# 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): August 13, 2014**

# Mercury Systems, Inc.
**(Exact Name of Registrant as Specified in Charter)**

| | | |
|---|---|---|
| **Massachusetts** | **000-23599** | **04-2741391** |
| **(State or Other Jurisdiction of Incorporation)** | **(Commission File Number)** | **(IRS Employer Identification No.)** |

**201 Riverneck Road, Chelmsford, Massachusetts 01824**
**(Address of Principal Executive Offices) (Zip Code)**

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

**Not Applicable**
**(Former Name or Former Address, if Changed Since Last Report)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 7.01 Regulation FD Disclosure.**

The management of Mercury Systems, Inc. ("Mercury") will present an overview of Mercury's business on August 13, 2014 at the Jefferies 2014 Global Industrial and Aerospace & Defense 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

| Exhibit No. | Description |
|---|---|
| 99.1 | Presentation materials dated August 13, 2014. |

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: August 13, 2014 MERCURY SYSTEMS, INC.

By: /s/ Kevin M. Bisson
Kevin M. Bisson
Senior Vice President, Chief Financial Officer, and Treasurer

## Exhibit Index

| Exhibit No. | Description |
| --- | --- |
| 99.1 | Presentation materials dated August 13, 2014. |

MERCURY SYSTEMS™

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# Jefferies 2014 Global Industrials Conference


**Mark Aslett**

**President and CEO**

**Kevin Bisson**

**SVP and CFO**


**August 13, 2014**

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# Forward-looking safe harbor statement

This presentation contains certain forward-looking statements, as that term is defined in the Private Securities Litigation Reform Act of 1995, including those relating to business performance and the Company's plans for growth and improvement in profitability and cash flow. You can identify these statements by the use of the words "may," "will," "could," "should," "would," "plans," "expects," "anticipates," "continue," "estimate," "project," "intend," "likely," "forecast," "probable," "potential," and similar expressions. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected or anticipated. Such risks and uncertainties include, but are not limited to, continued funding of defense programs, the timing and amounts of such funding, general economic and business conditions, including unforeseen weakness in the Company's markets, effects of continued geopolitical unrest and regional conflicts, competition, changes in technology and methods of marketing, delays in completing engineering and manufacturing programs, changes in customer order patterns, changes in product mix, continued success in technological advances and delivering technological innovations, changes in, or in the U.S. Government's interpretation of, federal export control or procurement rules and regulations, market acceptance of the Company's products, shortages in components, production delays due to performance quality issues with outsourced components, inability to fully realize the expected benefits from acquisitions, divestitures and restructurings, or delays in realizing such benefits, challenges in integrating acquired businesses and achieving anticipated synergies, changes to export regulations, increases in tax rates, changes to generally accepted accounting principles, difficulties in retaining key employees and customers, unanticipated costs under fixed-price service and system integration engagements, and various other factors beyond our control. These risks and uncertainties also include such additional risk factors as are discussed in the Company's filings with the U.S. Securities and Exchange Commission, including its Annual Report on Form 10-K for the fiscal year ended June 30, 2013. The Company cautions readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. The Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made.

Use of Non-GAAP (Generally Accepted Accounting Principles) Financial Measures

In addition to reporting financial results in accordance with generally accepted accounting principles, or GAAP, the Company provides adjusted EBITDA and free cash flow, which are non-GAAP financial measures. Adjusted EBITDA excludes certain non-cash and other specified charges. Free cash flow is defined as cash flow from operating activities less capital expenditures. The Company believes these non-GAAP financial measures are useful to help investors better understand its past financial performance and prospects for the future. However, the presentation of adjusted EBITDA and free cash flow is not meant to be considered in isolation or as a substitute for financial information provided in accordance with GAAP. Management believes the adjusted EBITDA and free cash flow financial measures assist in providing a more complete understanding of the Company's underlying operational results and trends, and management uses these measures along with the corresponding GAAP financial measures to manage the Company's business, to evaluate its performance compared to prior periods and the marketplace, and to establish operational goals. A reconciliation of GAAP to non-GAAP financial results discussed in this presentation is contained in the Appendix hereto.

