

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 17, 2005

**Mercury Computer 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.)

199 Riverneck Road, Chelmsford, Massachusetts  
(Address of Principal Executive Offices)

01824  
(Zip Code)

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

N/A

(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 Computer Systems, Inc. ("Mercury") will present an overview of Mercury's business on Thursday, November 17, 2005 at its sixth annual investor conference. Attached as Exhibit 99.1 to this Current Report on Form 8-K (the "Report") is a copy of the slide presentation to be made by Mercury 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 Mercury 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.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Presentation materials dated November 17, 2005.

**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 hereunto duly authorized.

MERCURY COMPUTER SYSTEMS, INC.  
(Registrant)

Date: November 17, 2005

By: \_\_\_\_\_ /s/ ROBERT E. HULT  
Robert E. Hult  
Senior Vice President, Operations and  
Finance, Chief Financial Officer

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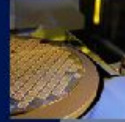
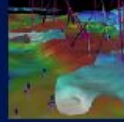
**EXHIBIT INDEX**

**Exhibit No.**

**Description**

99.1

Presentation materials dated November 17, 2005.



# Sixth Annual Investor Conference

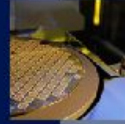
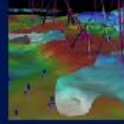
## November 17, 2005

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 anticipated fiscal 2006 business performance and beyond. You can identify these statements by our use of the words "may," "will," "should," "plans," "expects," "anticipates," "continue," "estimate," "project," "intend," 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, 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, continued funding of defense programs, the timing of such funding, 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, and inability to fully realize the expected benefits from acquisitions or delays in realizing such benefits, challenges in integrating acquired businesses, and achieving anticipated synergies, and difficulties in retaining key customers. These risks and uncertainties also include such additional risk factors as are discussed in the Company's recent filings with the U.S. Securities and Exchange Commission, including its Quarterly Report on Form 10-Q for the quarter ended September 30, 2005. 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 non-GAAP financial measures adjusted to exclude certain non-cash and other specified charges, which the Company believes are useful to help investors better understand its past financial performance and prospects for the future. However, the presentation of non-GAAP financial measures is not meant to be considered in isolation or as a substitute for financial information provided in accordance with GAAP. Management believes these non-GAAP financial measures assist in providing a more complete understanding of the Company's underlying operational results and trends, and management uses these 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 company's First Quarter Fiscal 2006 earnings release, which can be found on our website at [www.mc.com/mediacenter/pr/](http://www.mc.com/mediacenter/pr/).

<b>9:00-9:10</b>	<b>Bob Hult, SVP, Finance &amp; Operations, CFO</b>
<b>9:10-9:30</b>	<b>Jay Bertelli, President, CEO &amp; Chairman</b>
<b>9:30-10:05</b>	<b>Dr. Keith J. Dreyer, M.D., Ph.D - MGH, Harvard</b>
<b>10:05-10:30</b>	<b>Marcelo Lima, VP, GM, Commercial Imaging &amp; Visualization</b>
<b>10:30-11:00</b>	<b>Mark Skalabrin, VP, GM, Advanced Solutions Business</b>
<b>11:00-11:10</b>	<b>Break</b>
<b>11:10-11:40</b>	<b>Barry Isenstein, VP, GM, Defense Business</b>
<b>11:40-12:10</b>	<b>Bob Hult, SVP, Finance &amp; Operations, CFO</b>
<b>12:10-12:20</b>	<b>Q&amp;A</b>



# Corporate Overview

**Jay Bertelli, President, CEO & Chairman**



- **Strong competitive position in attractive and growing markets**
- **Leverage technology investments across multiple applications in diverse markets**
  - Defense and Commercial
- **Straightforward operating model and financial structure**
- **Strong balance sheet, operating cash flow with significant financing flexibility**
- **Open innovation strategy through partnerships and acquisitions enhances capability to deliver solutions across target markets**

- **To help our customers solve difficult computing challenges that make a difference**
  - Improving international security
  - Advancing healthcare
  - Increasing the world's oil supply
  - ...And more
- **To use these challenges to drive innovation**
  - Spending approximately 20% of revenues on R&D
  - Continuing to invest in knowledge of customer applications
  - Driving our expertise into new markets and applications
- **To remain committed to open innovation**
  - Enabling standard processors to be utilized in an increasing number of non-standard applications
  - Continuing our commitment to open standards throughout our product line

...by combining extensive technical expertise with deep knowledge of the science behind our customers' applications...

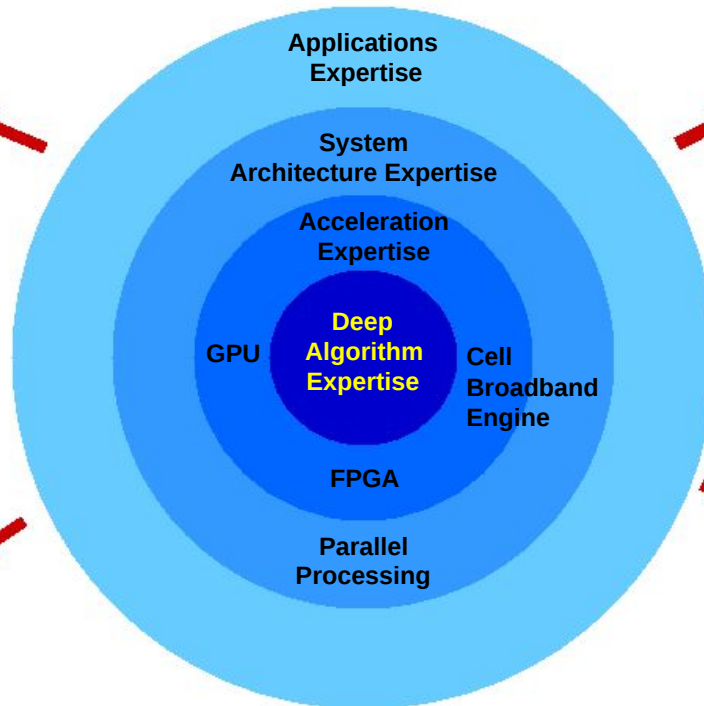
**Life Sciences:**

- Medical imaging
- Biotechnology

**Geosciences:**

- Oil and gas exploration
- Engineering and simulation

**New markets and opportunities that can benefit from Mercury expertise**



- Radar
- Sonar
- Signals intelligence
- Image & data exploitation
- Smart weapons

**Semiconductor equipment:**

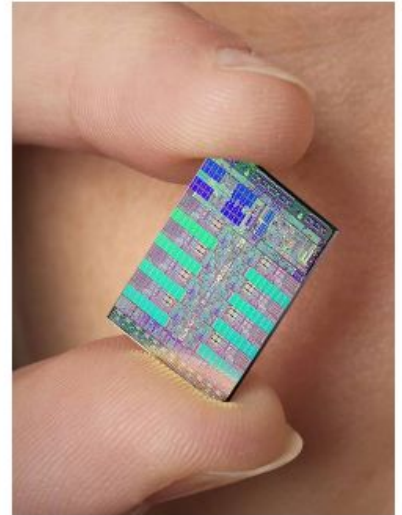
- Mask generation
  - Wafer inspection
- High-end baggage scanning  
Telecommunications

...and delivering broad, sustained value to our customers.

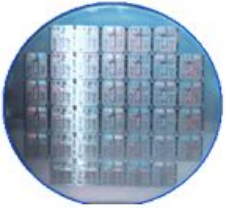
- **Committed to driving innovation**
  - Average R&D y/y is approximately 20% of revenues
- **Focused on continually enhancing our expertise to maintain our leading edge**
  - **Internal development**
    - Cross-pollinating commercial technologies/expertise with defense applications to provide cost-effective solutions
    - Extending our offerings from hardware to software to services
  - **External innovation**
    - IBM partnership/Cell Broadband Engine™, strategic alliances with NVIDIA Corporation, Ziehm Imaging, Massachusetts General Hospital (MGH)
  - **Select acquisitions to complement and strengthen our organic growth**
    - Echotek, SoHard AG, Momentum Computer, TGS, ARC
- **Dedicated to helping customers solve problems and win business**
  - Broader offerings - Professional Services
  - Innovative business arrangements

*Cell Broadband Engine is a trademark of Sony Computer Entertainment Inc.*

- **The Cell Broadband Engine processor is 5-100x faster than conventional microprocessors**
- **Mercury is the 1<sup>st</sup> non-gaming company to integrate the Cell Broadband Engine into its products**
  - High-volume gaming market is transforming the technology industry
- **Targeting applications in existing and new markets with optimized Cell Broadband Engine-based products**
  - Medical imaging, inspection, defense, geosciences, telecommunications, etc.
- **Mercury is uniquely capable**
  - The Cell Broadband Engine is designed to solve the same types of problems Mercury has been solving for many years



## Data Acquisition



Sensor Data-Scanned Wafers



J-STARS Aircraft



Mobile C-Arm  
(Digital X-Ray)

