

MERCURY SYSTEMS, INC.
CODE OF BUSINESS CONDUCT AND ETHICS

INTRODUCTION

This Code of Business Conduct and Ethics (the “Code”) applies to Mercury Systems, Inc. and its subsidiaries (collectively, the “Company”) and to the Company’s officers, directors and employees. Compliance with the Code is required. The Code is not intended to cover every situation that may arise, but is intended to enunciate general principles which should guide the conduct of the Company’s officers, directors and employees.

Everyone acting on behalf of the Company should at all times strive to avoid even the appearance of improper behavior. To that end, those acting on behalf of the Company should, before taking any action, ask themselves the following questions:

- Is this action both legal and ethical?
- Does this action comply with both the letter and the spirit of this Code?
- Is it clear that the Company would not be embarrassed if this action were to become known generally within the Company, or by the public?

Unless the answer to each of the foregoing questions is “yes”, the action should not be taken.

From time to time the Company may adopt corporate policies which contain requirements with respect to certain areas of conduct which are more specific than those contained in this Code. If such policies are adopted, they will be provided to those individuals who are expected to adhere to them. In such instances, compliance with the general guidelines contained in this Code, as well the specific requirements of a particular corporate policy, will be required.

Those who violate the requirements of this Code will be subject to disciplinary action, which may include termination, referral for criminal prosecution and reimbursement to the Company or others for any losses or damages resulting from the violation. The procedures which the Company has established to oversee compliance with this Code and to respond to questions concerning the interpretation of this Code are set forth at Sections 13 and 14 below.

1. Conflicts of Interest

A “conflict of interest” occurs when an individual’s private interest interferes in any way -- or even appears to interfere -- with the interests of the Company as a whole. A conflict situation can arise when an officer, director or employee takes actions or has interests that may make it difficult to perform his or her work for the Company objectively and effectively. Conflicts of interest also arise when an officer, director or employee, or a member of his or her family, receives improper personal benefits as a result of his or her position in the Company.

All officers, directors and employees should avoid conflicts of interest between their obligations to the Company and their personal affairs. Accordingly, they should not have any economic interest in or position or relationship with any person, corporation or other entity with which the Company does business or competes, if that interest, position or relationship might influence their actions on behalf of the Company. For example, officers and employees of the Company are not permitted to simultaneously work in any capacity for a competitor, customer or supplier of the Company.

Conflicts of interest are not always clear-cut. If you have a question as to whether a conflict of interest exists or may arise, you should obtain guidance from the Company Compliance Officer according to the procedures set forth in Section 13 below. Any officer, director or employee who becomes aware of a conflict of interest or a potential conflict of interest should call it to the attention of the Company Compliance Officer or a member of the Audit Committee of the Company's Board of Directors by following the procedures described in Section 14 below.

2. Corporate Opportunities

Officers, directors and employees are prohibited from (a) taking for themselves personally opportunities that are discovered through use of corporate property, information or position; (b) using corporate property, information or position for personal gain; and (c) competing with the Company. Officers, directors and employees owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

3. Compliance with Laws, Rules and Regulations

The Company seeks to conduct its business in compliance with applicable laws, rules and regulations. No officer, director or employee shall engage in any unlawful activity in conducting the Company's business or in performing his or her day-to-day duties for the Company, nor shall any officer, director or employee instruct others to do so.

4. Trade Secrets and Confidential Information

Certain information concerning the Company's products, marketing plans, strategic objectives, finances and other aspects of the Company's business must remain confidential. Officers, directors and employees must take care to maintain the confidentiality of information entrusted to them by the Company, except when disclosure is authorized by appropriate authorities within the Company or mandated by applicable laws or regulations. Confidential information includes all nonpublic information that might be of use to competitors, or harmful to the Company or its customers if disclosed. All questions about the confidentiality of information should be raised with a person of proper authority within the Company.

From time to time, persons outside the Company, including customers and suppliers, choose to disclose information to the Company which is confidential or proprietary to them. Such information should not be accepted without a proper authorization and a written agreement approved by appropriate authorities within the Company and stating the Company's obligations with respect to that information.

Officers, directors and employees may have been entrusted with confidential or proprietary information of prior employers or others to whom there is an obligation of confidentiality. Copies of such information should not be brought onto Company premises, and such information should not be disclosed or used in connection with the business of the Company, without the express written agreement approved by appropriate authorities within the Company stating, as above, the Company's obligations with respect to that information.

5. Fair Dealing

Each officer, director and employee is expected to deal fairly with the Company's customers, suppliers, competitors and employees. No one should take unfair advantage of anyone else through manipulation, concealment, abuse of privileged information, misrepresentation of

material facts or any other unfair practice. For example, stealing proprietary information, possessing trade secrets that were obtained without the owner's permission, or inducing the disclosure of such information or trade secrets by past or present employees of other companies is prohibited.

The Company seeks to gain competitive advantages through superior performance rather than through unethical or illegal business practices. The Company does not conduct business through the use of bribes, kickbacks, excessive entertainment or any other improper payments or favors. No officer, director or employee should, as part of their business activity, solicit or accept any gift of money or other thing of value other than advertising, promotional or goodwill gifts having a clearly nominal value: e.g., ballpoint pens, tie clips and the like. Other gifts, if received, should be returned, if possible, and in any event an appropriate explanation of the Company's policy should be made to the donor.