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# Introducing Mercury Systems

- MRCY on NASDAQ 1998
- Real-time sensor processing subsystems
- High tech company; Scalable business model
- Focused on Defense and Intelligence priorities
- Deployed on ~300 programs with 25+ Prime contractors
- FY14 $209M revenues; ~630 employees
- Defense revenue 71% growth (14% CAGR) FY08–FY12

**Commercial provider of sensor processing subsystems & solutions**

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# Mercury investor highlights

| | |
|---|---|
| Leading Market Position | *Pure-play defense electronics company embedded on important programs and platforms aligned to DoD priorities* |
| Innovative Technology Leader | *Open, modular RF, processing and packaging technologies that are sensor, program and platform agnostic* |
| Scalable Business Model | *Scalable engineering and manufacturing platform positioned to drive increased affordability and rapid time to market* |
| Differentiated Capabilities Today | *Best-of-breed commercially developed sensor processing products, subsystems, software and services* |
| Aligned with Industry Growth Drivers | *Pacific pivot, aging platform sensor upgrades, foreign and international military sales* |
| Low Risk Growth Strategy | *Capability-led content expansion strategy in RF and specialized processing for new and existing platforms* |
| Proven Management Team | *Demonstrated track record of double-digit defense revenue growth and improved profitability* |

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# Defense will likely remain a $500B+ industry…

**Political Dysfunction**
Sequestration-driven cuts and repeated Continuing Resolutions disrupting DoD budget process and spending

**Crowding Out**
Rising interest rates, healthcare and social spending;
MilPer expense growth, aging military platforms' O&M costs rising


**Procurement Reform**
Firm-fixed-price contracts and less government-funded R&D changing economics and competitive dynamics of defense industry

## …despite the ongoing political and budget uncertainty

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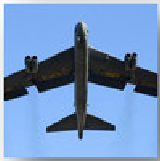
# Mercury has unique and differentiated capabilities today…

**Pacific Pivot:**
Sensors going long, wide and high. Platforms need improved sensors, autonomy, electronic protection and attack, on-board exploitation



**Aging Platforms:**
Port customer software to available state-of-the-art open architectures to rapidly and affordably upgrade sensors on aging military platforms

**International Sales:**
Upgrade subsystems for export to expand addressable market, grow foreign sales and international customer R&D funding

**Outsourcing:**
Outsourcing to improve affordability and rate of innovation;
Prime variable operating cost model and improved asset utilization

…that are aligned to the key industry growth drivers

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# We work with all the major primes – they're telling us:

| Growth | Margin | Costs |
|---|---|---|

*"I need to keep my existing programs sold as the government seeks to recompete programs more often."*

*"I need to re-engineer my systems for export to enable FMS and international sales growth."*

*"As we pivot to the Pacific the threats, missions and conops are technically more challenging and costly."*

*"My business has grown under cost plus, but the shift to firm-fixed-price requires a more variable cost model."*

*"My supply base is fragmented, costly and complex. I need to re-engineer it to improve affordability and lower risk."*

*"The DoD is funding less R&D and is expecting industry to invest more themselves."*

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# We have addressed these challenges and opportunities…

**Innovation**

**Capability**

**Scalability**

**Affordability**

…with capabilities and strategies to drive growth and returns

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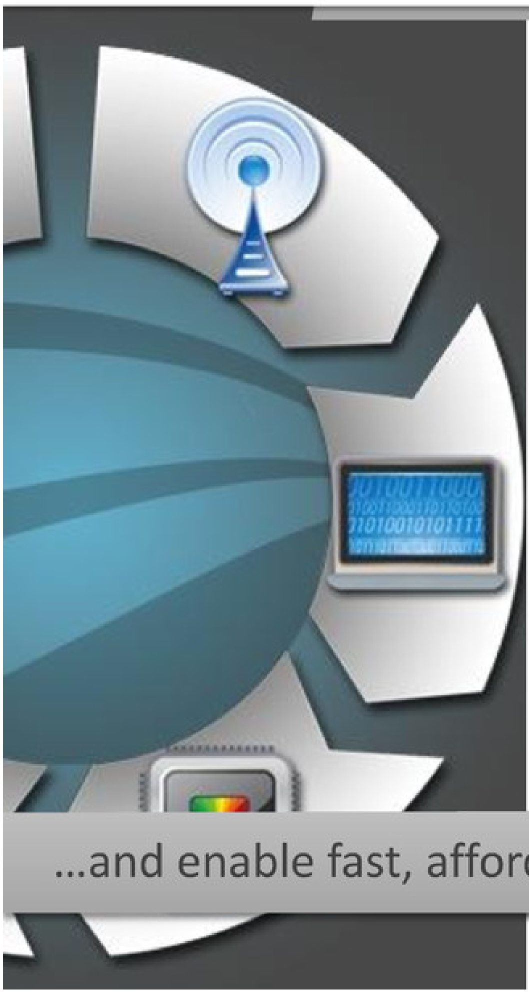
# We've invested in ***computing innovations*** that expand our addressable market…

