

**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): February 8, 2022

Mercury Systems, Inc.

(Exact Name of Registrant as Specified in its Charter)

Massachusetts
(State or Other Jurisdiction
of Incorporation)

000-23599
(Commission File Number)

04-2741391
(IRS Employer
Identification No.)

50 Minuteman Road, Andover, Massachusetts
(Address of Principal Executive Offices)

01810
(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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01	MRCY	Nasdaq Global Select Market
Preferred Stock Purchase Rights	N/A	Nasdaq Global Select Market

Item 7.01 Regulation FD Disclosure.

On February 8, 2022, Mercury Systems, Inc. (the “Company”) issued a press release announcing the implementation of an equity retention plan for certain Mercury employees whose continuing efforts are critical to the Company’s success. The plan is intended to recognize the recipients’ substantial contributions, to retain and motivate the recipients in the current challenging industry environment and labor market, and to reinforce the alignment of the recipients’ interests with the Company’s shareholders. The Company’s press release is furnished as exhibit 99.1 hereto.

Mercury’s Board of Directors approved the equity retention plan at the recommendation of the Company’s Human Capital and Compensation Committee, after consultation with its independent compensation consultant and careful consideration of a range of retention options, on February 7, 2022. Mercury’s executive leadership team and over 100 additional leaders are participating in the equity retention plan and will be granted their annual equity awards for fiscal 2023 on February 15, 2022, which is approximately six months earlier than the Company’s typical annual cycle for such grants. These awards are larger than those the employees would have otherwise received as part of their ordinary fiscal 2023 annual compensation.

The specific equity awards that have been approved for Mercury’s named executive officers (the “NEOs”) for issuance on February 15, 2022 are as follows: Mark Aslett, President & Chief Executive Officer, will receive \$6,300,000 in performance stock awards and \$6,300,000 in restricted stock awards; Michael D. Ruppert, EVP, Chief Financial Officer & Treasurer, will receive \$1,930,000 in performance stock awards and \$1,930,000 in restricted stock awards; and Christopher C. Cambria, EVP, General Counsel & Secretary, will receive \$800,000 in performance stock awards and \$800,000 in restricted stock awards.

Consistent with the Company’s prior practice for granting equity awards, the number of shares to be granted on February 15, 2022 will be determined by dividing the target value for grantees by the average closing price of Mercury’s common stock during the 30 calendar days prior to February 15, 2022. However, if the average closing price is lower than \$55.00 per share, then a minimum of \$55.00 per share will be used to calculate the number of shares to be granted.

The terms of the performance stock awards and restricted stock awards to be granted to the NEOs are substantially identical to the terms of the awards previously granted to the NEOs for fiscal 2022. The value of the performance awards is contingent on Mercury’s performance for fiscal 2022-2024, and Mercury must achieve financial results relative to its proxy peers for certain performance measures (revenue growth and adjusted EBITDA to revenue) for these awards to have any value. Performance stock awards earned at the end of the three-year performance period ending in fiscal 2024 are subject to an additional service requirement through February 15, 2025.

As a result of the February 15, 2022 grant, the Company anticipates recognizing additional stock-based compensation expense of \$1.1 million, or \$0.02 per share, net of tax, for the third quarter ending April 1, 2022 and \$3.4 million, or \$0.06 per share, net of tax, for the fiscal year ending July 1, 2022. Stock-based compensation is excluded from the Company’s non-GAAP measures.

The information provided in Item 7.01 of this Current Report on Form 8-K and in the attached exhibit 99.1 shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing. This Current 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.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release, dated February 8, 2022, of Mercury Systems, Inc.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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: February 8, 2022

MERCURY SYSTEMS, INC.

