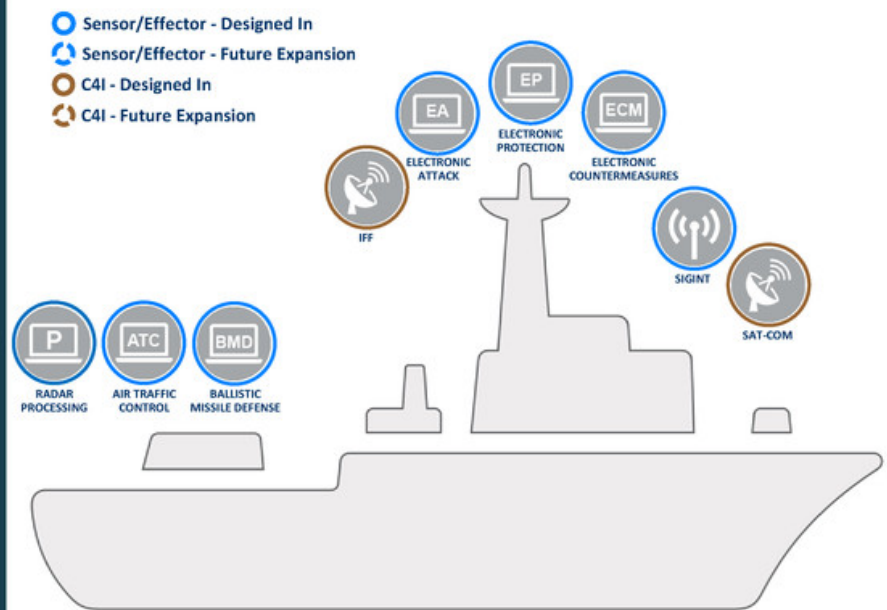
Notes:

*Tier 2 includes Embedded computing and subsystems with RF content. Includes US Government and Global Commercial Aerospace Markets

Sources: RSAAdvisors research & analysis

Naval surface fleet growth strategy in action

- Radar:
 - Aegis FMS
 - Aegis processing refresh
- Electronic warfare (EW):
 - SEWIP Block 2
 - SEWIP LIMA
 - SEWIP Block 3
- Signals intelligence:
 - SSEE
- Communications:
 - Navy Multiband Terminal
 - IFF interrogators

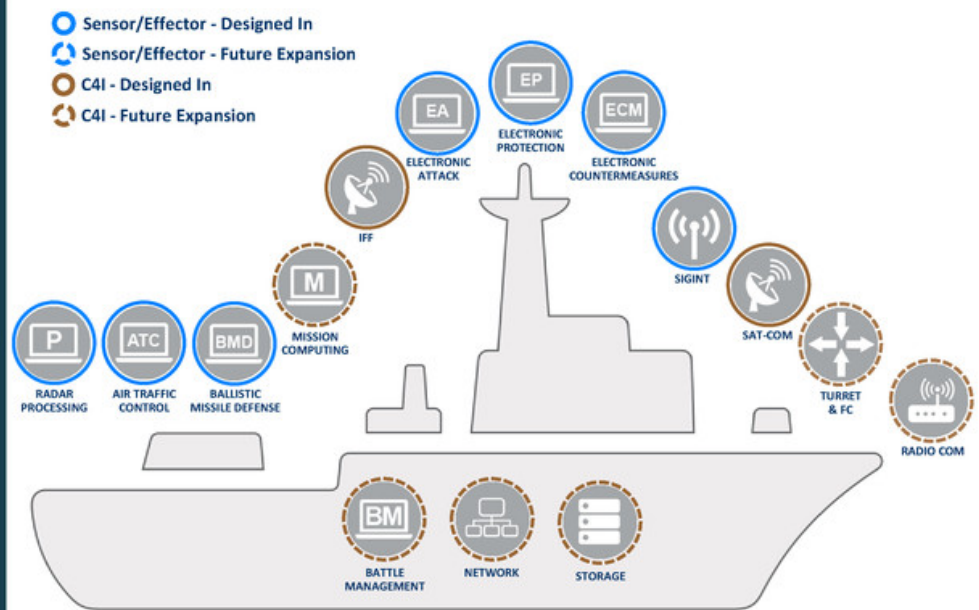


Shipborne opportunities continue to drive growth

Naval surface fleet growth strategy in action

Future market and content expansion in sensor and platform management systems

- Radar:
 - Aegis FMS
 - Aegis processing refresh
 - Aegis RF content expansion
- Electronic warfare (EW):
 - SEWIP Block 2
 - SEWIP LIMA
 - SEWIP Block 3
- Signals intelligence:
 - SSEE
- Communications:
 - Navy Multiband Terminal
 - IFF interrogators
- C2I

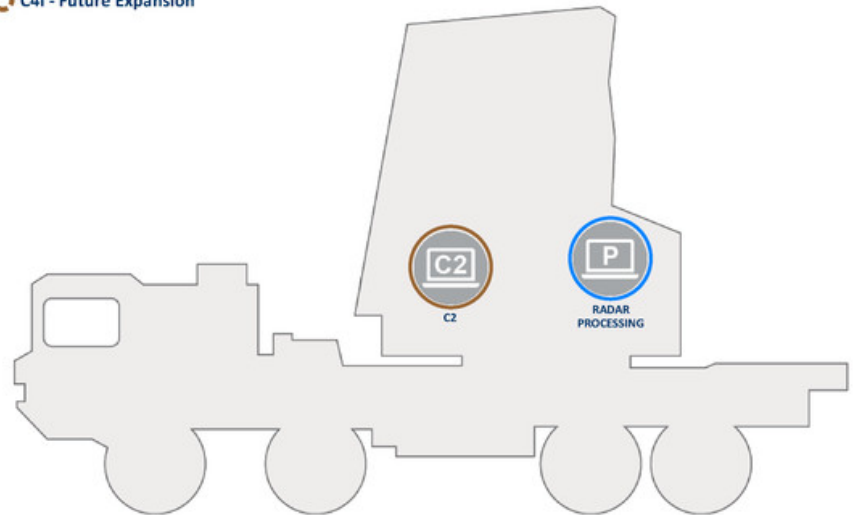


Total potential Naval surface fleet value from \$507M to \$1.2B

Missile defense growth strategy in action

- Ground mobile Radar:
 - Patriot missile defense Radar processing FMS
 - C2I:
 - Patriot fire control
- Ground fixed Radar:
 - Aegis Ashore ballistic missile defense Radar processing
 - Large AESA ground Radar processing