## Image and Signal Processing



## Mercury Technology in Action

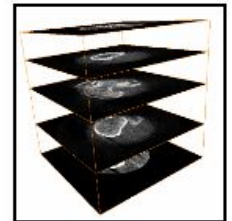
## Visualization



Wafer Inspection

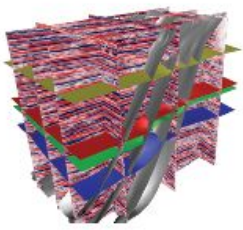


Radar Image Display



3D Image  
Reconstruction

## Visualization & Rendering



Seismic



Ray Tracing

## Image Storage & Retrieval



## Special-Purpose Computing & I/O



## Image Processing



Mobile C-Arm  
(Digital X-Ray)



Wafer Inspection

## Data Conversion



Echotek™ Series 3000T and 5000T

## Signal Processing

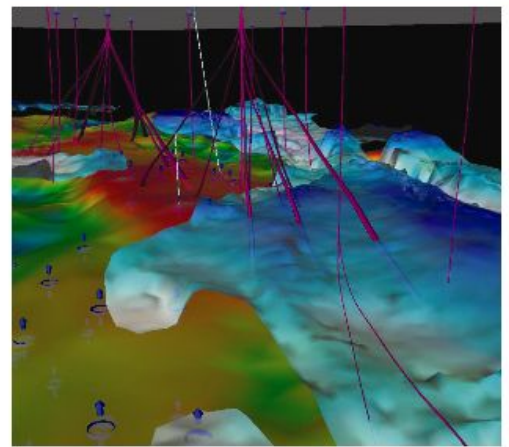


J-STARS Aircraft  
RADAR



Wireless Communications  
Base Stations

- **Telecommunications**
- **Seismic exploration and reservoir modeling**
- **Biotechnology**
- **Navigation**
- **In the future...**
  - Gaming
  - Digital media
  - Others



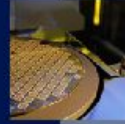
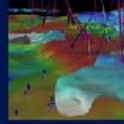


**Sustain a 25% or better long-term revenue growth rate**

**VIDEO**

**Harnessing the Power of  
the Cell Broadband Engine Processor  
*Medical Imaging***

***(webcast audio only )***



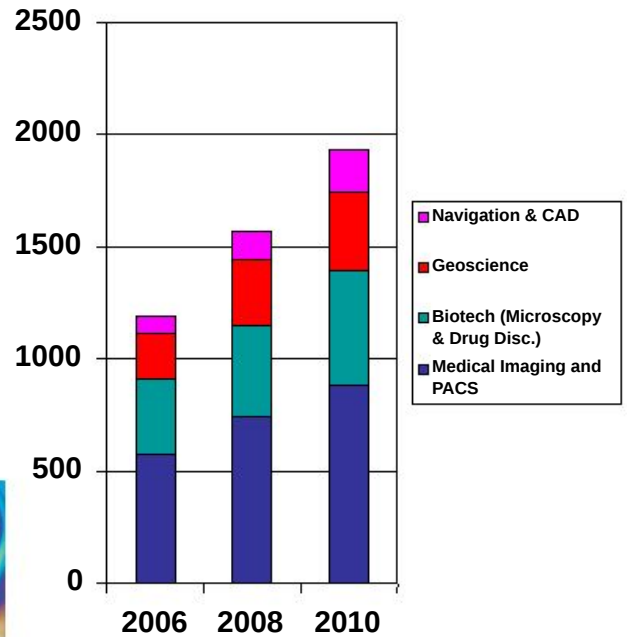
# Commercial Imaging and Visualization (CIV)

**Marcelo Lima, Vice President & General Manager**

- **20% of FY05 revenues**
  - 50% growth over FY04
- **Delivering Imaging & Computing Solutions to:**
  - Life Sciences (Medical Imaging & Biotech)
  - Geosciences (Oil and gas exploration)
  - Navigation
- **Competitive Differentiation & Leadership**
  - Scalable systems
  - High-performance 2D & 3D imaging SW
  - Large Data Sets
- **Growth**
  - Inorganic: Acquisitions of TGS and SoHard
  - Organic: New product intros and new market entries

**OEM Available Markets US\$M**

Source: IDC, Frost & Sullivan, MCS data



- **Strategy**

- **Extend and lead in end-to-end OEM solutions**
  - Data acquisition, reconstruction, computation, visualization, distribution
- **Innovate**
  - Scalable systems, large data set computing, 3D visualization, servers
- **Leverage & integrate**
  - TGS and SoHard acquisitions
  - Research alliances (ZIB, MGH)
  - Partnerships (NVIDIA, IBM)
- **Focus**
  - Customer success, performance and time to market



- **Core Competencies**

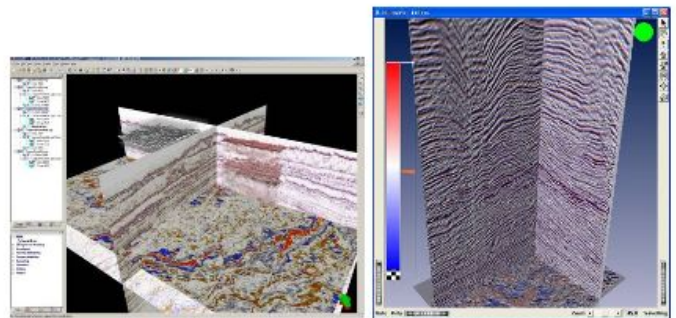
- Algorithm optimization
- Acceleration technologies
- Image reconstruction
- 3D and visualization
- Multiprocessing systems
- Applications know-how



- Improving Sensors
- More and better images
- Large data sets
- Growing need for intensive computing in processing and visualization
- Increased 3D demand
- MRCY performance opportunity



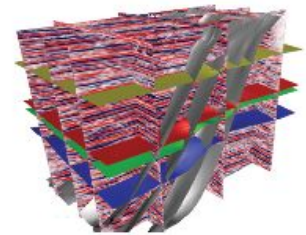
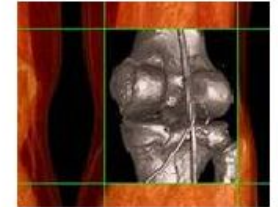
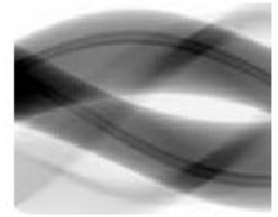
Multi-slice CT (32/64) 4Gbytes typical



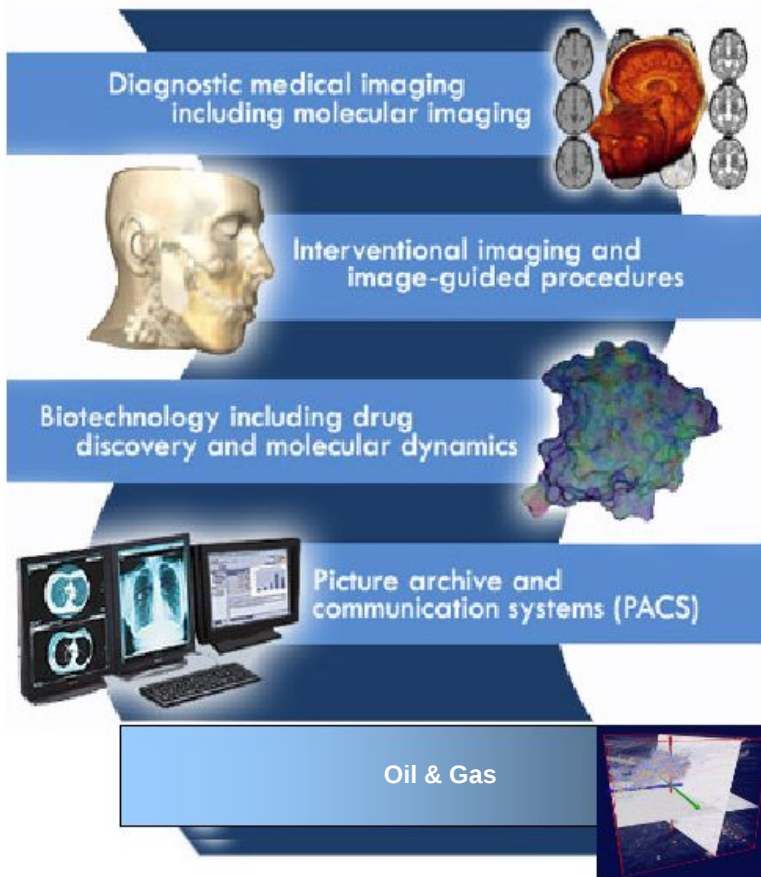
OIV/VolumeViz Large Data Set Module

100 Gbytes Typical

- **Real-Time Image and Signal Processing**
  - Image reconstruction algorithms
  - General-Purpose GPU (GPGPU) programming
  - Cell Broadband Engine technology computing platforms
- **Advanced Visualization**
  - High-performance volume data processing
  - Thin Client/Server visualization technology
  - Extremely large data management
- **Compute Platforms**
  - Scalable, high density multi-GPU systems and servers
  - High-density Cell Broadband Engine technology-based systems
- **New Applications**
  - Electron Beam (EB) microscopy recon & visualization
  - Molecular dynamics computing & visualization
  - Visual simulation/terrain visualization
  - Seismic data processing and analysis