Entertainment of or by employees is not precluded, provided it is clearly related to the conduct of the Company's business and appropriate in both scope and cost. Entertainment shall never be used if it could unduly influence or compromise an employee of the Company or an employee of any other company. Entertainment shall be used primarily to provide a favorable, relaxed "business away from business" atmosphere in which to conduct the Company's business. Examples of appropriate entertainment include normal business meals and trips to the Company's or a supplier's facilities for training purposes. Occasionally, attendance at a sporting or theatrical event, or a game of golf, tennis or other sporting activity is appropriate, provided, in all cases, that the business contact is present.

In any event, an officer, director or employee who gives or accepts a gift or entertainment must be sure that the disclosure of the gift or entertainment would not be embarrassing to either the Company or the donor/recipient.

Officers, directors and employees are prohibited from paying or bestowing anything of value in the form of money, gifts, gratuities or favors to or upon any person, government official, political organization or business entity with the intent of causing the recipient to illegally influence any transaction for the benefit of the Company. Although political contributions may be lawful, both domestically and abroad under certain circumstances, no political contribution should be made on behalf of the Company unless specifically authorized by the Board of Directors of the Company. This includes contributions of money or other assets to any political candidate or in support of any political issue. Time spent by an employee on political activity during working hours, or the use of Company assets for political purposes, constitutes a political contribution.

6. Insider Trading

Officers, directors and employees of the Company are required to abide by the provisions of the Company's insider trading policy, as in effect from time to time, which has been separately distributed to them and is available upon request of the Company Compliance Officer. Our insider trading policy is titled "Securities Trades by Company Personnel" and is available on One Mercury.

7. Competition

It is the Company's policy to compete vigorously and lawfully in the marketplace. This includes observance of the anti-trust laws of the United States and the foreign jurisdictions in which the Company does business. The consequences of anti-trust violations can be severe, including

not only costly litigation, but also criminal sanctions including fines and jail sentences for individuals. Application of the anti-trust laws is often difficult and highly dependent on each factual situation. Nevertheless, certain broad guidelines can be established as an aide to avoiding inadvertent misconduct. In any situation where doubt exists, the Company Compliance Officer should be consulted before embarking on any course of action.

Agreements in Restraint of Trade. Section 1 of the Sherman Act makes illegal contracts, combinations or conspiracies that restrain trade. These include price fixing or agreements to divide markets or customers. Violations can be shown by less than formal or written contracts. Thus any contract with competitors concerning prices, terms of sale, territories or related matters must be avoided. Officers, directors and employees should understand that entirely innocent meetings with competitors on a casual basis, and without discussion of any prohibited subjects, can later be used in a damaging fashion. Under no circumstances can an officer, director or employee discuss pricing or other sensitive matters with competitors. If such a subject should come up at a meeting with competitors, it is essential to leave the meeting immediately and report the matter to the Company Compliance Officer. It is not sufficient to remain and not participate.

Robinson-Patman Act Price Discrimination. The Robinson-Patman Act prohibits the seller from discriminating in price or terms of sale for goods of like grade and quality if the result may be to restrict competition. There are defenses, the principal ones being cost justification for the price difference and a bona fide attempt to meet a competitor's price to a particular customer. However the question of pricing should be carefully reviewed with an authorized officer within the Company before any discounting policies or practices are instituted.

Section 5 of the Federal Trade Commission Act. This section is very broadly written and authorizes the Federal Trade Commission to bring actions to enjoin "unfair trade practices". These can include, among other things, disparaging or misrepresenting a competitive product. Such practices, of course, are not acceptable under the Company's standard and are thus prohibited whether there is a risk of statutory violation or not.

8. Protection and Proper Use of Company Assets

All officers, directors and employees must protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Company's profitability. All Company assets should be used for legitimate business purposes. Any suspected incident of fraud or theft should be immediately reported for investigation.

The obligation to protect the Company's assets extends to its proprietary information, including intellectual property such as trade secrets, patents, trademarks and copyrights, as well as business and marketing plans, engineering and manufacturing plans, ideas and designs, customer lists, data bases, business records and any unpublished financial data and reports. Unauthorized use or distribution of this information is prohibited as a matter of Company policy, and might also be illegal and result in civil or even criminal penalties.

9. Business Records

Accounting standards and applicable laws require that all transactions involving the Company's assets shall be properly recorded in the books and accounts of the Company. No entry may be made in the Company's books and records that misrepresents, hides or disguises the true nature of any transaction. No false or artificial entry shall be made in the books or records of

the Company for any reason, and no officer, director or employee shall engage in any arrangement that results in such a prohibited act. No payment on behalf of the Company shall be approved or made with the intention or understanding that any part of such payment is to be used for a purpose other than that described by the documents supporting the payment.

No one shall on behalf of the Company:

- Establish or use any secret or off-balance sheet fund or account for any purpose;
- Use corporate funds to establish or use any bank account that is not identified by the name of the owner; or
- Establish or use any offshore corporate entity for any purpose other than a legitimate Company business purpose.

Company records shall be retained for the period of time specified in the applicable record retention schedule.