*Industry-leading processing product portfolio addresses need to collect, process and analyze sensor data in real-time*

- State-of-the-art specialized Intel server-class processing for sensor and mission computing
- Pioneered GPU use for on-board big data exploitation
- Best-in-class thermal management tied to Pacific pivot
- Industry-leading, open, exportable architectures enable FMS/International sales
- Open middleware and services enable rapid porting of customer software to our next generation hardware
- Capability-led market and content expansion drives low-risk growth

…and enable new sensor and mission processing capabilities ***today***

# We’ve acquired new ***RF and microwave capabilities*** that expand our addressable market, allowing us to competitively take share……



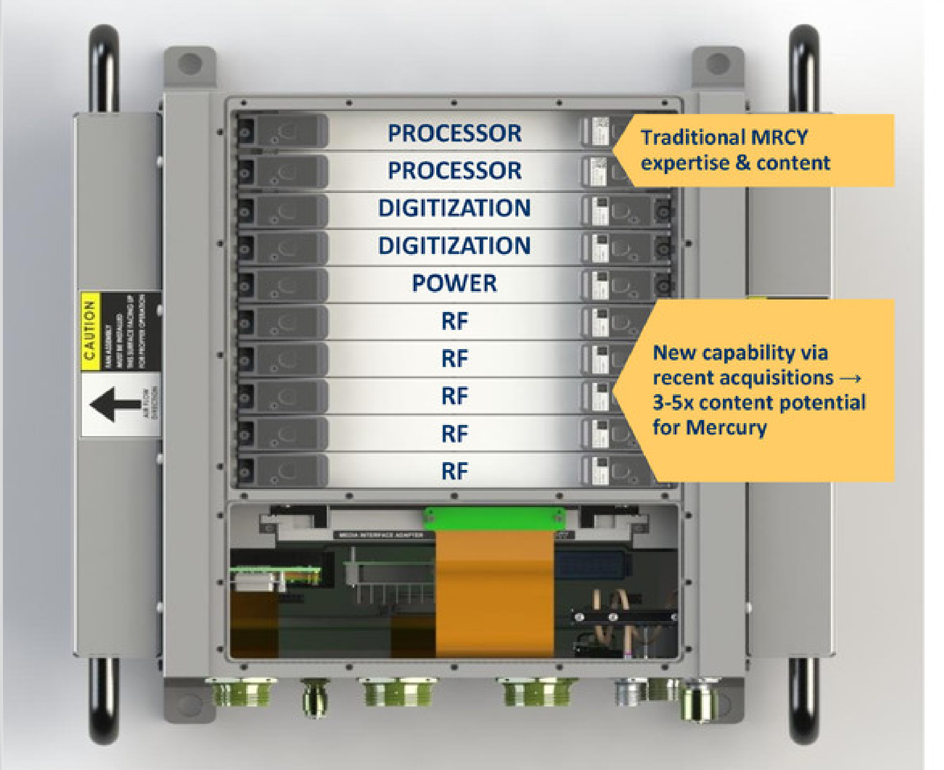
*Well positioned to benefit from AESA radar, electronic warfare, electronic countermeasure and ISR sensor upgrades*

- RF and microwave industry structure broken
- Customers looking for a “better alternative”
- Acquired three companies in RF, microwave and EW
- Unique end-to-end sensor processing capabilities
- Enables market expansion and increased outsourcing
- Low-risk growth driven by content expansion

…and enable fast, affordable, highly integrated solutions ***today***

# We have the capabilities and assets we need to expand…

- Significant expansion of addressable market
- RF/Microwave 3-5x content vs. traditional processing
- R&D for new capabilities, to onboard outsourced designs, competitively take share
- Acquisitions and AMC investment timely and key
- RF/Microwave expected to be fastest growth business
- Created scalable engineering and manufacturing platform