- Sensor/Effector - Designed In
- Sensor/Effector - Future Expansion
- C4I - Designed In
- C4I - Future Expansion



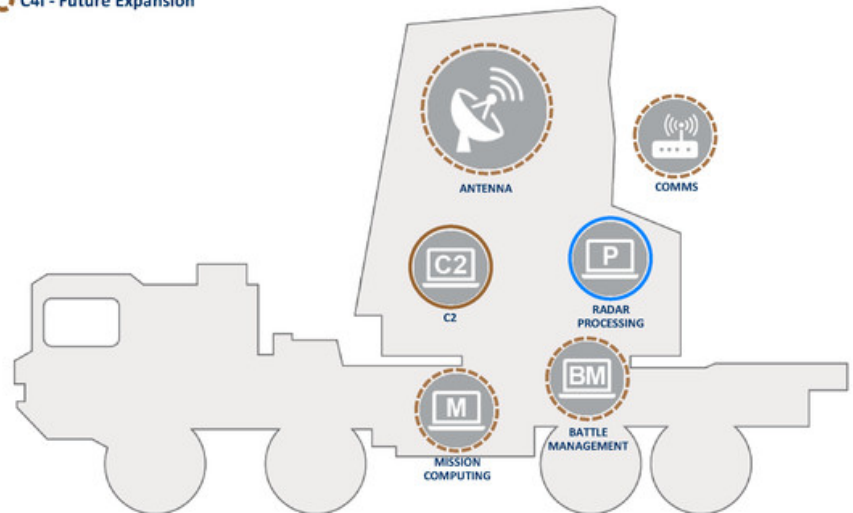
Missile defense opportunities continue to drive growth

Missile defense growth strategy in action

Recent acquisitions expand addressable market

- Ground mobile Radar:
 - Patriot missile defense Radar processing FMS
 - C2I:
 - Patriot fire control
 - New opportunities:
 - THAAD FMS
 - Next Generation LTAMD
 - G/ATOR
 - Sentinel
- Ground fixed Radar:
 - Aegis Ashore ballistic missile defense Radar processing
 - Large AESA ground Radar processing
 - RF antenna content expansion
- C4I expansion

- Sensor/Effector - Designed In
- Sensor/Effector - Future Expansion
- C4I - Designed In
- C4I - Future Expansion

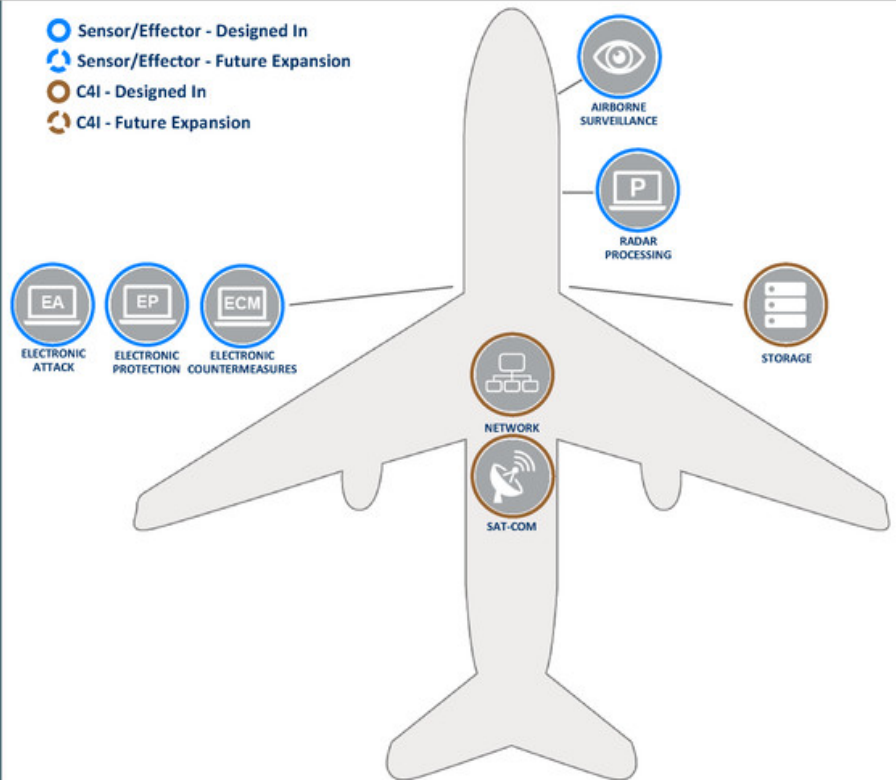


New opportunities and capabilities driving up to \$225M potential

Manned airborne growth strategy in action

Leadership in Radar and EW, growing in platform management and mission systems

- Radar processing:
 - F-15, F-16, F-18, F-22, F-35, B1, P-8, E2-D, AWACS
- Electronic warfare:
 - Fighter: DEWS, EPAWSS
 - Helicopter: SIRFC
 - Pod: Badger & Buzzard
- Platform Management:
 - Boeing KC-46
 - Airbus Tanker
- C3I:
 - Sat Com pod
 - Airbus H225