10. Quality of Public Disclosures

The Company is committed to providing its stockholders with complete and accurate information about its financial condition and results of operations in accordance with the securities laws of the United States. It is the Company's policy that the reports and documents it files with or submits to the Securities and Exchange Commission, and its earnings releases and similar public communications, include accurate, fair, timely and understandable disclosure. Officers and employees who are responsible for these filings and disclosures, including the Company's principal executive, financial and accounting officers, must use reasonable judgment and perform their responsibilities honestly, ethically and objectively in order to ensure that this disclosure policy is fulfilled. The Company's Disclosure Controls Committee is primarily responsible for monitoring the Company's public disclosure. The Company's disclosure policy is titled "Public Disclosure Policy" and is available on The Source.

11. Public Sector Customers

A. Introduction

This section of the Code focuses on interactions by the Company and its officers, directors, and employees with existing and potential public sector customers. It reviews the differences between commercial and government markets, and establishes guidelines that must be followed in all of our dealings with federal, state and local agencies. It also describes the policies and procedures for compliance with ethical and legal responsibilities that all Company officers, directors and employees are expected to uphold when conducting business with government entities or under government contracts.

Federal government contractor compliance requirements impose mandatory disclosure requirements for certain violations. This section is designed to support the Company's efforts to fully comply with contractor compliance obligations.

Compliance with both the spirit and the specific provisions of this section of the Code is mandatory. Failure to comply with them will result in disciplinary action, including, where appropriate, termination. If you have questions about any aspect of this section of the Code, you should consult with your supervisor or with the Company's Compliance Officer identified in a subsequent section of the Code ("Company Compliance Officer").

B. U.S. Government Contracts - Differences between the Public and Commercial Sectors

Doing business in the public sector is very different from competing in the commercial marketplace. The laws, regulations and rules relating to contracting with the U.S. government are far-reaching and complex, placing responsibilities on the Company that are beyond those encountered in the commercial sector. Many of these requirements and prohibitions apply with equal force to both prime contracts and subcontracts with the U.S. government.

Statutes and regulations define the way in which U.S. government contracts are conceived, structured, competed, awarded, performed and completed. Contract terms and the manner in which contracts are administered also are defined by these statutes and regulations. This means that many behaviors that are acceptable and often expected in a commercial setting are not permissible in a government environment.

Even the natural desire to “please the customer” can result in unexpected consequences in the public sector. For example, certain types of gifts, meals and entertainment that are a standard part of doing business with commercial customers are forbidden under government contracting rules.

In this environment, the failure to comply with an applicable law or contract obligation can have consequences that go beyond what is typical in a commercial setting. For example, submitting an invoice or filing a claim that relies on false supporting data can lead to civil fines or penalties, and even criminal prosecution in the most serious cases. Similarly, improper conduct by a contractor can result in price reduction, cancellation of a contract and the contractor’s suspension or debarment from doing business with the U.S. government. In short, conducting business with the U.S. government—as a prime contractor or subcontractor—exposes a company and its employees to a range of monetary and other sanctions for failure to comply with applicable laws and regulations. It is, therefore, imperative that employees conduct the Company’s business in accordance with all applicable laws and regulations.

For all of these reasons, all employees who participate, directly or indirectly, in the Company’s efforts to obtain and perform U.S. government contracts must be familiar with all provisions of this section of the Code. This section of the Code is not intended to cover every situation that you may encounter in connection with the award or performance of a U.S. government contract. As previously mentioned, any questions concerning these matters should be directed to your supervisor or the Company Compliance Officer.

C. Entertainment, Gifts and Gratuities

The sale of the Company’s products and services cannot be tainted by any perception that favorable treatment was sought, received, or given in exchange for improper or inappropriate business courtesies such as prohibited entertainment, gifts, or gratuities. A business courtesy must be consistent with acceptable marketplace practices, and it must not be lavish or extravagant or violate the recipient organization’s own rules or standards of conduct.

U.S. government employees and officials are governed by laws and regulations that limit their ability to accept entertainment, meals, gifts, gratuities and other things of value from firms and persons with whom the government does business or over whom the government has regulatory authority. The standard “Gratuities” clause authorizes a contracting officer to

terminate a contract if the agency determines that (1) a gratuity was offered to, and/or accepted by, a government official, and (2) the gratuity was intended "to obtain a contract or favorable treatment under a contract." Under the clause, the government is allowed to treat the termination as a breach and seek damages accordingly. Criminal charges may also be brought against violators.

The Company expects its employees to understand and abide by these restrictions, and also to comply with gratuity-related requirements set forth in this section of the Code which may be more restrictive than parallel restrictions located in other sections of the Code. The anti-gratuity rules illustrate the contrast between the commercial and government sales environments, and must be understood and monitored carefully by all Company employees.

A "gift" is anything of monetary value, including:

- a gratuity
- a favor
- a loan
- forbearance
- a discount
- training
- entertainment
- local travel
- hospitality
- lodging
- transportation
- meals

The following items, among certain others, are not defined as "gifts":

- Modest items of food and refreshments (such as soft drinks, coffee and donuts) offered other than as part of a meal.
- Favorable rates or discounts available to the public or to all government employees.
- Greeting cards and items with little intrinsic value (such as plaques, certificates or trophies).