…our business by capturing more RF and microwave content

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# We've built a ***scalable*** RF and microelectronics platform…

*We're creating a new model in the RF and microelectronics industry and a better alternative for our customers*

- Built a second world-class microelectronics facility; leverages ~$20M investment by prior owner
- Built-in plant redundancy from a single supplier simplifies supply chain and improves affordability
- Design and manufacturing engineering expertise to optimize new designs and onboard in-house work
- Automated manufacturing and test. Scale from design to full production lowers risk
- Co-invest R&D to design new, onboard in-house work and competitively take share

…to accelerate outsourcing and to competitively take share

# Despite record earnings, high yields and large buy-backs…

*"In terms of headcount and overhead structure, we've been going at that aggressively… **Through the end of September, headcount is down ~19% from our peak a few years ago."***

***"We're consolidating facilities to improve utilization and further reduce fixed costs.** From 2009 to 2012, we've reduced total square footage before acquisitions by approximately 1.5M square feet."*

***"Reducing costs is another element of our approach to affordability…** includes reduction of $1.2B in annual cost over the past two years, while remaining on target for an additional $1.1B this year."*

*"We've **expanded targeted strategic sourcing initiatives to consolidate our supplier base** and better manage our purchasing costs."*

*"In May, we announced a goal of **retiring 25% of [our] common stock** or 60M shares by the end of 2015, market conditions permitting."*

… there are substantial changes occurring within our customers

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# Our strategy is improving ***affordability*** and value delivery…


*Our customers are seeking more affordable sensor processing solutions*

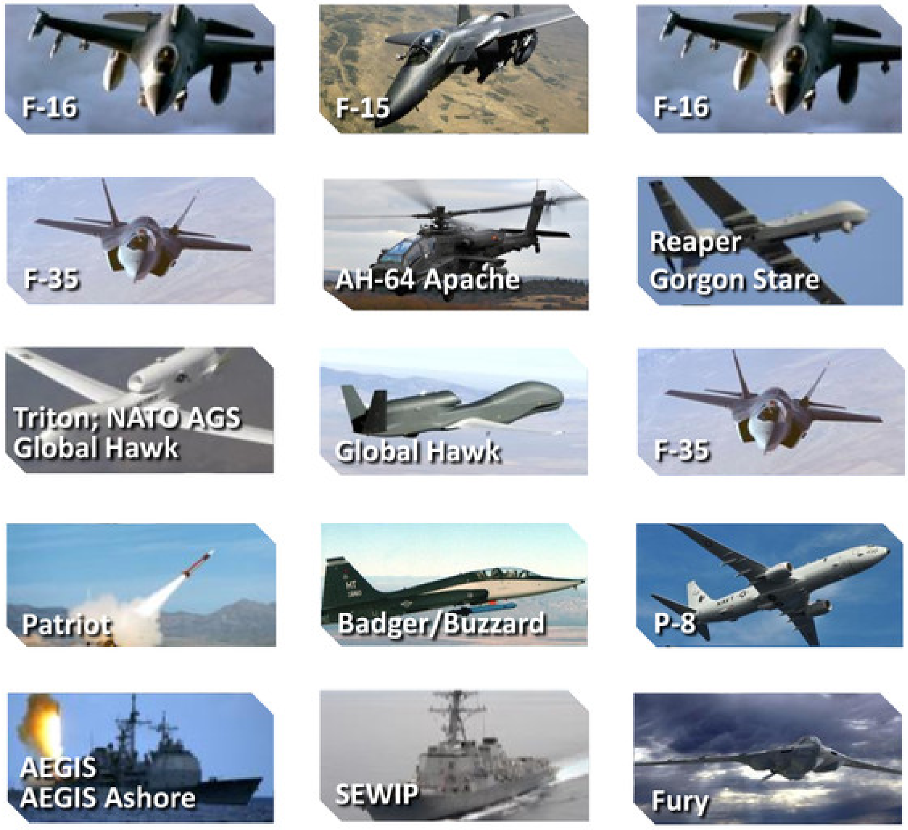
- State-of-the-art portfolio and lower cost engineering design services improve affordability
- Pre-integrated sensor processing subsystems require less customer or government R&D
- Sensor, program and platform agnostic to break the "silos"
- Experience and scale improve cost and lower risk as programs transition from development to production
- Scalable RF and microelectronics design, development and manufacturing facilitate supply chain optimization