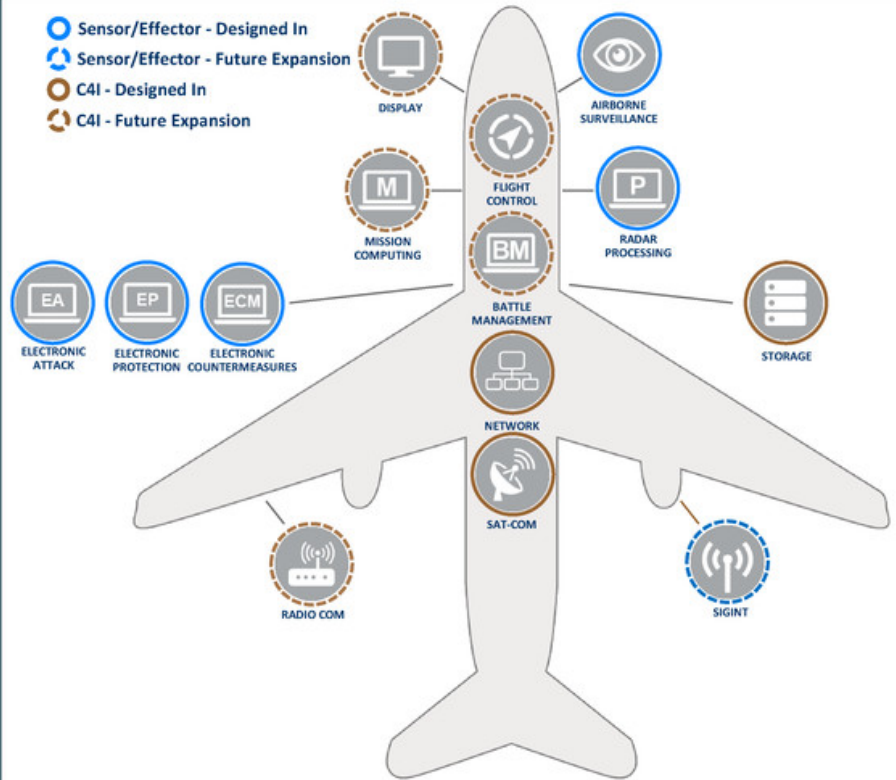


Leadership in sensor systems driving growth

Manned airborne growth strategy in action

Future market and content expansion in mission computing and platform management

- Radar processing:
 - F-15, F-16, F-18, F-22, F-35, B1, P-8, E2-D, AWACS
- Electronic warfare:
 - Fighter: DEWS, EPAWSS
 - Helicopter: SIRFC, AOEW
 - Pod: Badger & Buzzard
- EO/IR new opportunities
- Platform Management:
 - Boeing KC-46
 - Airbus Tanker
- C3I:
 - Sat Com pod
 - Airbus H225



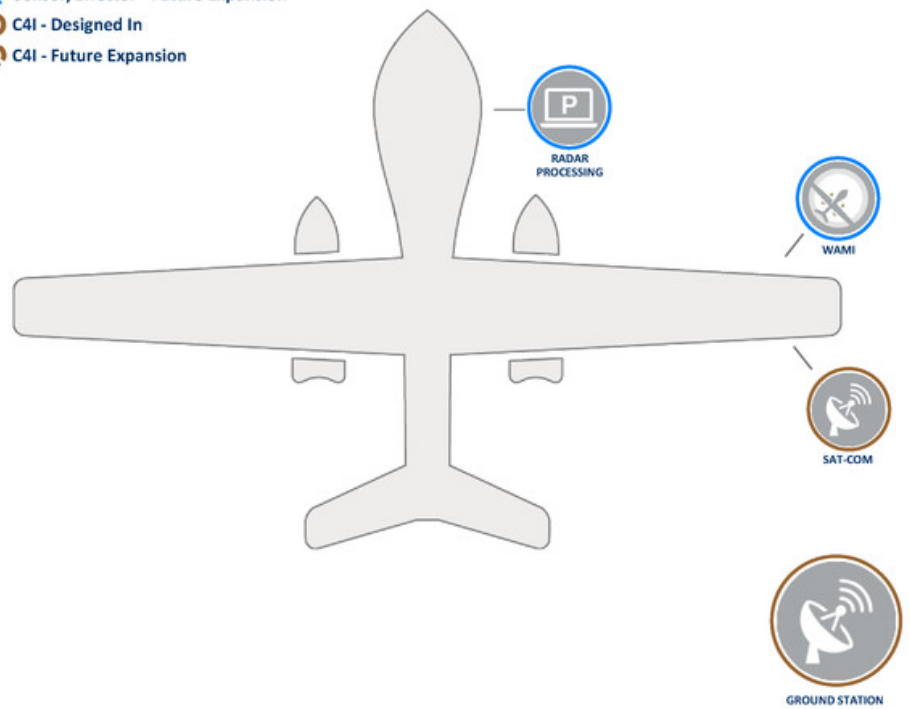
Market expansion driving growth from \$1.2B to \$2.9B

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
- C3I:
 - Communications

- Sensor/Effector - Designed In
- Sensor/Effector - Future Expansion
- C4I - Designed In
- C4I - Future Expansion