Company employees are prohibited from giving anything of value to U.S. government employees and officials, except as follows:

- Company advertising or promotional items of minimal intrinsic value (generally \$20.00 or less) such as a coffee mug, calendar, golf balls or similar items displaying the Company logo.
- Modest refreshments such as soft drinks, coffee and donuts on an occasional basis in connection with business activities.
- Business-related meals and local transportation valued at \$20 or less per occasion, provided that such items do not in the aggregate exceed a value of \$50 in any calendar year. Although it is the responsibility of the government employee to track and monitor these thresholds, no Company employee shall knowingly provide meals or transportation that have a value in excess of these limits.

However, notwithstanding the above exceptions, a U.S. government employee may not:

- Accept a gift in return for being influenced.
- Coerce the offering of a gift to the U.S. government employee.
- Accept a gift where the timing and nature of the gift would cause a reasonable person to question the U.S. government employee's impartiality in a pending matter.

Examples:

- The Company decides to give all of its Administrative Assistants two tickets to the symphony during Employee Appreciation Week. If an administrative assistant is dating a government employee, the administrative assistant may take the government employee to the symphony even though the tickets were purchased by the Company. The administrative assistant was given the tickets to use as he wished, and his invitation to the government employee was based upon a personal relationship.
- A Company employee works closely with a U.S. government special agent or investigator during the course of an investigation. While the investigation remains open, the Company employee takes the special agent to lunch. The Company employee has violated the anti-gratuity rules by providing a meal to a government employee under improper circumstances in which a reasonable person may question the motives of the Company employee and/or the impartiality of the government employee.
- A Company employee goes to a delicatessen with a Department of Homeland Security ("DHS") employee during a conference that they are both attending. When the bill for their sandwiches arrives, the Company employee pays for the DHS employee's sandwich. This is acceptable because the sandwich was valued at less than \$20. However, the Company employee should be careful not to pay for more than \$50 worth of gifts to this individual in any calendar year.
- During the performance of a contract with the U.S. Department of the Air Force ("Air Force"), a Company employee works closely with an Air Force contracting

officer who lives out of town. On a regular basis during the performance of this contract, the Company employee drives to the airport in order to give the contracting officer a ride to the Company's plant. Cab fare for this trip would be \$25. The Company employee has regularly violated Company policy by providing transportation valued at more than \$20 per trip to a federal employee, as well as transportation that, in the aggregate, is worth more than \$50 per year.

D. Conflicts of Interest

Integrity in a business relationship means that all participants are working together for the common good and are not making decisions based on improper self-interest. Accordingly, Company employees should avoid any relationship, influence, or activity that might impair—or even appear to impair—the employee's or the Company's ability to make objective and fair business decisions.

1. Hiring and Employment Discussions with Government Employees

Former government employees often are subject to "revolving door" rules that are intended to limit their efforts to influence government decision-making. Former U.S. government employees are permanently barred from appearing before a government agency on matters in which they personally participated or had a direct and substantial interest while employed by the government. There also are certain two-year and one-year restrictions on former U.S. government employees when they accept positions in the private sector.

In addition, it is improper even to communicate with a U.S. government employee regarding employment if the Company is involved in a procurement valued in excess of \$100,000 and the government employee is involved with that procurement.

These rules on the employment of U.S. government employees are complex and, if violated, can have seriously adverse effects for both the Company and its employees. Therefore, all employees must be sensitive to and abide by these rules whenever the Company is:

- Contemplating the hiring of a former government employee with specialized knowledge of an agency or program; or
- Employing a former government employee.

As a rule, no Company employee should contact a current or former government employee, regardless of seniority, about employment with the Company (as either an employee or consultant) without the approval of the Company Compliance Officer. In addition, the Company may require a current or former government employee to seek advice from the government employee's agency's Compliance Officer or Legal Department before taking on (a) any assignment relating to the employee's former agency, or (b) any tasks that relate to matters that the employee knows or should have known were pending under the employee's official responsibility during the employee's last year of employment.

Examples:

- A former senior official at the Department of Defense ("DOD") approaches the Company about employment. He is interviewed by the Company and, seven months after leaving the government, is hired by the Company or retained by it as a consultant. Shortly thereafter, the former DOD official learns that the DOD

is considering soliciting offers for a new service contract. He offers to intercede with the DOD on behalf of the Company to determine whether the service can be procured using the Company on a non-competitive or sole-source basis. The Company and its employee may have violated the conflicts-of-interest statute. As a former senior DOD official, he is prohibited, within one year of his termination from government service, from attempting to influence his former agency.

- A contracting officer with whom the Company has dealt on a current U.S. government contract is planning to retire from the government. Four months before his planned retirement date, he mentions to a Company proposal manager that he is helping to draft the statement of work for the follow-on contract. In the same conversation, he also tells the proposal manager that the Company has done a superb job on the current contract and he hopes to work for a similarly successful company upon his retirement. The proposal manager thanks the government employee, tells him that the Company has openings in its Business Development group, and invites the government employee to submit his resume for consideration. The Company may have violated the Procurement Integrity Act because prior to the award of the follow-on contract (for which the Company is likely to compete), it had employment discussions with a federal agency procurement official who is personally and substantially involved in the procurement.