# CIV Customers & Targets (not all inclusive)



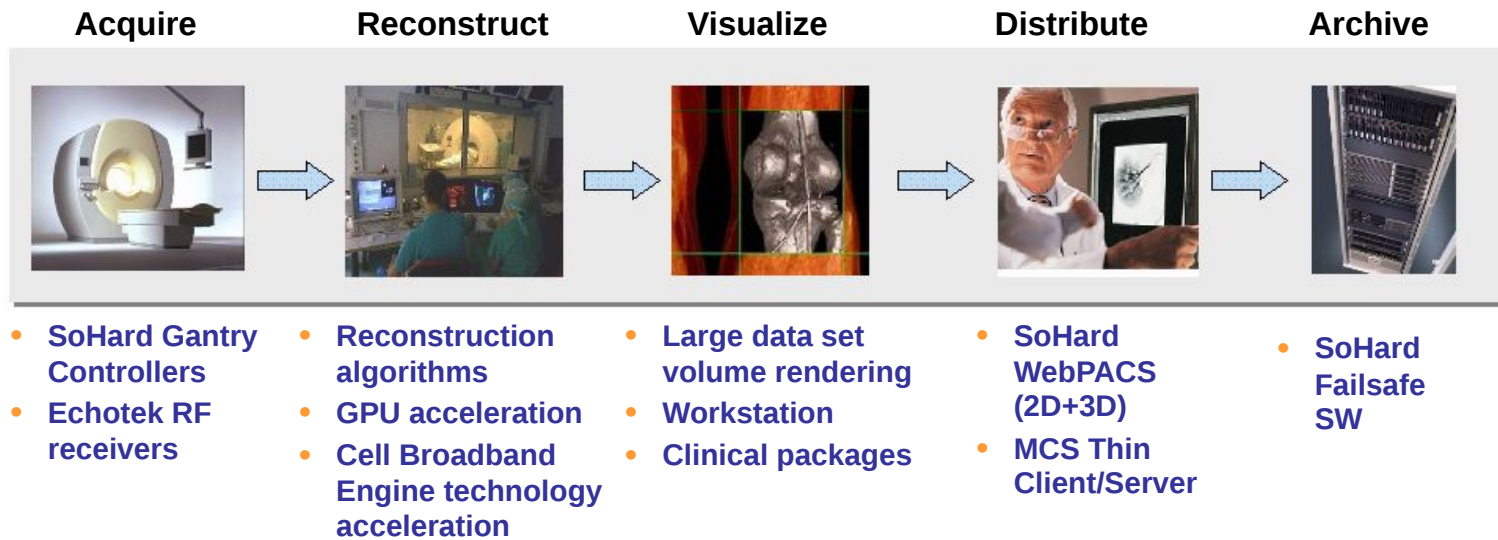


## Our Products and Solutions are Designed to Optimize

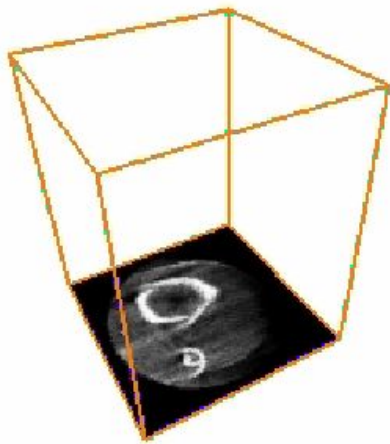
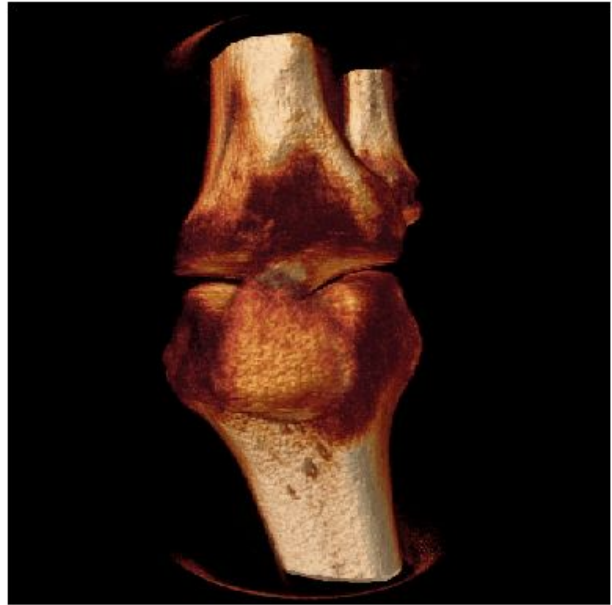
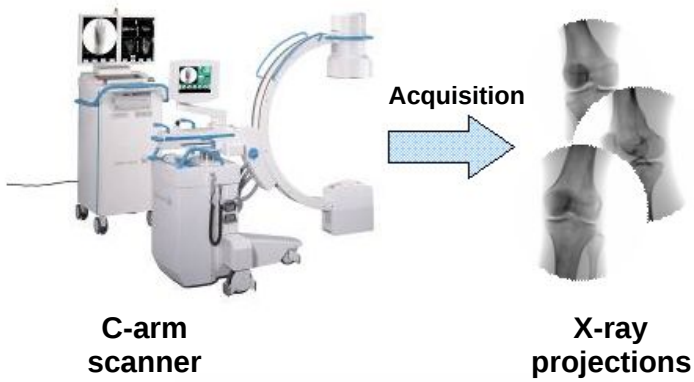
- Image quality
- Throughput and workflow
- Time to market
- Ease of integration and use
- Scalability
- Reliability
- Our customers' brand
- Value



- Broad end-to-end medical systems OEM solution portfolio
- All steps from scanner output to end-user applications
- Image reconstruction, processing, and visualization
- Embedded components and integrated solutions

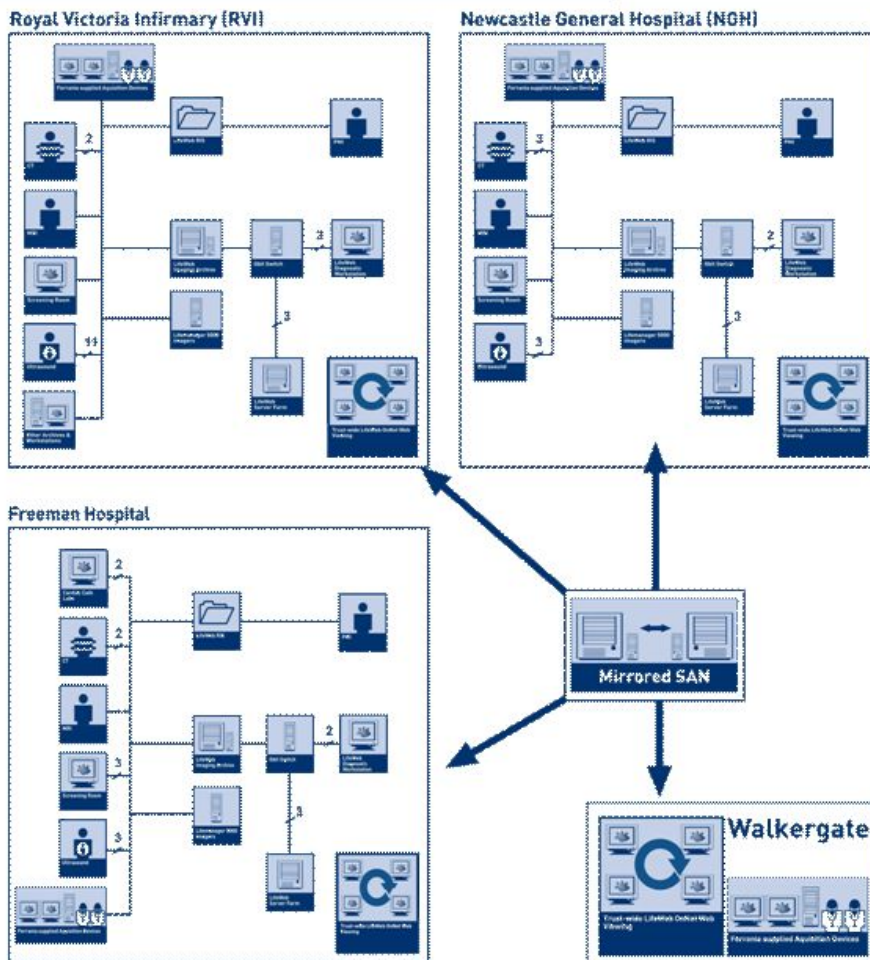


## Ziehm C-Arm reconstruction and visualization



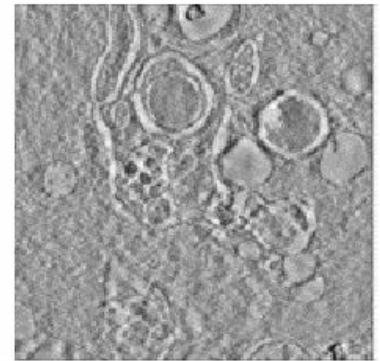
## Example Installation: Newcastle upon Thyne