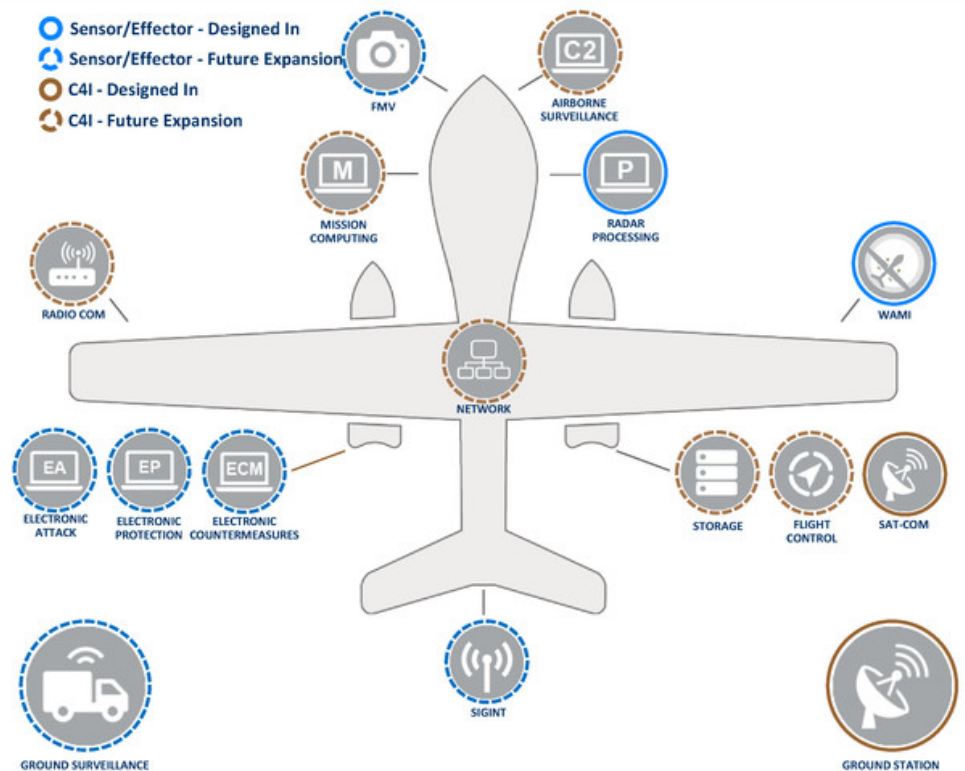


New capabilities opening broad range of opportunities

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
- C3I:
 - Communications
 - Mission computing
 - Networking
- Electronic warfare:
 - SIGINT
 - EA/EP/ECM
- Platform management:
 - Flight controls
 - Storage systems

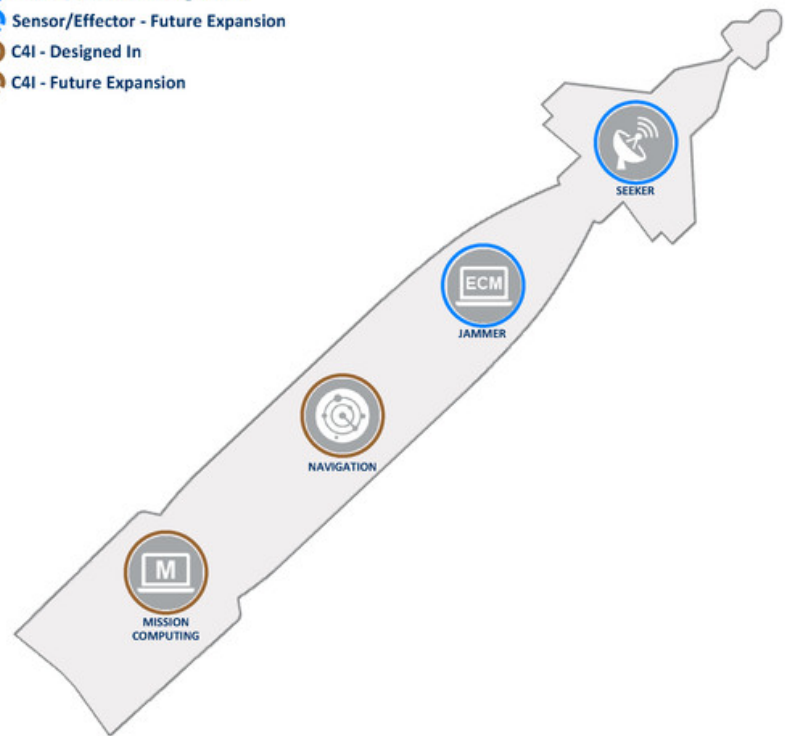


New capabilities opening opportunities up to \$222M

Market expansion to weapon systems

- 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
- Opportunities: AMRAAM, MHTK, Hellfire, ESSM

- Sensor/Effector - Designed In
- Sensor/Effector - Future Expansion
- C4I - Designed In
- C4I - Future Expansion



Market expansion driving growth from \$189M to \$378M

Market and 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
- State-of-the-art trusted manufacturing

Total program potential value increased 3x to \$4.9B in 5 years



Agenda

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

The evolution of Mercury Systems

In millions, except percentage and per share data.

		Sept 30, 2016 ⁽²⁾	Sept 30, 2017 ⁽³⁾	% Increase / (Decrease)
Valuation	Share price	\$24.57	\$51.88	111%
	Market Capitalization	\$992	\$2,496	152%
	Enterprise Value	\$1,102	\$2,470	124%
Operational	Revenue ⁽¹⁾	\$299	\$427	43%
	Adj. EBITDA ⁽¹⁾	\$64	\$101	58%
	Adj. EPS ⁽¹⁾	\$0.99	\$1.29	30%

Notes:

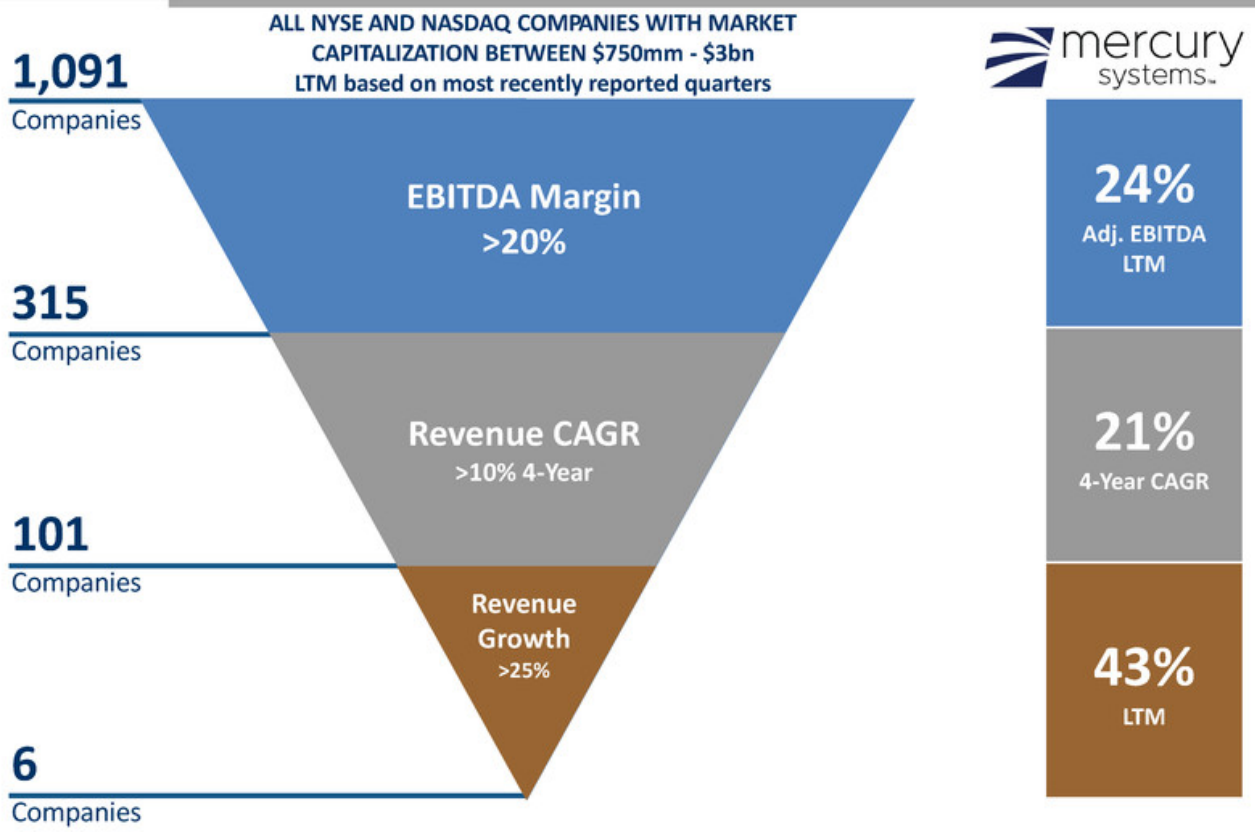
(1) LTM figures are based on the trailing four fiscal quarters using information reported in the Company's Form 10-Ks, Form 10-Qs and/or most recent earnings release.

(2) As of Sept 30, 2016, share data from 2016 10-Q.

(3) As of Sept 30, 2017, share data from the Company's earnings release dated October 24, 2017.



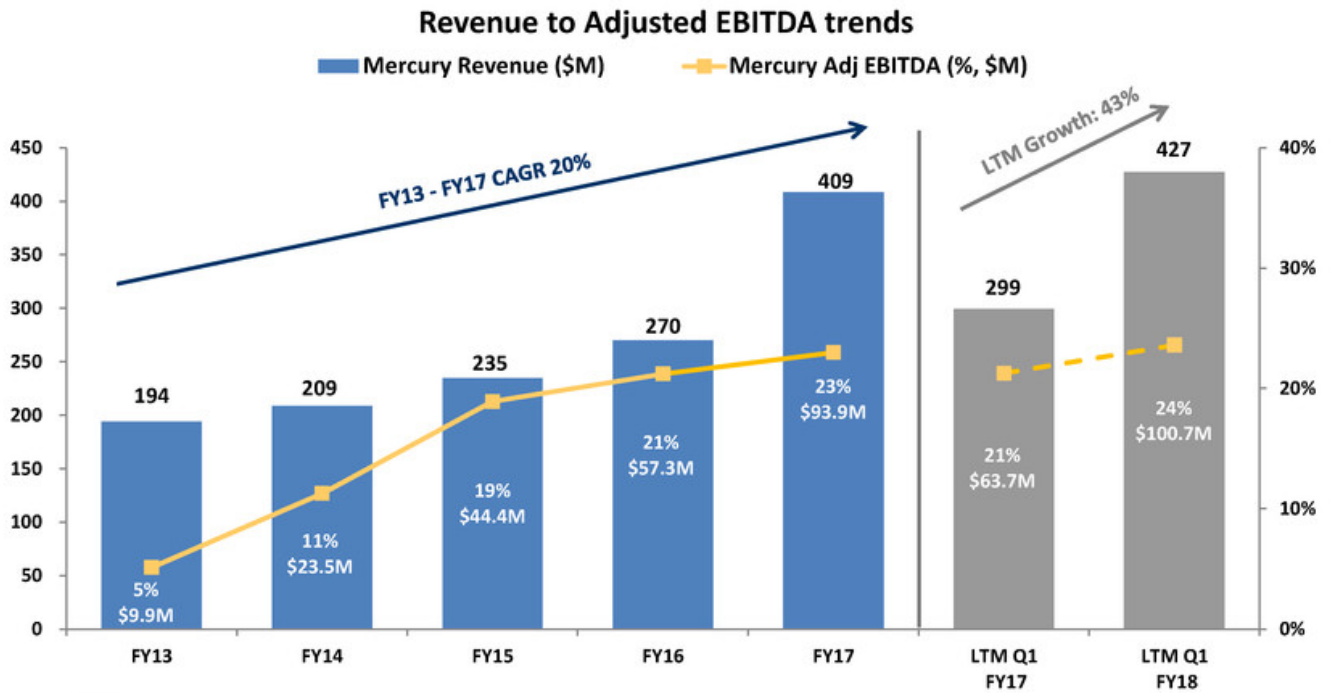
Mercury's financial profile puts it in a unique category



Notes:

- Mercury figures based on 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 October 31, 2017.
- Financials represent reported results and are not adjusted for acquisitions or divestitures.
- NASDAQ companies represent those that are U.S. listed.

Strong revenue growth and operating leverage...