2. Organizational and Personal Conflicts of Interest

The Company subscribes to the policy of identifying, avoiding, mitigating and fully disclosing conflicts of interest, whether actual or potential. In the public procurement context, unmitigated and undisclosed organizational and/or personal conflicts of interest can jeopardize the Company's ability to compete for contract opportunities, and under certain circumstances could potentially result in the Company's being banned from all government contracting opportunities and/or the assessment of significant monetary damages against the Company. The ability of the Company to avoid these adverse consequences rests on the vigilance of each individual employee in promptly identifying and fully disclosing actual and potential conflicts. The Company must not make decisions based on improper self-interest, but must work with the government to realize the common good. Accordingly, Company employees should avoid any relationship, influence, or activity that might impair—or even appear to impair—the employee's or the Company's ability to make objective and fair business decisions.

a. Organizational Conflicts of Interest

An Organizational Conflict of Interest (“OCI”) arises when activities or relationships create an actual or potential conflict of interest for the Company on a particular government contract, or when the nature of the work to be performed by the Company on one contract (whether a U.S. government contract or not) creates an actual or potential conflict of interest on a future U.S. government procurement. In this regard, it is important that Company employees understand that non-government-related contracts or relationships, including participation in an industry standard-setting organization, can potentially give rise to OCI issues relating to U.S. government contracts.

The two critical objectives here are:

- Preventing the existence of conflicting roles for the Company that might bias the Company’s judgment in one of those roles; and
- Preventing an unfair competitive advantage, including situations in which the Company may obtain access to proprietary or competitively sensitive government information.

A common OCI problem involves “bid writing” by a contractor. When a contractor develops the specifications or statement of work for a competitive procurement, and the same contractor (or an affiliate) then submits a proposal relating to that procurement, an OCI typically arises. In this instance, in order to avoid a situation in which the contractor could draft specifications or work statements favoring its own products or capabilities, the government typically disqualifies the contractor from competing for the procurement contract or subcontract.

Another OCI problem arises when a contractor provides system engineering and technical direction (or system test and evaluation services) for a program. In this instance, the contractor typically may not be awarded a contract or subcontract to supply the system or any of its major components.

Similarly, if a contractor in one capacity legitimately obtains access to proprietary information of a competitor (for example, by performing advisory and assistance services for an agency), then the contractor and its affiliates may be disqualified from further participation in later stages of the procurement which involve that information.

If the Company wishes to participate in a procurement that may involve any of the foregoing circumstances, the Company Compliance Officer should be consulted for advance review and approval of the effort.

b. Personal Conflicts of Interest

A Personal Conflict of Interest (“PCI”) arises where a Company employee is in a position to materially influence the government’s recommendations and/or decisions and, because of the employee’s personal activities, relationships, or financial interests, may lack or appear to lack objectivity or appear to be unduly influenced by personal financial interest.

The Company’s employees must take care to promptly and fully disclose actual or potential personal conflicts of interest to the Company Compliance Officer. Additionally, after disclosure, employees must work with the Company to avoid and/or mitigate any actual or potential PCI.

E. Prohibition Against Obtaining Procurement Information

U.S. law prohibits contractors from knowingly obtaining contractor bid or proposal information or source selection information before the award of a government procurement contract or subcontract to which that information relates. Contractor bid or proposal information means the type of information that the Company would not want its competitors to obtain (i.e., pricing information, proprietary processes and techniques and any information marked with a legend prohibiting disclosure outside the government). Source selection information means information that the government develops or relies upon internally to conduct a procurement (i.e., source selection plans, ranking of offerors and information marked “Source Selection Information—See FAR 2.101 and 3.104”). Violators may be subject to significant civil fines and criminal penalties, including imprisonment for up to five years. The government may also take administrative actions such as canceling or rescinding a contract or reducing the contract price.

The Company does not solicit or otherwise attempt to obtain such information prior to the award of a government procurement contract or subcontract. If a Company employee becomes aware that such information has been obtained, inadvertently or otherwise, the employee’s responsibility is to stop reading the information as quickly as possible, quarantine the information immediately and promptly notify the Company Compliance Officer.

Examples:

- A recently retired military officer is hired by the Company to coordinate business development activities at a particular location. The former officer had helped draft the agency’s source selection plan on a procurement for which the Company intends to compete. Prior to the submission of the Company’s proposal, he discusses the agency’s source selection plan with other Company employees. This may violate the Procurement Integrity Act. The Company has obtained source selection information (the source selection plan) prior to the award of a federal procurement contract (the new contract).
- After the Company has submitted a proposal to the Army for a services contract, the agency elects to conduct discussions with offerors before accepting final proposal revisions. At the conclusion of the discussions, an Army technical representative in attendance leaves a copy of an independent government cost estimate on the conference room table. Without reviewing it any more than is necessary, you should secure the document in an envelope and contact the Company Compliance Officer immediately.

F. Prohibition Against Kickbacks

U.S. law prohibits the giving or receiving of “kickbacks,” i.e., anything of value for the purpose of improperly obtaining or rewarding favorable treatment in connection with a prime contract or subcontract. “Favorable treatment” is defined broadly and can include, for example, the award of a subcontract, the granting of unwarranted waivers of deadlines, or the acceptance of non-conforming services. Including the cost of a kickback in the price of a contract also is a violation. Civil and criminal penalties are possible for violations of this prohibition.