1,000 WW sites for  
our WebPACS  
through indirect  
sales



- **The FEI Company**

- **EB Microscope**
  - Drug discovery & nanotechnology
- **Mercury recon and visualization**
- **Minutes vs. hours**
  - From acquisition to images on the researcher's desktop



- **Classic WBP Recon (Weighted Back Projection)**

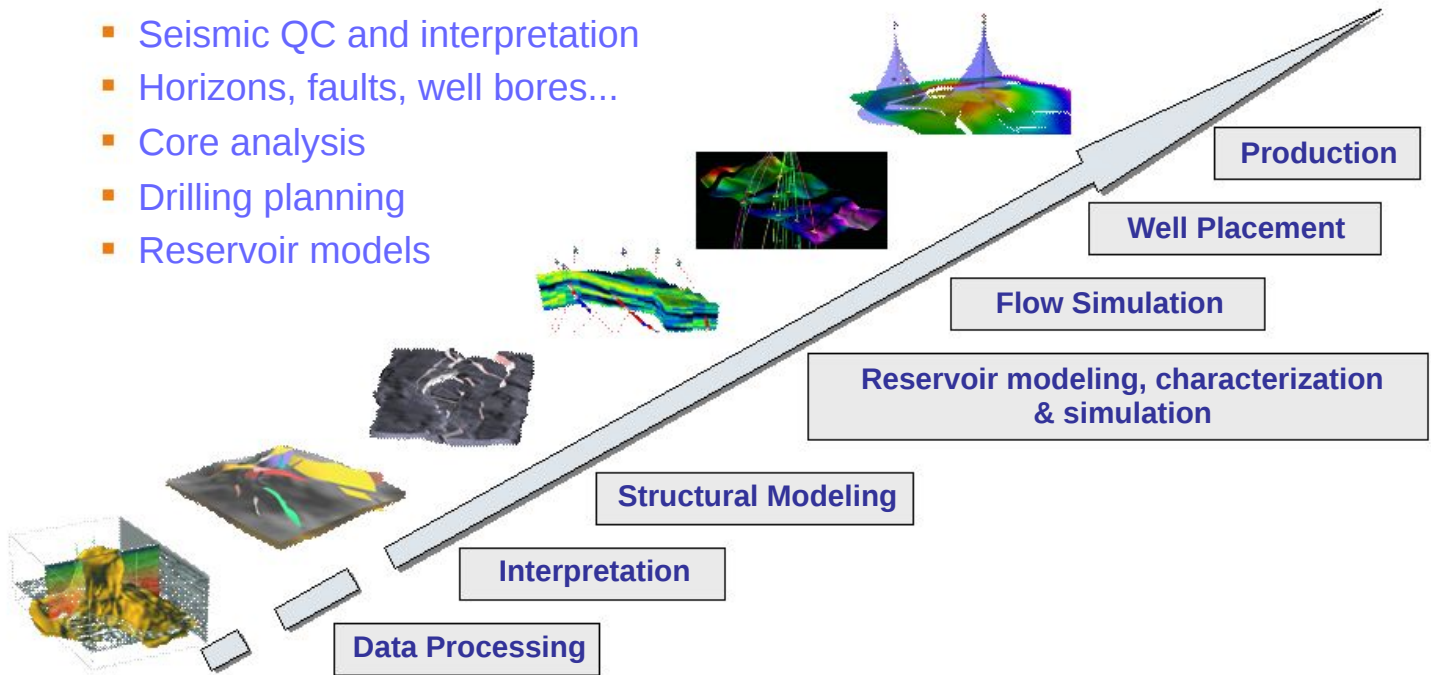


- **Mercury accelerated SIRT Recon (Simultaneous Iterative Reconstruction Technique)**

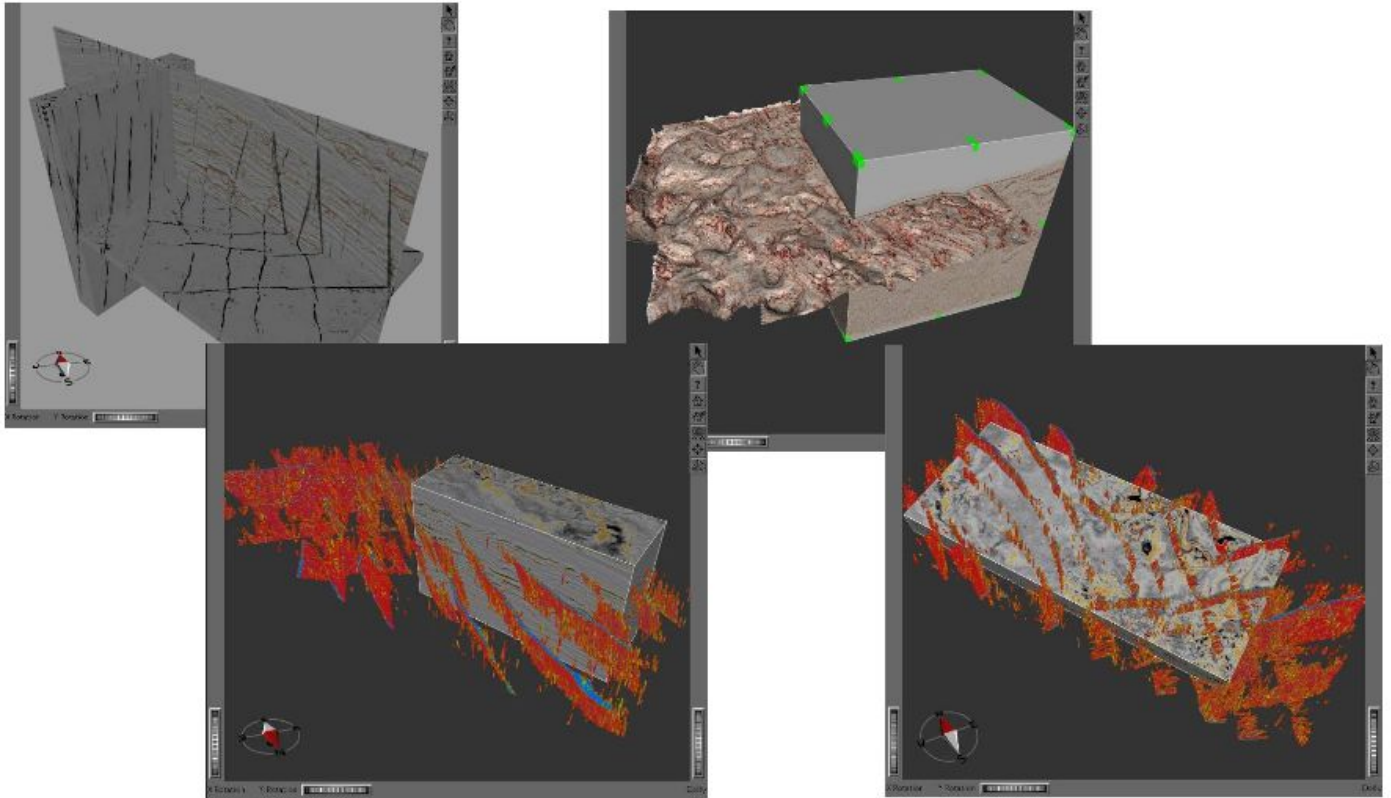


Images: courtesy: Christopher J. Hunter, Jonathan Chung and Matthias Amrein, University of Calgary, Canada & FEI Company

- **Competitive advantages in computing and visualization**
  - Power/watt/cubic Inch
  - Extremely large data sets
- **Computing platforms – seismic acquisition and processing**
- **Visualization**
  - Seismic QC and interpretation
  - Horizons, faults, well bores...
  - Core analysis
  - Drilling planning
  - Reservoir models



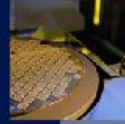
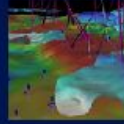
## VolumeViz LDM 125GB dataset



- Dynamic, growing markets
- Aligned with strong economic trends
- Solving real problems
- Delivering product innovation
- 2D + 3D + systems = competitive advantage
- Focused on quality & time to market
- Extending customer base
- Growing business → 35%