…at a time when our customers need to outsource more

# We are deployed on 300+ programs with 25+ Primes

NORTHROP GRUMMAN
LOCKHEED MARTIN
BAE SYSTEMS
argon ST
Raytheon
BOEING
TELEPHONICS
A Griffon Company
SNC SIERRA NEVADA CORPORATION
EXELIS
UTC Aerospace Systems
GENERAL ATOMICS

| RADAR | EW | EO/IR – C4I |
|---|---|---|

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# Key program update

## Mercury's perspective on phase, timing and possible value

EMD LRIP FRP FMS

| | FY13 | FY14 | FY15 | FY16 | Production Years | Relevance | | | Possible |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Pivot | Upgrade | FMS | Total ($M) |
| SEWIP Block 2 | | | | | FRP: FY15-23 | ✓ | ✓ | | 209-345 |
| SEWIP Expansion | | | | | FRP: FY15-23 | ✓ | ✓ | | 110-120 |
| SEWIP Deriv.** | | | | | FRP: FY17-23 | ✓ | ✓ | ✓ | 104-166 |
| SEWIP Block3** | | | | | LRIP: FY16<br>FRP: FY18-26 | ✓ | ✓ | ✓ | 161-334 |
| Badger/Buzzard | | | | | FRP: FY13-23 | ✓ | ✓ | | 105-151 |
| Predator/Reaper | | | | | FRP: FY13-19 | ✓ | ✓ | ✓ | 92-155 |
| AEGIS | | | | | FRP: FY13-18 | ✓ | ✓ | ✓ | 80-208 |
| Patriot | | | | | FRP: FY13-17 | | ✓ | ✓ | 76-97 |
| F-15 DEWS | | | | | FRP: FY13-21 | ✓ | ✓ | ✓ | 62-100 |
| SIRFC/AIDEWS | | | | | FRP: FY13-18 | | ✓ | ✓ | 55-134 |
| F-16 SABR | | | | | FRP: FY15-19 | ✓ | ✓ | ✓ | 55-83 |
| F-35 JSF | | | | | FRP: FY22+ | ✓ | ✓ | ✓ | 45-830 |
| P-8 APY-10+ASW | | | | | FRP: Up To FY23 | ✓ | ✓ | ✓ | 30-75 |
| Others | E2D Hawkeye, MQ-4C Triton, MQ-9 Gorgon Stare, RQ-4 Global Hawk, SSEE | | | | | | | | 148-247 |

*Note: Possible values are a projection based upon our current information and assumptions regarding the system configuration, potential future design wins, our average sales price, the number of platforms and/or the number of potential retrofits, spares, as well as the potential for foreign military sales. Possible values include FY14. ** Programs are currently being competed with multiple Primes.

**TOTAL: $1,332-$3,045**

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# Strategy, acquisitions and investments positioned us well…

**Innovation:**
We've invested in innovations that ***expand our addressable market*** and facilitate ***low-risk growth*** tied to specialized sensor processing upgrades for the Pacific pivot, aging platforms and foreign sales

**Capability:**
We've acquired RF and microwave capabilities that ***expand our addressable market*** and facilitate ***low-risk growth*** driven by ***content expansion***

**Scalability:**
We've created a ***scalable, redundant RF and microwave platform*** to address industry supply chain issues and customer program risks

**Affordability:**
Our R&D investments and scalable platform ***enable more affordable*** design, development and production of sensor processing subsystems

