



October 4, 2012

## **Mercury Computer Systems Announces Revised First Quarter Fiscal 2013 Financial Guidance**

### **Company to Host First Quarter Conference Call on October 23**

CHELMSFORD, Mass., Oct. 4, 2012 (GLOBE NEWSWIRE) -- Mercury Computer Systems, Inc. (Nasdaq:MRCY) ([www.mc.com](http://www.mc.com)), a best-of-breed provider of commercially developed, open sensor and Big Data processing systems for critical commercial, defense and intelligence applications, today announced revised financial guidance for the first fiscal quarter ending September 30, 2012. Based upon currently available information, revenue for the quarter is expected to be in the range of \$48 million to \$50 million. This compares with the Company's prior guidance of \$55 million to \$61 million, including revenues from Micronetics, Inc., which was acquired by Mercury on August 8, 2012. The reduction in revenues versus prior guidance was primarily due to delayed orders associated with the Navy's Surface Electronic Warfare Improvement Program (SEWIP) Block 2.

GAAP loss from continuing operations for the quarter is now expected to be in the range of \$0.24 to \$0.28 per share, compared with prior guidance of a loss of \$0.03 to \$0.08 per share. The increased loss per share compared to prior guidance principally reflects lower gross margin from the absence of SEWIP orders as well as an estimated restructuring charge of \$4.7 million or \$0.10 per share primarily reflecting workforce reductions completed during the first quarter. This restructuring charge was not included in the Company's previous guidance.

Adjusted EBITDA for the quarter is now expected to be in the range of (\$1.0) million to \$2.0 million. This compares with the Company's prior guidance of Adjusted EBITDA in the range of \$4.0 million to \$6.7 million. Adjusted EBITDA for the first quarter of fiscal 2013 excludes the effect of income taxes, depreciation, amortization of acquired intangible assets, restructuring, acquisition costs, fair value adjustments from purchase accounting, and stock compensation expense.

"The uncertainties surrounding the U.S. defense budget and resulting slowdown in defense program funding and contracting ultimately affected our first quarter business more significantly than we initially anticipated," said Mark Aslett, President and CEO, Mercury Computer Systems. "However, we continue to expect that SEWIP will be an important future bookings and revenue driver for Mercury."

"In light of the challenges facing the industry as a whole, we proactively implemented aggressive cost reduction actions in the first quarter," Aslett said. "We reduced the size of our workforce by a total of 142 positions, primarily related to the integration of Micronetics and, in addition, reductions in the engineering and administrative functions in our headquarters facility. We expect the restructuring and other cost reduction actions completed in our first quarter of fiscal 2013 to result in approximately \$20 million of annualized savings beginning in the current second quarter of fiscal 2013. These savings are in addition to the \$5 million of estimated annualized savings associated with the restructuring that took place in the fourth quarter of fiscal 2012. Despite the current industry challenges, we remain optimistic about our prospects for growth and now improved profitability when the industry returns to a more normal procurement environment," Aslett concluded.

#### *First Quarter Fiscal 2013 Conference Call Information*

Mercury cautions that the preliminary financial results presented in this press release for the first quarter of 2013 are estimates and remain subject to review by the Company's independent registered accounting firm, which could have a material impact on the Company's actual financial results for the first quarter of fiscal 2013. The Company plans to provide more detailed financial results for the first quarter of fiscal 2013, as well as additional information relating to the business, in its upcoming quarterly earnings call scheduled on October 23, 2012 at 5:00 p.m.

To listen to the conference call, dial 888-599-4879 in the USA and Canada, and 913-312-0419 for all other countries. The conference code number is 9340984. Please call five to ten minutes prior to the scheduled start time. This call will also be broadcast live over the web at [www.mc.com/investor](http://www.mc.com/investor) under "Financial Events".

A replay of the call by telephone will be available from approximately 8:00 p.m. EDT on Tuesday, October 23 through 8:00 p.m. EDT on Sunday, November 4, 2012. To access the replay, dial 888-203-1112 in the USA and Canada, and 719-457-0820 for all other countries. Enter access code 9340984. A replay of the webcast of the call will be available for an extended period of time on the Financial Events page of the Company's website at [www.mc.com/investor](http://www.mc.com/investor).

*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 and free cash flow, which are non-GAAP financial measures. Adjusted EBITDA excludes certain non-cash and other specified charges. Free cash flow is defined as cash flow from operating activities less capital expenditures. The Company believes these non-GAAP financial measures provide an enhanced understanding of its past financial performance and prospects for the future. However, the presentation of adjusted EBITDA and free cash flow 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 and free cash flow financial measures assist in providing an enhanced 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.

*Mercury Computer Systems, Inc. – Where Challenges Drive Innovation®*

Mercury Computer Systems ([www.mc.com](http://www.mc.com)) (Nasdaq:MRCY) is a best-of-breed provider of commercially developed, open sensor and Big Data processing systems, software and services for critical commercial, defense and intelligence applications. With over 30 years of experience in embedded computing, superior domain expertise in radar, EW, SIGINT, EO/IR and C4I applications, and more than 300 successful program deployments including Aegis, Patriot, SEWIP, Gorgon Stare and Predator/Reaper, Mercury's Services and Systems Integration (SSI) team leads the industry in partnering with defense prime contractors to design and integrate system-level solutions that minimize program risk, maximize application portability, and accelerate customers' time to market.

Mercury is based in Chelmsford, Massachusetts, and serves customers worldwide through a broad network of direct sales offices, subsidiaries, and distributors.

*Forward-Looking Safe Harbor Statement*

This press release contains certain forward-looking statements, as that term is defined in the Private Securities Litigation Reform Act of 1995, including those relating to fiscal 2013 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," 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 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 the U.S. Government's interpretation of federal procurement rules and regulations, market acceptance of the Company's products, shortages in components, production delays due to performance quality issues with outsourced components, inability to fully realize the expected benefits from acquisitions and divestitures or delays in realizing such benefits, challenges in integrating acquired businesses and achieving anticipated synergies, 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, 2012. 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.

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