The anti-kickback regulations require a company with a prime contract or subcontract exceeding \$100,000 to have in place and follow “reasonable procedures designed to prevent and detect possible violations [of the Anti-Kickback Act].” The regulations further require the contractor or

subcontractor to report possible violations to the appropriate agency's Inspector General and to cooperate in any investigation. The contracting officer also can order the refund of a portion of the contract or subcontract price affected by the kickback. The Company strictly forbids conduct that presents even the appearance of a kickback or bribe.

Examples:

- Another contractor has been awarded a services contract at a military base. The Company intends to compete for a subcontract. A representative from the prime contractor approaches a Company employee and states that if the Company makes a contribution to the firm's charity fund for education, the Company will be awarded the subcontract. If the Company makes the payment, it may be violating the Anti-Kickback Act. Despite its charitable nature, the payment is still a thing of value that is provided in order to improperly obtain a subcontract.
- The Company requires certain services under a subcontract with a consultant. The consultant misses the first two scheduled dates for delivery of the services. The Company is contacted by a sales representative from the consultant who offers the Company a month of free training on its latest product offerings in exchange for a waiver of these missed deliveries. If the Company accepts the offer, it may be violating the Anti-Kickback Act. The payment (free training) in exchange for unwarranted favorable treatment (delivery-date slippage) under the subcontract may qualify as a kickback.

Recipients of U.S. government contracts, subcontracts, or financial assistance agreements that exceed \$100,000 must not use appropriated funds (i.e., contract payments) to influence or attempt to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress regarding the award of a contract, grant, cooperative agreement, or loan.

To the extent that non-appropriated funds (i.e., dollars obtained through commercial business) are used for such activities, the contractor or subcontractor must disclose the identity of the party to whom such funds will be paid and the amounts of such payments. Finally, offerors are required to certify their compliance with these requirements as a condition of the award of contracts. The restrictions do not apply to reasonable amounts paid to Company employees for lobbying activities, or to employees or consultants providing technical or professional services in preparing bids or proposals.

Contractors and subcontractors also must carefully monitor the expenditure of lobbying funds—particularly by outside consultants—and ensure that those funds are not included in overhead pools used to compute contract prices. For this reason, the Company requires that all lobbying activities and related expenditures be pre-approved by the Company Compliance Officer.

Example:

- The DHS issues a solicitation for a major new border guard services contract. The Company determines that, because of the contract's potential size, assistance should be sought from Members of Congress in whose districts those border guard services will be performed. A well-connected firm is retained to emphasize to these Members of Congress how important it is for the Company to obtain the contract. The costs for the lobbying firm are accounted for in the

Company's books as overhead. The overhead costs are then allocated to all Company contracts. The Company may have violated applicable lobbying restrictions because the costs of the lobbying will be included in the price charged to U.S. government agencies by reason of the accounting system's distribution of non-operating costs. As a result, "appropriated funds" (contract payments by the government) will be paying part of the lobbying costs.

G. Use of Consultants, Agents and Representatives

Honesty and integrity are key standards for the selection and retention of those who represent the Company in the public sector. Paying bribes or kickbacks, engaging in industrial espionage, obtaining the proprietary data of a third party without authority or gaining inside information or influence are just a few examples of what could give the Company an unfair competitive advantage in U.S. government procurement and could result in serious violations of law.

Any use of "marketing consultants" is particularly scrutinized on the theory that contractors may obtain proprietary and government-sensitive information by acquiring the services of marketing consultants. Contractors are required to make inquiries of any marketing consultant to ensure that the consultant has provided no unfair competitive advantage.

The Company's policy is that agents, representatives, or consultants must be willing to certify their compliance with the Company's policies and procedures and must never be retained to circumvent the Company's ethical or business standards. In addition, the Company Compliance Officer must review and approve all consulting agreements that the Company proposes to enter into in order to facilitate government business.

Example:

- The Company hires a consultant to assist in the preparation of a large proposal for a U.S. government contract. Within the past year, the consultant worked for the Company's principal competitor on a similar project, and he volunteers to brief the proposal team on the competitor's cost structure and likely bidding strategy. If the Company accepts such information from the consultant, it may be disqualified from the competition. It also may face Trade Secret actions brought by the competitor.

H. Contingent Fee Agreements

The U.S. government generally prohibits contractors from entering into contingent fee agreements to obtain U.S. government contracts. For all government contracts exceeding \$100,000, the Company is required to warrant that it has not employed or retained any person or selling agency under a contingent fee agreement to solicit or obtain the contract.

An exception to this general prohibition exists for any contingent fee agreement made with a "bona fide agency," or an established commercial or selling agency maintained by the contractor to obtain business. Accordingly, the Company Compliance Officer must pre-approve any effort to retain an employee or consultant in order to facilitate government business. Similarly, if a Company employee is approached about entering into a contingent fee arrangement with a person or agency, the employee should contact the Company Compliance Officer immediately.

I. Competing for Government Work

The Company must comply with the laws and regulations that govern the acquisition of goods and services by government agencies. The Company must compete fairly and ethically for all business opportunities. In addition, all statements, communications and representations to government customers must be accurate and truthful.

The Company also must not seek to unduly influence the development of an agency's requirements. While diligent marketing of the Company's products and services is appropriate, government customers, unlike their commercial counterparts, typically must follow rigorous competitive procedures in the solicitation and award of contracts. If the Company undermines an agency's ability to comply with competition requirements, the Company can harm its immediate business objectives as well as its long-term reputation in the public sector.