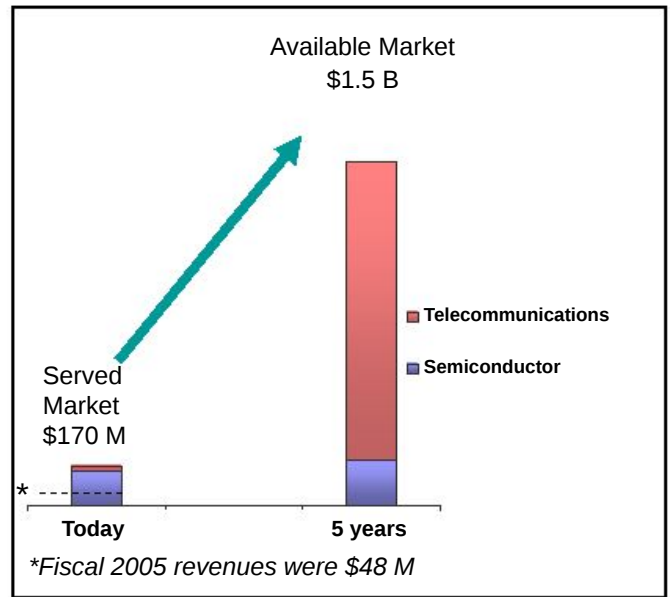




# Advanced Solutions Business Unit (ASBU)

**Mark Skalabrin, Vice President & General Manager**

- **20% of FY05 revenues**
  - 81% growth over FY04
- **Market Focus**
  - Semiconductor Capital Equipment
  - Wireless Communications Infrastructure
- **Competitive Differentiation & Leadership**
  - Solutions that solve the hardest problems
  - End-to-end integration of application expanding technology
  - Long-term OEM support focus
- **Growth**
  - New applications in semiconductor equipment
  - Expanding business in communication segments
  - New business emerging in Silicon Solutions and Data Links





**Semiconductor Capital Equipment:**  
Wafer Inspection, Reticle Inspection,  
Mask Generation



**TOSHIBA**



**MICRONIC**



**Wireless Infrastructure**  
Base Stations and Radio Network  
Controllers



**MOTOROLA**



**ALCATEL**

**NOKIA**  
Connecting People

**ERICSSON**



**Silicon IP and Component Solutions**



**Raytheon**



**Satellite Data Links and Software Radio**

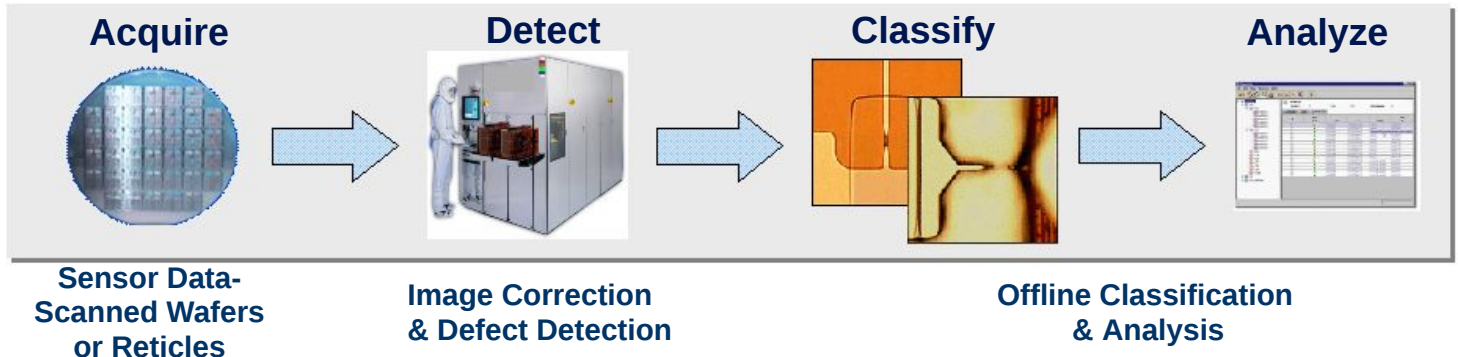
- **Strategy**

- Targeting market segments where we add significant value
- Innovating to create highly differentiated value
- Leveraging alliances and partnerships to provide more of the solution

- **Core Competencies**

- Solution architecture
- Scalable system design
- Application acceleration through specialized processing

## Accelerating customers' advanced algorithms to market

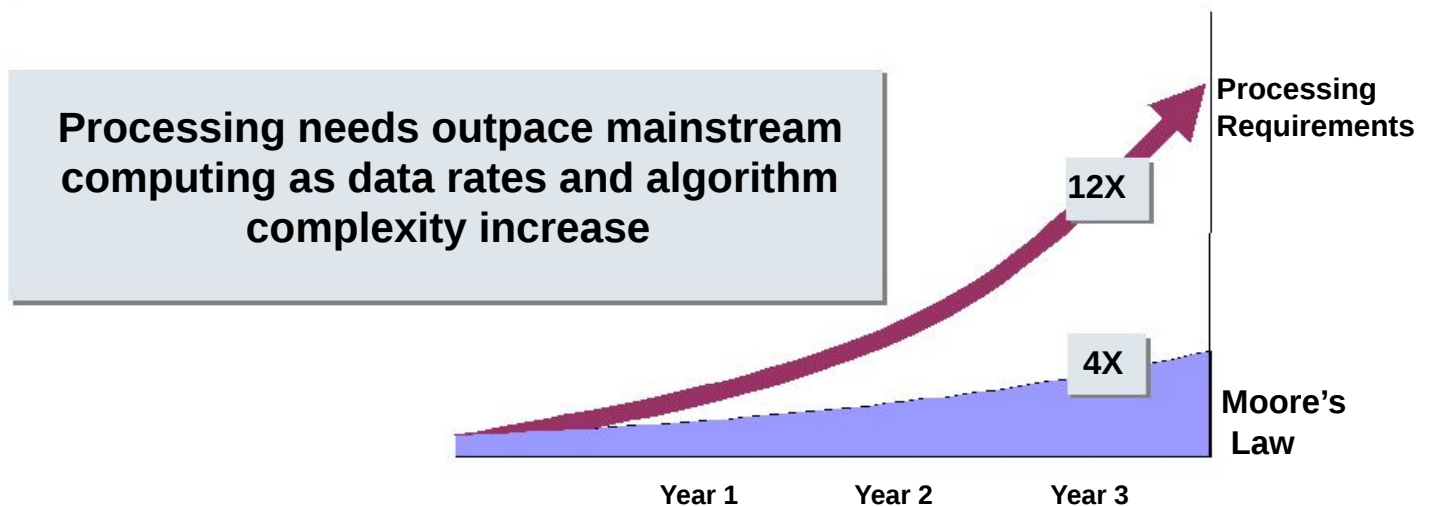


### Requires:

- Scalable image processing
- Massive streaming I/O and interconnect bandwidth
- Integrated solution



- ↑ **Consumer demand for faster, lower power, lower-cost electronics**  
Drives the need for higher-performance chip equipment
- ↑ **Hard problems that are getting harder**  
More complex algorithms, higher data rates
- ↑ **New applications that require massive compute power**  
Example: Reticle design rule verification and direct write lithography
- ↓ **Subject to market cyclicity**



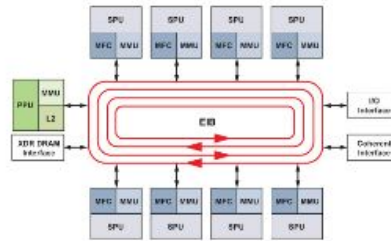
## Impact RT™



## XR Systems



## Dual Cell-Based Blade



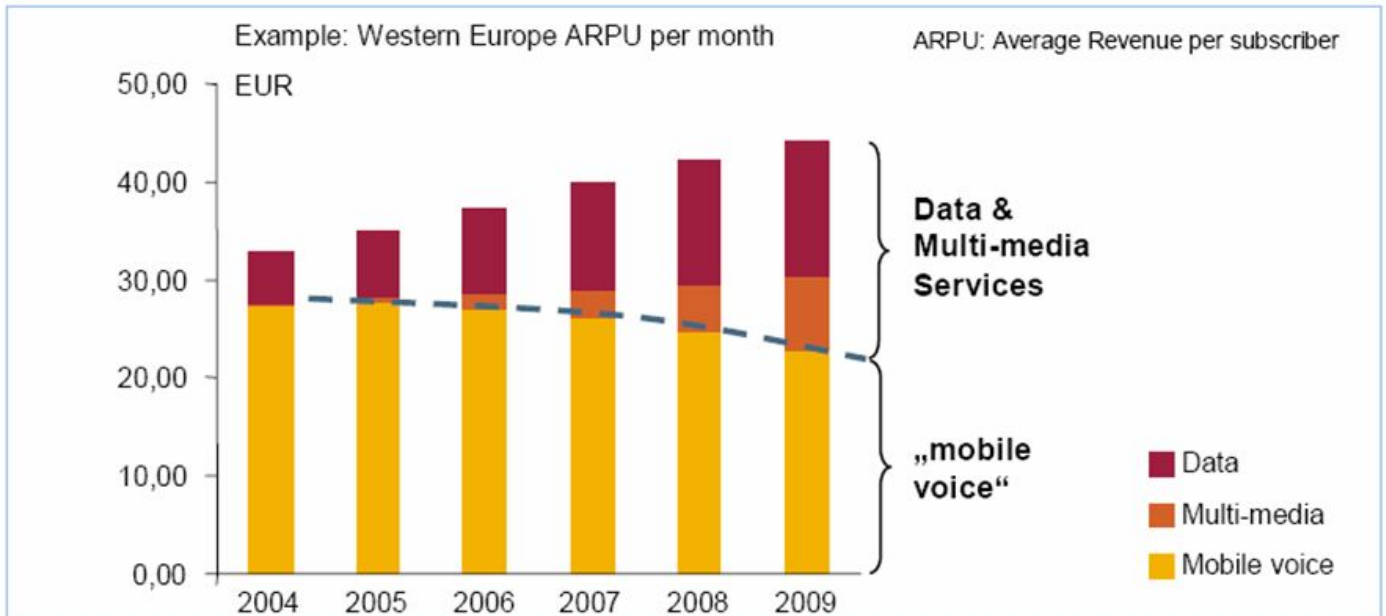
## Accelerating customers' next-generation network platform deployment