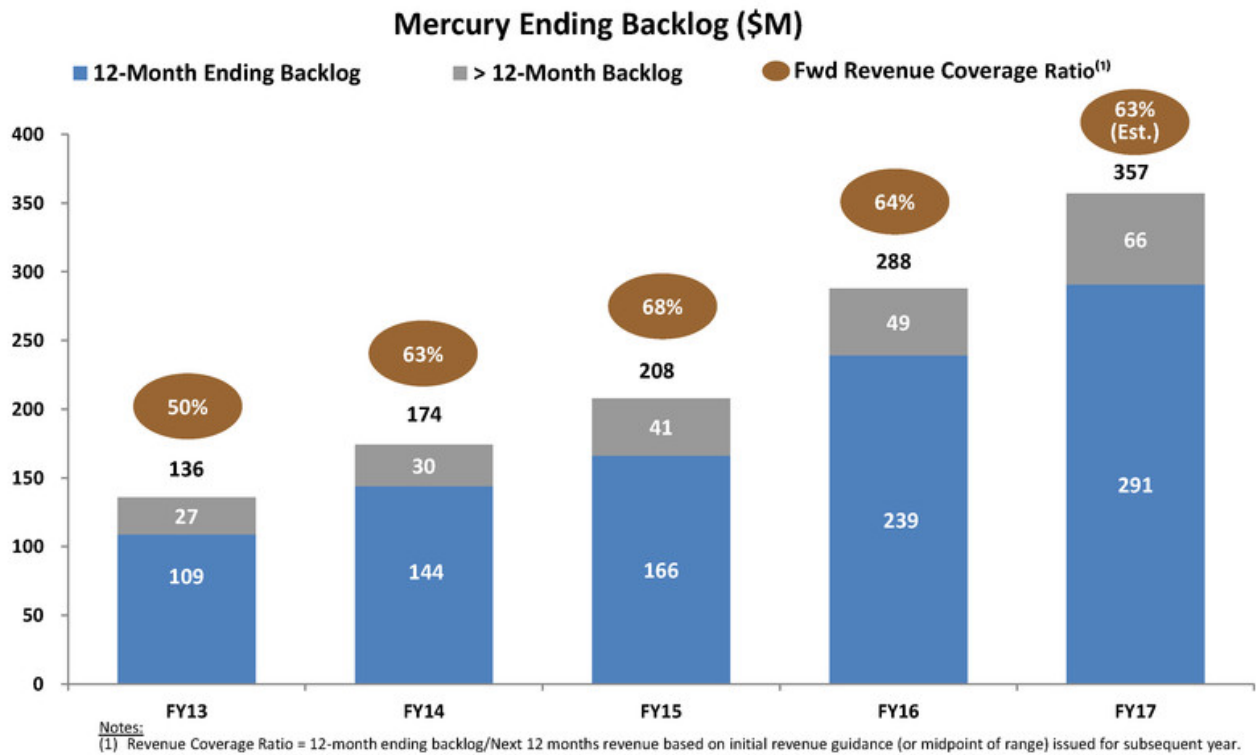
Notes:

- (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%...



...strong backlog and revenue coverage exiting FY17

Strong performance last full fiscal year

51% revenue and 64% adjusted EBITDA growth YoY

<i>In millions, except percentage and per share data</i>	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	48.7%
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:

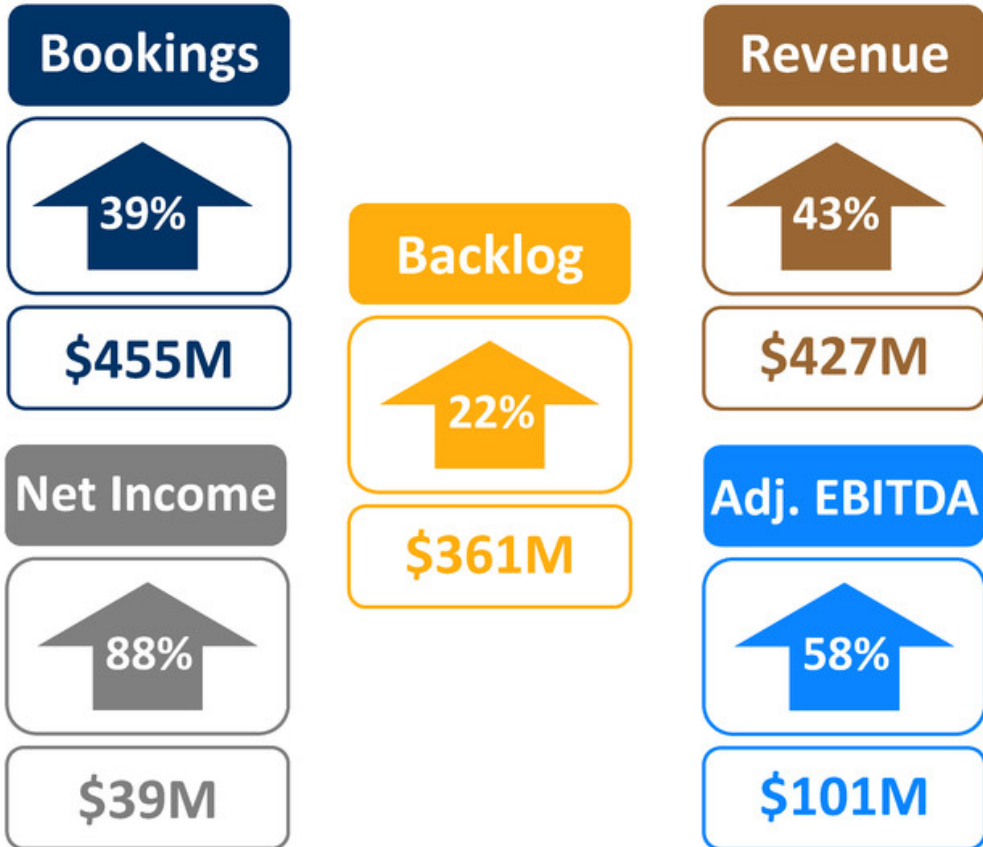
(1) Fiscal years ended June 30; FY16-17 figures are as reported in the Company's Form 10-Ks.

(2) Non-GAAP, see reconciliation table.