…to drive growth and improved returns for our customers

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# Financial Overview

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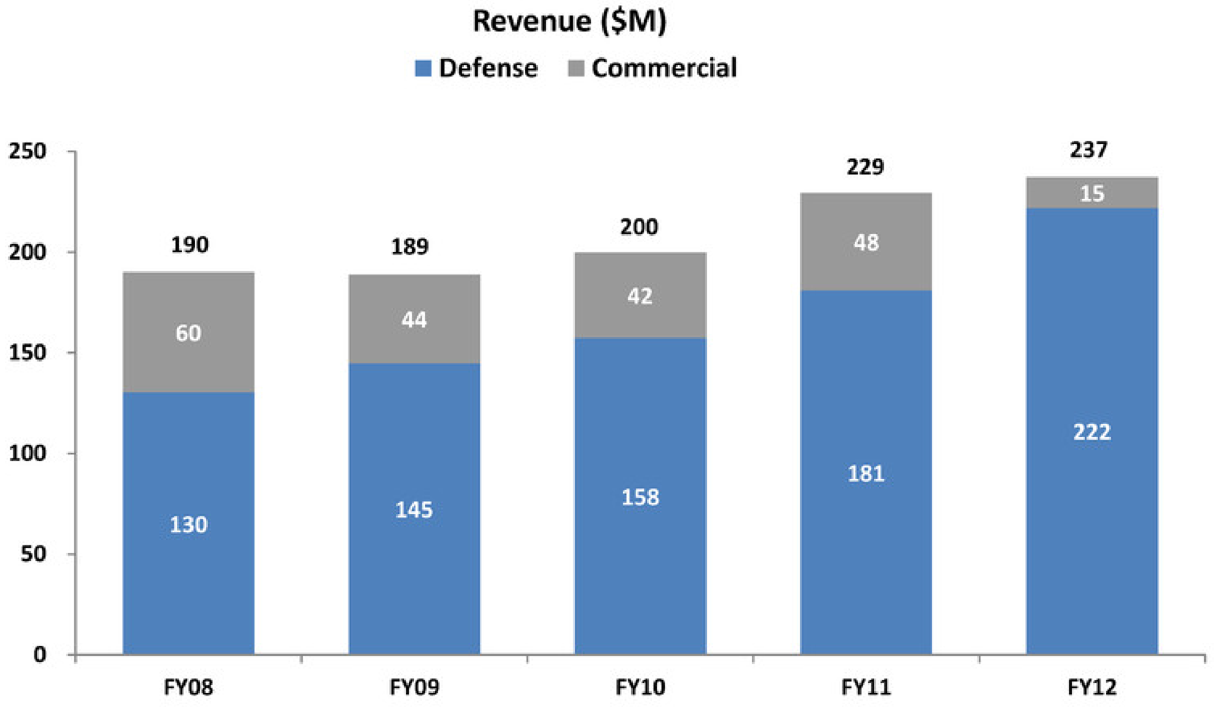
# Revenue summary by market

## Defense revenue CAGR of 14% FY08-FY12




Notes:

- FY08-10 and FY12 figures adjusted for discontinued operations.

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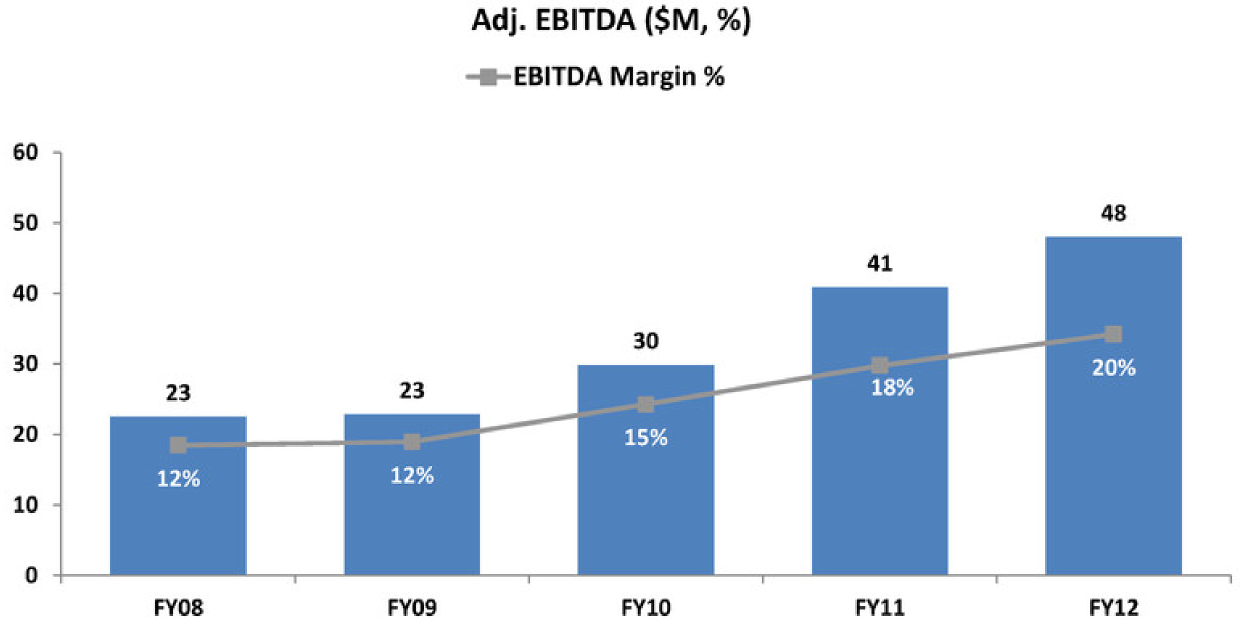
# Adjusted EBITDA more than doubled FY08-FY12