For example, a government agency generally must specify its needs in broad terms to promote maximum competition for the product or service being acquired. Thus, the following principles typically apply to the drafting of government specifications and work statements:

- Agencies shall specify needs using market research in a manner designed to promote full and open competition.
- Agencies shall include restrictive specifications only to the extent necessary to satisfy the needs of the agencies.
- Agency requirements shall not be written so as to require a particular "brand name" product or service, or a feature peculiar to one company, thereby precluding the use of other companies' products or services, unless the specified product or feature is essential to the agency and no other company can provide it.

While it is always the government's obligation to specify its requirements properly, Company employees should not take or encourage actions that prevent an agency from meeting this obligation.

J. Anti-Trust Implications of Teaming Agreements and Collaborative Ventures

Teaming agreements and joint ventures are permissible and commonly used in government procurements. Nonetheless, these business arrangements warrant particular attention when used in the context of U.S. government procurements.

First, government agencies sometimes encourage companies to enter into such arrangements believing that they will result in better overall proposals. Such encouragement from a procuring agency, however, does not remove these arrangements from the operation of the normal anti-trust rules. Accordingly, rules related to collusive pricing, bid rigging, market allocation, boycotts and trade association activity, among others, are still enforced.

Second, the government generally must be notified in the proposal of the existence of such arrangements as well as the parties' relationships to one another. If the arrangement is agreed upon after an award, the government must be informed before it takes effect. The government has been known to require the dissolution of such arrangements where they are deemed to violate anti-trust laws.

All teaming agreements or joint ventures that the Company is contemplating in order to facilitate government business must be reviewed and approved in advance by the Company Compliance Officer.

Example:

- The Company anticipates that it will have only one competitor in a strategically important procurement. The Company and its competitor are each capable of performing the entire scope of the contract. Neither company, however, wants to risk losing the competition and missing out on this important contract. Therefore, the Company is contemplating a teaming agreement in which it would split the work with its competitor and, thus, guarantee that the Company receives at least a share of the contract. This arrangement may violate anti-trust laws on collusive bidding.

K. Suspended and Debarred Contractors

Contractors that have committed certain specified offenses that indicate a lack of business integrity or responsibility may be suspended or debarred from doing business with the U.S. government. The names of these contractors appear on the List of Parties Excluded from Federal Procurement and Nonprocurement Programs ("excluded parties list"), which is available on-line at <https://www.sam.gov/portal/SAM>. U.S. law generally prohibits contractors from entering into subcontracts in excess of \$25,000 with companies that have been suspended, debarred, or proposed for debarment.

The Company's policy is to refrain from doing business with any contractor or subcontractor that has been suspended or debarred by the U.S. government. Any employee who has reason to believe that a contractor with whom we intend to contract is suspended or debarred must immediately notify his or her supervisor or the Company Compliance Officer.

L. Certifications

The Company provides only complete, accurate and truthful information to its customers. Accordingly, the Company:

- Does not make false statements, oral or written.
- Submits only independent bid and proposal pricing information.
- Ensures the accuracy and completeness of all submissions to the U.S. government for payment or approval.

For the Company's business units (Mercury Commercial Electronics and Mercury Defense Systems), the President of the business unit, or this person's designee, is the only person authorized to certify to the U.S. government or approve pricing information on behalf of the business unit.

M. Audit Responsibility

The Company is required to track all payments received from the government in relation to a federal government contract. All Company employees should be vigilant to detect any

“overpayments” received from the government on any U.S. government contract. The Company is required to promptly disclose all significant overpayments received from the government.

In addition to the record-retention requirements and policies set forth in the Company's record-retention policies, the U.S. government generally requires contractors and subcontractors to maintain books and records pertaining to a contract or subcontract for three years after final payment. Unless you are advised otherwise by the Company Compliance Officer, you must keep for this period in a secure and accessible location all documents (regardless of a document's medium) relating to any government contract or subcontract performed by the Company.

The government frequently conducts audits and investigations as a means of addressing procurement fraud. If you are approached by an investigator or a government auditor for any reason, you must contact the Company Compliance Officer immediately. Moreover, you must not alter, destroy, or conceal any documents relating to an investigation or take any action that could hinder an investigation. Violations of these laws are punishable by fines and/or imprisonment.

N. Accuracy of Company Records

The Company requires that its employees maintain accurate and complete Company records. Transactions between the Company and third parties, including customers, vendors and other outside parties, must be accurately and timely entered in the Company's books. Company employees are responsible for ensuring that labor and material costs are accurately recorded and charged in the Company's records.

Company employees should never rationalize or even consider misrepresenting the facts or falsifying records. The Company will not tolerate such conduct, and such conduct will result in disciplinary action.

O. Subpoenas and Government Investigations

The Company's general policy is to cooperate with all government investigations and inquiries. The Company will determine the most responsible and appropriate ways in which to cooperate. Promptly refer all subpoenas, informal document requests, or other external inquiries to the Company Compliance Officer.

P. Anti-Boycott and U.S. Sanctions Laws

The Company complies with anti-boycott laws that prohibit the Company from participating in a boycott of a country or businesses within a country. If a Company employee receives such a request, the employee must report it immediately to the employee's supervisor or the Company Compliance Officer. The Company will not engage in business with any government, entity, organization, or individual where doing so is prohibited by applicable laws, or where complying with a requirement from such government, entity, organization, or individual to participate in a boycott violates the laws of the United States.