Strong performance continues into FY18

LTM Q1 '18 vs. LTM Q1 '17



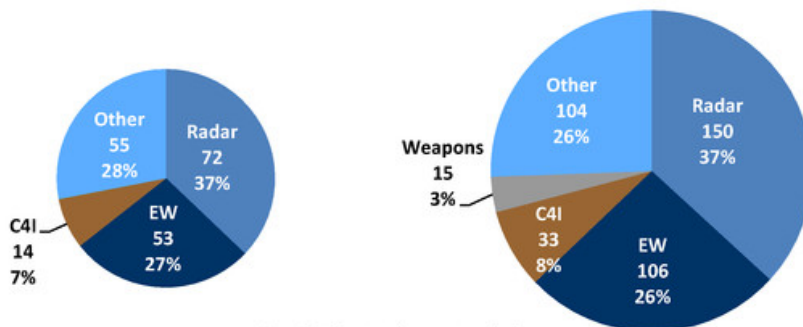
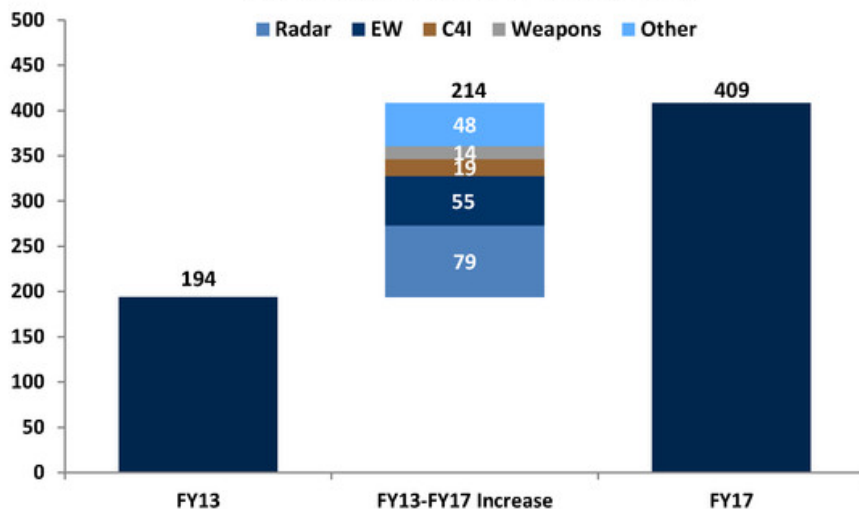
Notes: Revenue growth for last twelve months ending September 30, 2017 vs. last twelve months ending September 30, 2016. LTM figures are based on the trailing four fiscal quarters using information reported in the Company's Form 10-Ks, Form 10-Qs and/or most recent earnings release. Numbers are rounded.



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%

Revenue and Growth by Market (\$M)



Note: Pie chart numbers are rounded

FY18 annual guidance

<i>In millions, except percentage and per share data</i>	FY17 ⁽¹⁾	FY18 ⁽²⁾	Change
Revenue	\$409	\$457 - \$468	12% - 15%
Gross Margin	46.9%	46.8% - 47.3%	(.1pt) - .4pts
Operating Expenses	\$154.1	\$167.7 - \$171.2	9% - 11%
GAAP Income	\$24.9	\$37.8 - \$40.7	52% - 64%
GAAP EPS Weighted-average diluted shares outstanding	\$0.58 43.0	\$0.79 - \$0.85 47.7	37%- 48%
Adjusted EPS ⁽³⁾	\$1.15	\$1.29 - \$1.35	12% - 17%
Adj. EBITDA ⁽³⁾	\$93.9	\$105 - \$109	12% - 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 35% in the period discussed for periods not reported, gross margin of 46.8%-47.3%, and operating expenses of \$167.7-\$171.2 million.

(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 35% in the period discussed for periods not reported, and gross margin of 47%.

(3) 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	98.0	91.0 - 95.0	107.3	103.0 - 107.0	115.6	112.0 - 116.0
	EPS (\$)	0.22	0.19 - 0.23	0.30	0.22 - 0.27	0.29	0.29 - 0.32	0.32	0.26 - 0.29
2018	Revenue (\$M)	106.1	102.0 - 107.0		112.5 - 116.5				
	EPS (\$)	0.37	0.24 - 0.26		0.28 - 0.30				

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.



Conservative balance sheet

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

(In millions)	FY16 Actual	FY17 Actual	Q1 FY18 Actual
ASSETS			
Cash & cash equivalents	81.7	41.6	26.1
Accounts receivable, net	95.9	113.7	121.5
Inventory, net	58.3	81.1	93.3
PP&E, net	28.3	51.6	51.6
Goodwill and intangibles, net	460.7	509.9	510.7
Other	11.6	17.8	19.4
TOTAL ASSETS	736.5	815.7	822.6
LIABILITIES AND S/E			
AP and other liabilities	71.2	90.3	88.3
Debt	192.3	0.0	0.0
Total liabilities	263.5	90.3	88.3
Stockholders' equity	473.0	725.4	734.3
TOTAL LIABILITIES AND S/E	736.5	815.7	822.6



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

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 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
Executive Vice President, Strategy and Corporate Development

- Michael joined Mercury in 2015 and is responsible for 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
Executive 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, corporate finance transactions and its security program
- 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



Strong LTM performance

43% revenue and 58% adjusted EBITDA growth YoY

<i>In millions, except percentage and per share data</i>	LTM Q1 FY17 ⁽¹⁾	LTM Q1 FY18 ⁽¹⁾	Change
Backlog	\$296.4	\$360.7	22%
Revenue	\$299.4	\$427.0	43%
Gross Margin	46.3%	47.5%	1 pt
Operating Expenses	\$114.2	\$158.7	39%
GAAP Income	\$20.7	\$39.0	88%
GAAP EPS	\$0.57	\$0.85	51%
Adjusted EPS ⁽²⁾	\$0.99	\$1.29	30%
Adj. EBITDA ⁽²⁾	\$63.7	\$100.7	58%

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 October 24th)