## Achieved historic target business model in FY12




Notes:

- FY08-FY09 figures are as reported in the Company's fiscal 2010 Form 10K. FY10-11 figures are as reported in the Company's fiscal 2012 Form 10K. FY12 figures are reported on a continuing operations basis.
- Adjusted EBITDA excludes interest income and expense, income taxes, depreciation, amortization of acquired intangible assets, restructuring expense, impairment of long-lived assets, acquisition and other related expenses, fair value adjustments from purchase accounting, and stock-based compensation costs.

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# Financial improvement in FY14

## Adjusted EBITDA more than doubled

| GAAP ($M) | 12 Months Ended FY13 | FY14 | % Change |
|---|---|---|---|
| Bookings | 209.7 | 246.8 | 18% |
| Revenue | 194.2 | 208.7 | 7% |
| Gross Margin % | 40% | 45% | 5 pts |
| Operating Expenses | 103.1 | 102.1 | (1%) |
| EPS (continuing) | (0.46) | (0.13) | 72% |
| Adj. EBITDA | 9.9 | 23.5 | 137% |
| Free Cash Flow | (5.8) | 7.5 | N/A |

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# Solid balance sheet with ample liquidity

## No debt and unused $200M credit facility

| (In millions) | FY13 Actual | FY14 Actual |
|---|---|---|
| **ASSETS** | | |
| Cash & Investments | 39.1 | 47.3 |
| Accounts receivable, net | 46.5 | 59.7 |
| Inventory, net | 37.4 | 31.7 |
| PP&E, net | 14.5 | 14.1 |
| Goodwill and intangibles, net | 199.9 | 193.1 |
| Other | 22.9 | 21.6 |
| Assets of discontinued operations | 14.1 | 6.2 |
| **TOTAL ASSETS** | **374.4** | **373.7** |
| **LIABILITIES AND S/E** | | |
| AP and other liabilities | 43.2 | 44.1 |
| Debt | 0 | 0 |
| Liabilities of discontinued operations | 2.7 | 2.5 |
| **TOTAL LIABILITIES** | **45.9** | **46.6** |
| **Stockholders' equity** | **328.5** | **327.1** |
| **TOTAL LIABILITIES AND S/E** | **374.4** | **373.7** |

Notes:
1) Acquired Micronetics, Inc. for $72M in Q1 FY13.
2) Discontinued operations numbers are MIS.

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# Second half FY14 financial momentum

| GAAP ($M) | FY14 H1 | FY14 H2 | % Change |
|---|---|---|---|
| Bookings | 92.6 | 154.2 | 67% |
| Revenue | 101.7 | 107.1 | 5% |
| Gross Margin % | 45% | 46% | 1 pt |
| EPS (continuing) | (0.10) | (0.03) | 70% |
| Adj. EBITDA | 8.5 | 15.0 | 75% |
| Operating Cash Flow | 9.5 | 4.7 | (51%) |

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# FY14-15 integration plan

## Accelerating achievement of target business model

- 12 month plan through mid-fiscal 2015
- Integration plan components
  - Facilities consolidation centering on new AMC in Hudson, NH to create a scalable manufacturing platform
  - Centralized administrative and manufacturing operations, operating on common systems
  - Rebalancing of R&D Investments
- Gross annualized savings of $16 million upon completion; front-end loaded
  - Annualized savings of $13M or 80% from actions completed during fiscal 2014
  - Incremental annualized savings of $3 million from 2015 actions