- **Application Focus**
  - Wireless base stations
  - Radio Network Controllers (RNCs)
  - Video gateways
  - Satellite data links
  - Software Defined Radio (SDR)
- **In the Labs of Tier 1 OEMs Today**
  - Supporting development of next-generation solutions





## Deployment of data and multimedia services will drive mobile service provider revenue growth



Data and multimedia applications through “wireless broadband everywhere” will demand new network infrastructure solutions

**3G and Beyond**



**Mobile TV and Video**



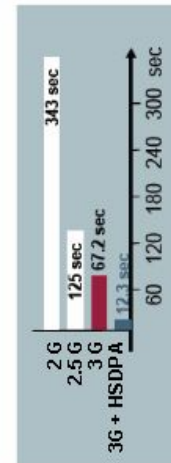
**30X  
Bandwidth  
Increase**



**Data Services**



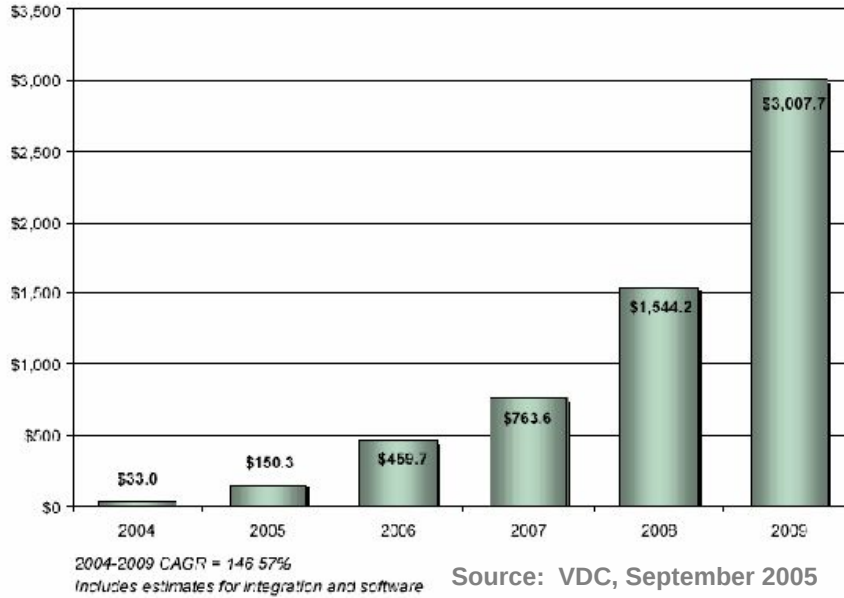
**Security Protection**



Assumption: Typical data rates - UMTS 384 kilobit/sec, HSDPA 2 Megabit/sec

## New standard platforms replacing proprietary solutions

Total Merchant Market, ATCA and MicroTCA, 2004-2009  
(US \$ in Millions)



**Advanced TCA<sup>®</sup>**

**μTCA™**

## Equipment OEMs are looking outside for innovation

- OEMs emerging from a brutal downturn with a fraction of their development staff
- Strong time-to-market demands for new solutions
- Push for platform standardization to reduce deployment costs

## Enabling OEMs to quickly deploy signal, packet, and video data-plane solutions

### Solutions to the New Demands on the Network

- High-availability system management middleware
- Scalable / reliable system interconnect
  - Improved quality of service
  - Tightly integrated DSP and specialized compute nodes
- System architected to hundreds of processing nodes
- Reconfigurable computing cores

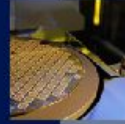
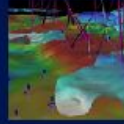
 **Ensemble 2™**



 **RapidIO**  $\mu$ **TCA™**

**Advanced TCA®**

- **Delivering superior architected solutions to solve hard problems**
  - **Systems optimized for scalability and reliability**
  - **Accelerating customers' application time to market**
- **Leveraging alliances with leading silicon and software suppliers**
  - **Tight integration of leading-edge technology**
    - **IBM Cell Broadband Engine, TI DSP, etc.**
- **Strong value proposition in the semiconductor equipment market**
- **Growing customer base in communications**



## Defense Business Unit (DBU)

**Barry Isenstein, Vice President & General Manager**

- **60% of FY05 revenues**
  - 18% growth over FY04
- **Market focus**
  - Radar
  - Signals Intelligence (SIGINT)
  - Other defense technologies
- **Technology leadership**
  - Strong COTS model
  - Aboard demanding platforms in air, on land, under sea
  - Full life-cycle support
- **Growth**
  - Transformation
    - CISR
  - Smart weapons
  - Cell Broadband Engine-based technology



Representative





**Raytheon**



**NORTHROP GRUMMAN**

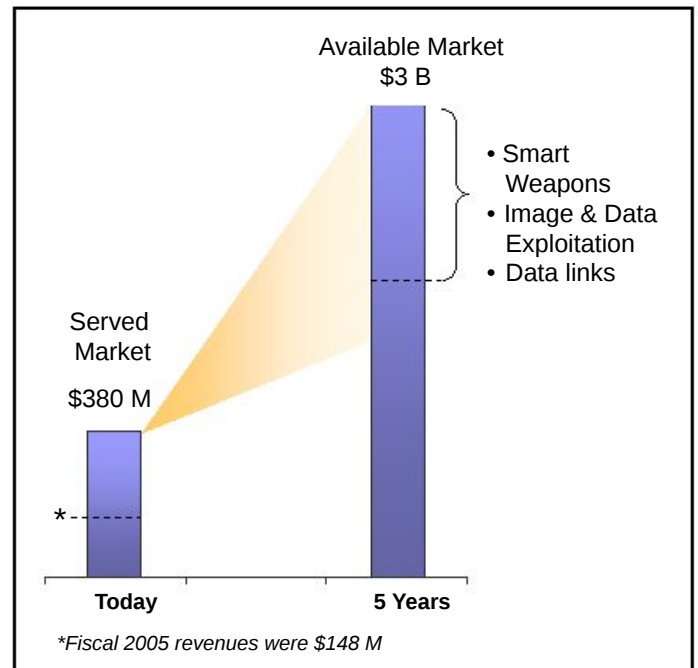


**BAE SYSTEMS**

**Enabling our customers to win by providing commercial off-the-shelf technology for new applications**

## 225 Active Defense Programs 35 Design Wins in FY05

- **DoD transformation/ISR initiative**
  - Persistent ISR
- **Expansion to lower echelons, smaller platforms**
- **Image & data exploitation**
- **Software radio/data links**
  - ISR becoming CISR
  - Network-centric warfare
- **Smart weapons**
  - COTS initiative



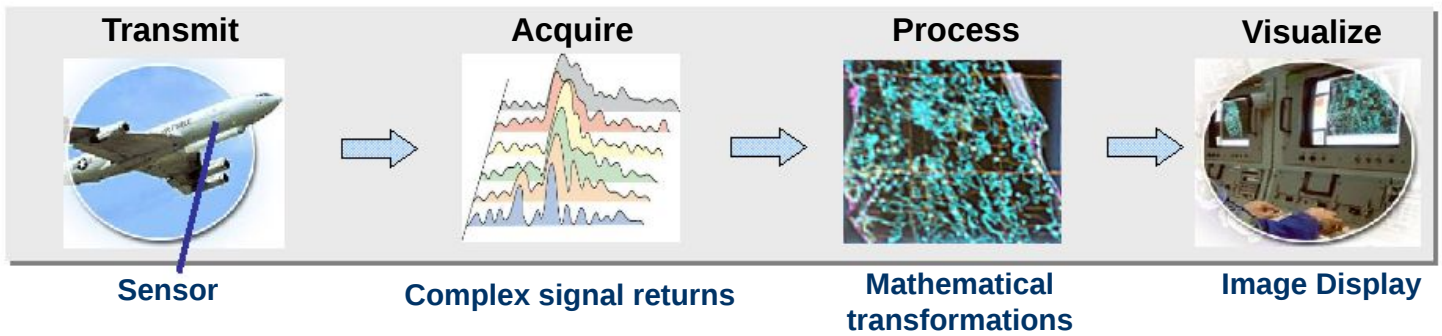
- **Target**

- High-growth CISR applications
- Offer COTS “more of the sensor-based computing system”
- Solutions: HW, SW and services
- Leadership in performance and functionality per volume