<i>In millions, except percentage and per share data</i>	FY17	FY18 ⁽¹⁾	YoY Change
	Actual	Est. Range	
Revenue	\$409	\$457 - \$468	12% - 15%
GAAP Income	\$24.9	\$37.8 - \$40.7	52% - 64%
Adj EBITDA⁽²⁾	\$93.9	\$105.0 - \$109.0	12% - 16%
Adj EBITDA Adjustments:			
Income (loss) from continuing operations	24.9	37.8 - 40.7	
Interest (income) expense, net	7.1	0.1	
Tax provision (benefit)	6.2	5.6 - 6.6	
Depreciation	12.6	16.6 - 16.7	
Amortization of intangible assets	19.7	22.4	
Restructuring and other charges	2.0	0.1	
Impairment of long-lived assets	0.0	0.0	
Acquisition and financing costs	2.4	2.4	
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	19.4	
Adj EBITDA⁽²⁾	\$93.9	\$105.0 - \$109.0	12% - 16%
GAAP EPS	\$0.58	\$0.79 - \$0.85	\$0.21 to \$0.27
Adjusted EPS⁽²⁾	\$1.15	\$1.29 - \$1.35	\$0.14 to \$0.20

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 35% in the period discussed for periods not reported.

(2) Non-GAAP.



Adjusted EPS reconciliation

(000's)	FY14	FY15	Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16	FY16	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	FY17	Q1 FY18
Diluted net earnings (loss) per share ⁽¹⁾	\$ (0.13)	\$ 0.44	\$ 0.08	\$ 0.15	\$ 0.13	\$ 0.19	\$ 0.56	\$ 0.10	\$ 0.13	\$ 0.16	\$ 0.19	\$ 0.58	\$ 0.38
Income (loss) from continuing operations	\$ (4,072)	\$ 14,429	\$ 2,856	\$ 5,040	\$ 4,357	\$ 7,489	\$ 19,742	\$ 3,819	\$ 5,204	\$ 7,048	\$ 8,804	\$ 24,875	\$ 17,953
Amortization of intangible assets	7,328	7,008	1,713	1,638	1,754	3,737	8,842	4,602	4,888	4,732	5,458	19,680	5,637
Restructuring and other charges	5,443	3,175	338	221	409	272	1,240	297	69	459	1,127	1,952	95
Impairment of long-lived assets	-	-	-	231	-	-	231	-	-	-	-	-	-
Acquisition and financing costs	-	451	2,298	25	1,725	653	4,701	553	1,114	569	153	2,389	854
Fair value adjustments from purchase accounting	-	-	-	-	-	1,384	1,384	2,077	870	270	462	3,679	509
Litigation and settlement expenses	-	-	-	-	-	(1,925)	(1,925)	-	100	-	17	117	-
Stock-based and other non-cash compensation expense	8,999	8,640	2,702	2,392	2,150	2,330	9,574	3,632	4,093	3,715	3,901	15,341	4,696
Impact to income taxes	(5,772)	(6,733)	(3,466)	(1,722)	(1,979)	(2,808)	(9,975)	(6,085)	(4,441)	(3,574)	(4,501)	(18,602)	(11,951)
Adjusted income from continuing operations	\$ 11,926	\$ 26,970	\$ 6,441	\$ 7,825	\$ 8,416	\$ 11,132	\$ 33,814	\$ 8,895	\$ 11,897	\$ 13,219	\$ 15,421	\$ 49,431	\$ 17,793
Diluted adjusted net earnings per share ⁽¹⁾	\$ 0.37	\$ 0.82	\$ 0.19	\$ 0.23	\$ 0.25	\$ 0.29	\$ 0.96	\$ 0.22	\$ 0.30	\$ 0.29	\$ 0.32	\$ 1.15	\$ 0.37
Weighted-average shares outstanding:													
Basic	31,000	32,114	32,778	33,120	33,251	37,811	34,241	38,865	39,151	43,773	46,211	41,986	46,504
Diluted	31,729	32,939	33,616	33,831	33,991	38,954	35,097	39,865	39,985	44,814	47,472	43,018	47,489

Notes:

(1) Numbers shown are in cents.



Adjusted EBITDA reconciliation

(000'S)	FY14	FY15	Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16	FY16	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	FY17	Q1 FY18
Income (loss) from continuing operations	\$ (4,072)	\$ 14,429	\$ 2,856	\$ 5,040	\$ 4,357	\$ 7,489	\$ 19,742	\$ 3,819	\$ 5,204	\$ 7,048	\$ 8,804	\$ 24,875	\$ 17,953
Interest expense (income), net	40	13	(22)	(21)	(36)	1,120	1,041	1,782	1,888	1,756	1,680	7,106	(16)
Tax provision (benefit)	(1,841)	4,366	368	1,433	2,642	1,101	5,544	(1,259)	1,779	3,170	2,503	6,193	(8,381)
Depreciation	7,625	6,332	1,588	1,620	1,565	2,127	6,900	2,718	2,966	3,233	3,672	12,589	3,700
Amortization of intangible assets	7,328	7,008	1,713	1,638	1,754	3,737	8,842	4,602	4,888	4,732	5,458	19,680	5,637
Restructuring and other charges	5,443	3,175	338	221	409	272	1,240	297	69	459	1,127	1,952	95
Impairment of long-lived assets	-	-	-	231	-	-	231	-	-	-	-	-	-
Acquisition and financing costs	-	451	2,298	25	1,725	653	4,701	553	1,114	569	153	2,389	854
Fair value adjustments from purchase accounting	-	-	-	-	-	1,384	1,384	2,077	870	270	462	3,679	509
Litigation and settlement expenses	-	-	-	-	-	(1,925)	(1,925)	-	100	-	17	117	-
Stock-based and other non-cash compensation expense	8,999	8,640	2,702	2,392	2,150	2,330	9,574	3,632	4,093	3,715	3,901	15,341	4,696
Adjusted EBITDA	\$ 23,522	\$ 44,414	\$ 11,841	\$ 12,579	\$ 14,566	\$ 18,288	\$ 57,274	\$ 18,221	\$ 22,971	\$ 24,952	\$ 27,777	\$ 93,921	\$ 25,047



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		