Q. Foreign Corrupt Practices Act

The Foreign Corrupt Practices Act (“FCPA”) is the foreign business counterpart of the Anti-Kickback Act. This statute's applications extend to businesses generally, not just to prime or

subcontractors with the U.S. government. The FCPA criminalizes the bribery of foreign officials anywhere in the world for the purpose of influencing an official decision or act to obtain a business benefit. It also requires companies with publicly-traded stock in the United States to meet certain standards regarding their accounting practices, books and records and internal controls.

A company can be held liable under the FCPA not only for making improper payments, but also for making an offer or promise to pay, even if it does not actually make a payment. Moreover, a company may be liable for payments or offers to make payments by a local agent if the company authorizes the payment or offer or if it “knew” that the payment or offer would be made. A company is deemed to have knowledge if it is aware of, but consciously disregards, a “high probability” that such a payment or offer will be made.

The Company flatly prohibits conduct that violates the FCPA and requires that any payments made to foreign officials be approved in advance by the Company Compliance Officer.

R. Combating Trafficking in Persons

The Company complies with laws and regulations that prohibit the trafficking in persons. Company employees shall not engage in any form of trafficking in persons, procure commercial sex acts or use forced labor in the performance of contracts. The U.S. government and the Company have zero-tolerance policies concerning such activities. Company employees who violate this policy will be subject to disciplinary action, which may include reduction in benefits, termination, referral for criminal prosecution and reimbursement to the Company or others for any losses or damages resulting from the violation.

S. Export Controls

The export of goods, services, technology and data is subject to various complex federal statutes and regulations. The term "export" is defined very broadly to include any transfer (whether physically or by control or ownership) of an item out of the United States and/or to a foreign person (other than a U.S. lawful permanent resident alien) or entity even within the United States. This definition includes the transfer of services, technology and data, even if just by visual presentation, oral disclosure, or electronic disclosure (including by e-mail or internet), to any foreign person (other than a U.S. lawful permanent resident alien), whether in the United States or abroad. It is the policy of the Company to strictly comply with all registration and licensing requirements applicable to the exporting of goods, services, technology and data.

12. Waivers of the Code of Business Conduct and Ethics

Any waiver of this Code for executive officers (which includes for purposes of this Code, the Company's principal executive, financial and accounting officers) or directors may be made only by the Board, and must be promptly disclosed to stockholders as required by applicable law or stock exchange regulation. Any waivers of this Code for other employees may be made by the Company Compliance Officer, the Board or the Audit Committee.

13. Compliance Procedures

The Board has appointed the Audit Committee to oversee compliance with this Code, and has also appointed a Compliance Officer to administer the compliance program.

The Company Compliance Officer is Christopher C. Cambria, c/o Mercury Systems, Inc., 50 Minuteman Road, Andover, Massachusetts 01810 (Telephone: 978-967-1302). Ordinarily, questions concerning the application of this Code should be addressed to an employee's supervisors, who will relay them to the Compliance Officer or the Audit Committee. If an employee is uncomfortable raising such questions with his or her supervisor, they may be addressed to the Compliance Officer directly.

14. Reporting any Illegal or Unethical Behavior

Officers and employees of the Company are encouraged to talk to supervisors, managers or other appropriate personnel when in doubt about the best course of action in a particular situation. Additionally, officers, directors and employees should report violations of laws, rules and regulations or this Code to the Compliance Officer. It is the policy of the Company not to permit retaliation for reports of misconduct by others made in good faith by employees. Employees are expected to cooperate in internal investigations of misconduct.

A. Anonymous Hotline for Reporting Violations Involving Accounting, Internal Accounting Controls or Auditing Matters (www.openboard.info/mrcy/websubmit.cfm)

If an employee is uncomfortable reporting violations involving accounting, internal accounting controls or auditing matters to the Compliance Officer, reports of such violations can be made anonymously: (a) by telephone voicemail at 866-277-5739; (b) by emailing directly to mrcy@openboard.info; or (c) by submitting a complaint via the internet at www.openboard.info/mrcy/websubmit.cfm. Whistleblower hotline messages will be encrypted and will be delivered directly to both our Chief Financial Officer and Chief Legal Officer. The person reporting a violation should identify the subject of his or her concern and the practices that are alleged to constitute an improper accounting, internal accounting control or auditing matter, providing as much detail as possible. Such matters will be investigated by the Compliance Officer or the Audit Committee or their designees. All reports will be treated confidentially to the extent possible. Preliminary investigations should not be conducted by employees. Such actions could compromise the integrity of the investigation and adversely affect the Company and others.

Employees must not use the reporting channels described above in bad faith or in a false or frivolous manner.

15. Disciplinary Action

Employees who fail to comply with this Code or to cooperate with an investigation will be subject to disciplinary action. Furthermore, any supervisor, manager, officer or director who directs, approves or condones infractions, or has knowledge of them and does not promptly report and correct them in accordance with this Code will be subject to disciplinary action. Such disciplinary action may include termination, referral for criminal prosecution and reimbursement to the Company or others for any losses or damages resulting from the violation.