- **Leverage**

- Leadership in existing radar and SIGINT platforms
- Strong customer relationships
- Technological expertise

## Real-time signal and image processing applications



- **Sensor streaming**
- **Scalable**
- **Real time**
- **Embedded**
  - Real estate, environmental, cooling constraints

**Traditional Strength** **Radio Frequency, A/D & D/A Software**  
**New Form Factor** **Professional Capabilities**  
**Single Board Computers** **Software, Silicon & IP**

**High Density, High Performance** **Cell Broadband**  
**Multiprocessors** **Engine-Based Products**

**Integration, Ruggedization, Custom Software**  
**Condition-Cooled Boards**

**3U Boards**

**momentum™ SERIES**

**ECHOTEK™ SERIES**  
**Synthetic Vision**

**RapidIO IP**

- **FY 2006 Appropriations and Authorization Conference finalizing budget mid-November**
  - Final budget appropriation likely to be approximately \$450 billion, including war spending
- **FY 2007 President's Budget being prepared, will be presented in January**
- **Secretary Rumsfeld has team working on Quadrennial Defense Review (QDR)**
  - Will help shape defense policy and budget over next four years

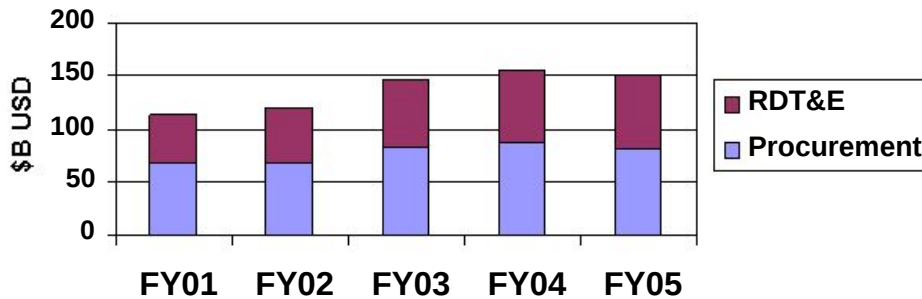
## Government Electronics & Information Technology Association (GEIA)

Quotes by John Keller, Aerospace and Military Electronics, 10/28/05 :

“Spending for procurement and RDT&E combined, in constant 2006 dollars, is expected to decline from \$162.7 billion in 2006 to \$129.8 billion in 2016...represents a drop of \$32.9 billion, or 20.22 percent over 10 years -- a decline of roughly 2 percent each year.”

“Electronics and communications spending should decrease from \$16.4 billion in 2006 to \$14.1 billion in 2016, a decrease of \$2.3 billion or 14.02 percent over 10 years -- roughly 1.4 percent each year. These numbers suggest that electronics spending will not be hit as hard overall as the DOD budget as a whole.”

RTD&E, Procurement in FY2006 Dollars



Source: Center for Strategic and Budgetary Assessments, April 2005

- **The importance of CISR**
  - Old threats
  - New threats
- **The role of COTS**
  - Lower life-cycle costs
  - Faster time to deployment
- **Technology is driven by non-defense markets**
  - Servers/Desktops
  - Graphics/Gamers
  - Telecommunications/Networking

**DBU is extremely well-positioned to out-manuever competition in a changing environment**



## ● Radar Processing Leadership

- Tactical fighters: JSF
- Airborne surveillance: MP-RTIP
  - Global Hawk
  - E10-A
- Shipboard missile defense: Aegis
- UAV SAR: Predator LYNX



JSF (F-35)

## ● Expanding Radar Markets

- Upgrades to existing radars
- Land-based/mobile radar
- Propose new technology
  - Passive radars
- Cell Broadband Engine for large and small radars



Aegis (BMD)

- **Communications Intelligence (COMINT) and Electronic (ELINT) Intelligence**
- **Fastest growing DBU segment**
  - Proliferation of signals
  - Cross-cueing for other sensors
  - COTS adoption
- **Comprehensive product offering**
  - RF receivers
  - Analog-to-digital conversion
  - ASIC and FPGA-based digital receivers
  - Programmable digital signal processing
  - Future integrated product
- **Leveraged investments for defense communications**



- **Significant missile program wins driven by COTS benefits**
  - Joint Common Missile (JCM)
  - Others
- **Software costs outweigh hardware costs**
  - Mercury is cost-effective
- **Frequent technology refreshes**
- **Ruggedized COTS modules**
- **IP available for licensing**
  - RapidIO switches and endpoints
  - Software libraries



## Sensor data overwhelming analysts

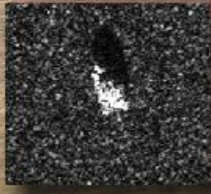


## Sensor to Shooter:

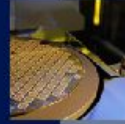
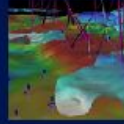
Providing real-time sensor-based intelligence to the shooter on the ground



**A**irborne  
**R**econnaissance  
**I**mage  
**E**xploitation  
**S**ystem



- **DoD investment priorities consistent with DBU strengths**
  - Transformation agenda driving increasing need for CISR and processing
- **COTS will grow in importance**
- **DBU well-positioned**
  - Significant barriers to entry
  - Strong investment strategy
    - Defense and Commercial
  - Driving innovations for the next generation



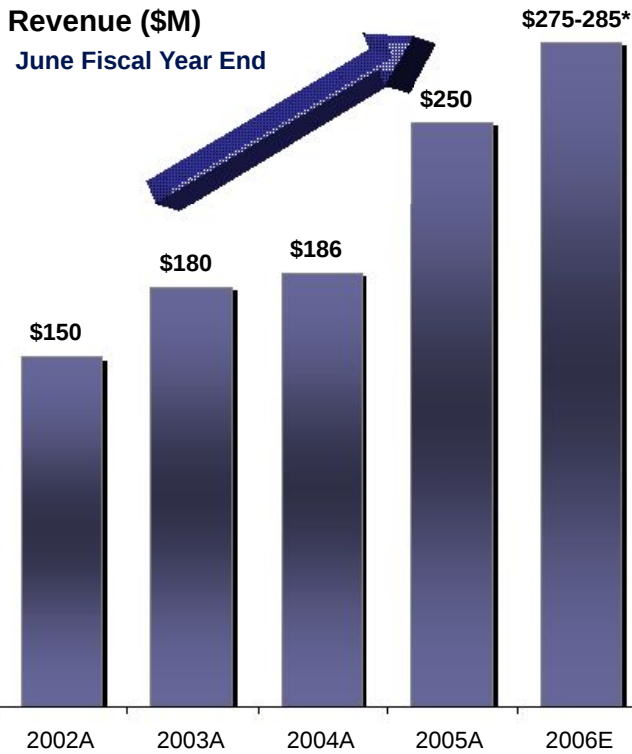
## Financial Overview

**Bob Hult, SVP, Finance & Operations, CFO**

- **Well-positioned in attractive and growing markets**
- **Open innovation strategy**
- **Commitment to investing in customer success**
- **Solid operating model**