By: /s/ Michael D. Ruppert
Michael D. Ruppert
Executive Vice President, Chief Financial Officer, and Treasurer



FOR IMMEDIATE RELEASE

Mercury Systems Board of Directors implements equity retention plan

Prioritizes retention and motivation of leaders in challenging industry environment

ANDOVER, Mass. – Feb. 8, 2022 – Mercury Systems, Inc. (“Mercury” or the “Company”), (NASDAQ: MRCY, www.mrcy.com), a leader in trusted, secure mission-critical technologies for aerospace and defense, today announced the implementation of an equity retention plan for certain Mercury employees whose continuing efforts are critical to the Company’s success. The plan is intended to recognize the recipients’ substantial contributions, to retain and motivate the recipients in the current challenging industry environment and labor market, and to reinforce the alignment of the recipients’ interests with the Company’s shareholders.

Mercury’s Board of Directors approved the equity retention plan at the recommendation of the Company’s Human Capital and Compensation Committee, after consultation with its independent compensation consultant, on February 7, 2022. Employees participating in the equity retention plan will be granted their annual equity awards for fiscal 2023 on February 15, 2022, which is approximately six months earlier than the Company’s typical annual cycle for such grants. These awards are larger than those the employees would have otherwise received as part of their ordinary fiscal 2023 annual compensation.

“Mercury is exceptionally well-positioned at the intersection of the high-tech and defense industries, and our Board and management team have great confidence in Mercury’s ability to deliver enhanced value to our stakeholders,” said William K. O’Brien, Chairman of Mercury’s Board of Directors. “After careful consideration of a range of retention options for our executive leadership team and over 100 additional leaders, the Board approved this plan as a key element in our ongoing efforts to build on Mercury’s strong foundation and drive the next phase of value creation at a greater scale. The Board believes that implementing this plan is in the best interests of all shareholders.”

“One of our top priorities is to ensure that leaders across the organization are able to remain focused on advancing our strategy, including driving the 1IMPACT program and other value-enhancing activities,” O’Brien continued. “The uncertainty created by the challenging industry environment and recent shareholder activity has also made the retention of critical employees even more important –

especially in this difficult labor market. We are committed to ensuring that Mercury continues to be viewed as a destination employer of choice. These awards help us maintain that standard, and they align our leaders' interests with those of our shareholders as we execute our strategic plan to deliver sustainable, long-term growth."

Further information regarding the Company's equity retention plan can be found in the Current Report on Form 8-K filed by the Company this morning, which is available on the Company's investor relations website at ir.mrcy.com.

Mercury Systems – Innovation That Matters®

Mercury Systems is a global commercial technology company serving the aerospace and defense industry. Headquartered in Andover, Mass., the company delivers trusted, secure open architecture processing solutions powering a broad range of mission-critical applications in the most challenging and demanding environments. Inspired by its purpose of delivering Innovation that Matters, By and For People Who Matter, Mercury helps make the world a safer, more secure place for all. To learn more, visit mrcy.com, or follow us on [Twitter](https://twitter.com/mrcy).

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 the equity awards discussed herein and to fiscal 2022 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 epidemics and pandemics such as COVID, effects of any U.S. Federal government shutdown or extended continuing resolution, effects of continued geopolitical unrest and regional conflicts, competition, changes in technology and methods of marketing, delays in completing engineering and manufacturing programs, changes in customer order patterns, changes in product mix, continued success in technological advances and delivering technological innovations, changes in, or in the U.S. Government's interpretation of, federal export control or procurement rules and regulations, changes in, or in the interpretation or enforcement of environmental rules and regulations, market acceptance of the Company's products, shortages in or delays in receiving components, production delays or unanticipated expenses due to performance quality issues with outsourced components, inability to fully realize the expected benefits from acquisitions, restructurings and value creation initiatives such as 1MPACT, or delays in realizing such benefits, challenges in integrating acquired businesses and achieving anticipated synergies, effects of shareholder activism, increases in interest rates, changes to industrial security and cyber-security regulations and requirements, changes in tax rates or tax regulations, changes to interest rate swaps or other cash flow hedging arrangements, 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 July 2, 2021. 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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