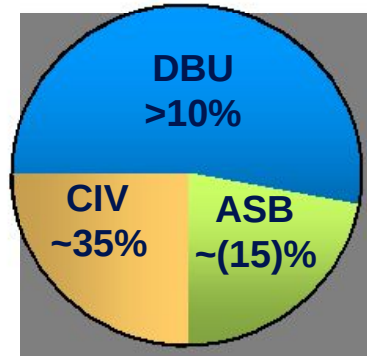




**2005: Record revenues**

**2006: Projected revenue growth 12%  
(at midpoint of guidance range)**

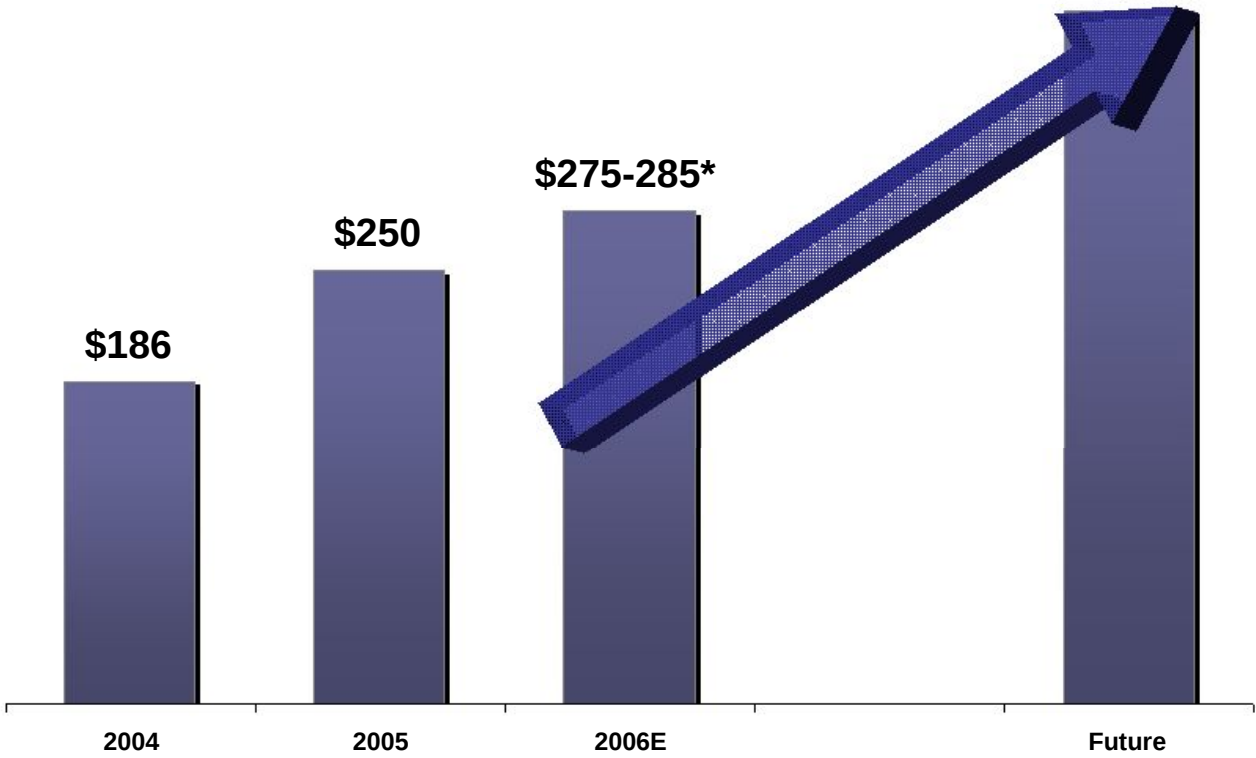
**FY06 projected growth rates**



*\*Per Company guidance, Oct. 20, 2005 earnings press release*

Revenue (\$M)

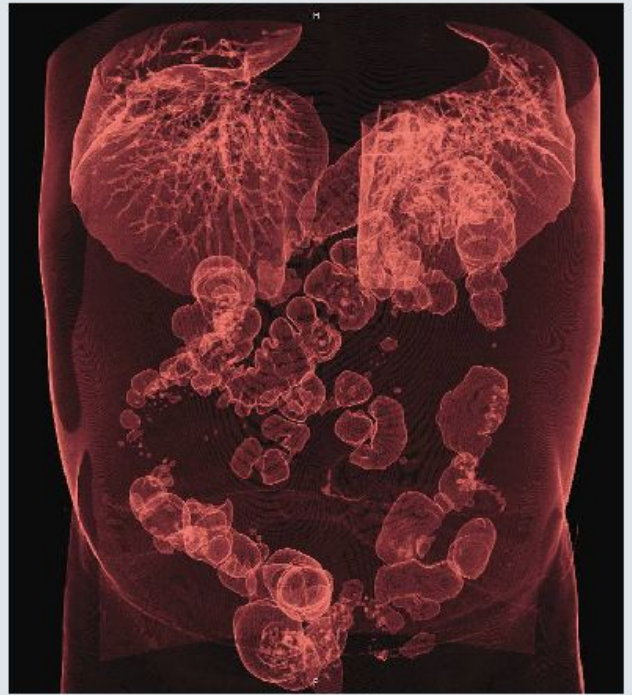
**Objective:  
25% + CAGR**



*\*Per Company guidance, Oct. 20, 2005 earnings press release*

- Improving sensors
- More and better images
- Large data sets
- Growing need for intensive computing in processing and visualization

**\$1.9 Billion Market Opportunity  
in 2010**



- **Semiconductor Capital Equipment**
  - 12x processing needs outpace 4x mainstream computing
- **Wireless Communications Infrastructure**
  - Industry emerging from downturn
  - Strong time-to-market demands for new solutions
  - Push for platform standardization

**\$1.5 Billion Market Opportunity  
in 2010**



- **DoD transformation/ISR initiative**
- **Expansion to lower echelons, smaller platforms**
- **Image & data exploitation**
- **Software radio/data links**
- **Smart weapons**

**\$3 Billion Market Opportunity  
in 2010**



	Fiscal Year Ending June 30, 2006	
<b>Revenues (\$M)</b>	<b>\$275-285</b>	
<b>Gross Margin</b>	<b>64-65%</b>	
	<b>GAAP</b>	<b>Non-GAAP</b>
<b>Operating Income</b>	<b>6%</b>	<b>12%</b>
<b>EPS</b>	<b>\$0.50-0.55</b>	<b>\$1.00-1.05</b>

- **Impact of equity-based compensation costs related to FAS 123(R), amortization of purchased intangibles, and in-process R&D charges excluded from Non-GAAP**

**Notes:**

- 1) Figures in millions, except percent and per share data which includes adjustment for contingent convertibles, in accordance with GAAP**
- 2) Company guidance, October 20, 2005 Q1 earnings press release**

	Quarter Ending December 31, 2005	
<b>Revenues (\$M)</b>	<b>\$61-64</b>	
	<b>GAAP</b>	<b>Non-GAAP</b>
<b>Operating Income</b>	---	4%
<b>EPS</b>	<b>\$(0.02)-0.00</b>	<b>\$0.08-0.10</b>

- **Impact of equity-based compensation costs related to FAS 123(R), amortization of purchased intangibles, and in-process R&D charges excluded from Non-GAAP**

*Notes:*

- 1) *Figures in millions, except percent and per share data which includes adjustment for contingent convertibles, in accordance with GAAP*
- 2) *Company guidance, October 20, 2005 Q1 earnings press release*

	FY04	FY05	Guidance FY06	Timeless Business Model
<b>Revenue</b>	100%	100%	100%	<b>100%</b>
<b>Gross Margin</b>	67%	66%	64-65%	<b>66-67%</b>
<b>SG&amp;A</b>	30%	29%		<b>29-30%</b>
<b>R&amp;D</b>	21%	20%		<b>20-21%</b>
<b>Income from Operations</b>	17%	17%	12%	<b>16-18%</b>

**Notes:**

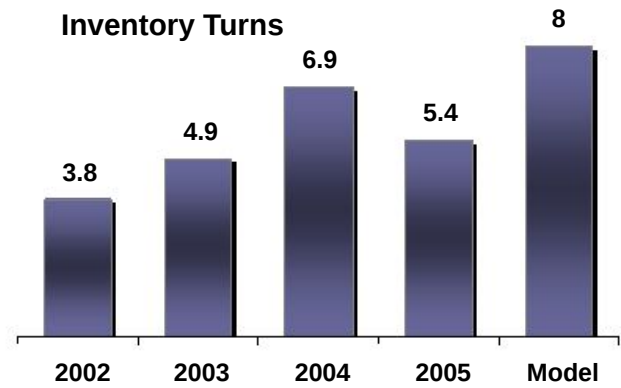
*FY06 non-GAAP guidance per October 20, 2005 Q1 earnings call*

- *FY06 GAAP income from operations 6%*



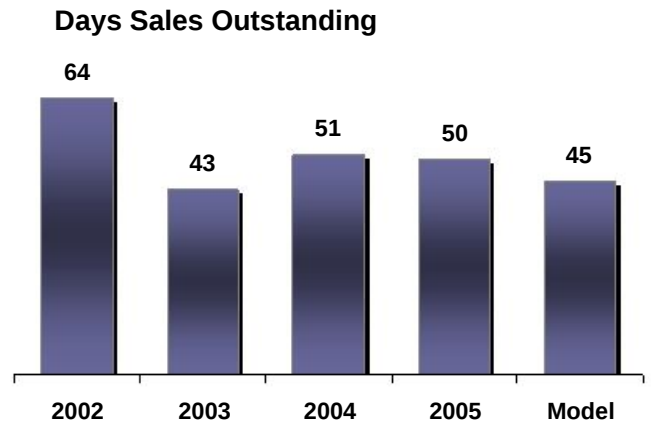
- **Supply chain investment**

- **Competitive advantage for Mercury and customers**



- **Customer satisfaction**

- **DSO target 45 days**





**Historically strong  
balance sheet**

**Supports open  
innovation growth  
agenda**

(Quarter ended September 30, 2005)	
Cash and Equivalents	\$171
Total Current Assets	\$182
Total Assets	\$393
Total Debt <sup>*</sup>	\$136
Total Liabilities	\$190
Stockholders' Equity	\$203

*\* Includes \$125 million convertible senior notes offering*

- **Healthy operating margins**
- **Focus on working capital**
- **Deliver consistent cash flow**
- **Leverage strong balance sheet**



- **Strong competitive position in attractive and growing markets**
- **Leverage technology investments across multiple applications in diverse markets**
  - **Defense and Commercial**
- **Straightforward operating model and financial structure**
- **Strong balance sheet, operating cash flow with significant financing flexibility**
- **Open innovation strategy through partnerships and acquisitions enhances capability to deliver solutions across target markets**

**Sustain a 25% or better long-term revenue growth rate**