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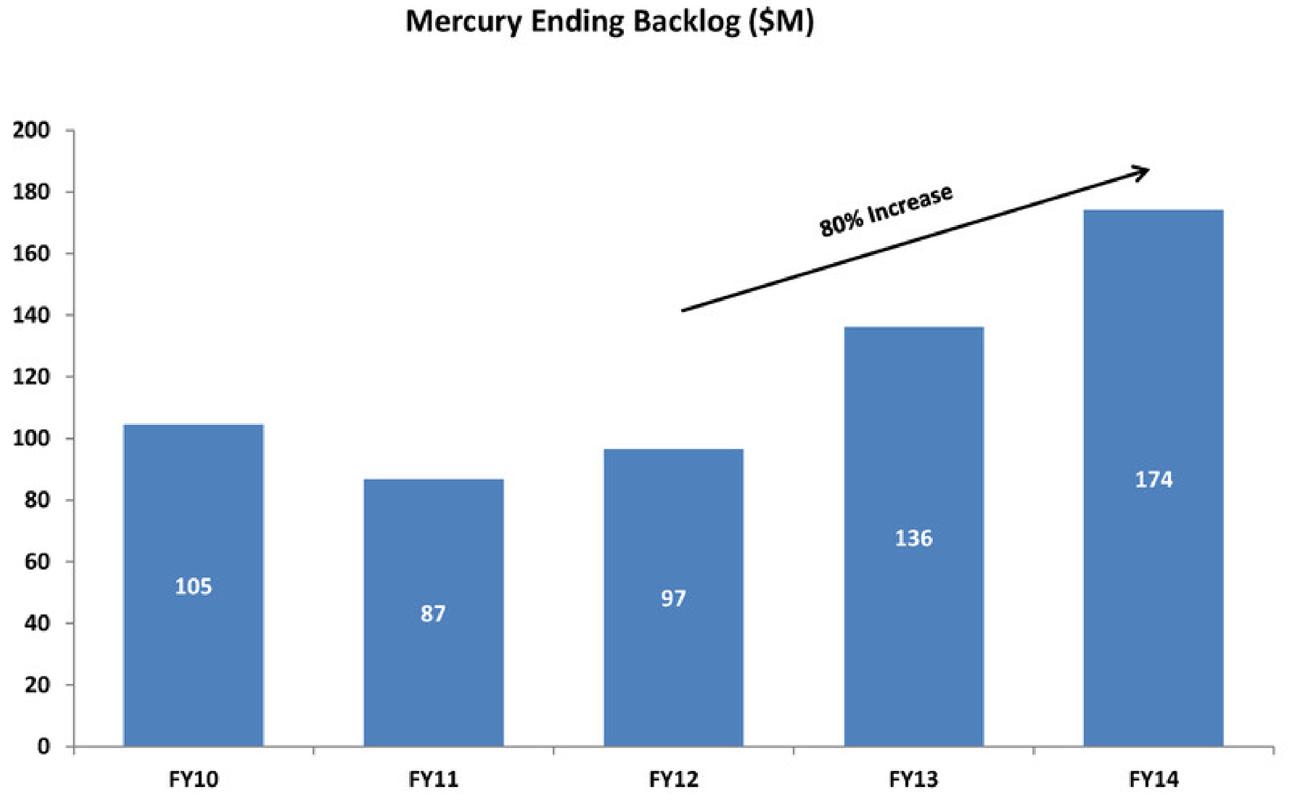
# Record backlog in FY14

## Significant growth since FY12; well-positioned entering FY15

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# FY15 guidance (as of August 5th)[1]

| | Year Ending June 30, 2015 | | FY14 Actual |
|---|---|---|---|
| | Low | High | |
| **Revenue** | $224 | $236 | $209 |
| **GAAP EPS (Continuing)** | $0.21 | $0.32 | ($0.13) |
| **Adjusted EPS**[2] | $0.27 | $0.38 | ($0.02) |
| **Adj EBITDA** | $37.0 | $42.9 | $23.5 |
| **Note - Adj EBITDA Adjustments:** | | | |
| **Net income (Continuing)** | 6.8 | 10.6 | (4.1) |
| Interest (income) expense, net | 0.0 | 0.0 | 0.0 |
| Income tax (benefit) expense | 3.1 | 5.2 | (1.8) |
| Depreciation | 7.1 | 7.1 | 7.6 |
| Amortization of acquired intangible assets | 7.0 | 7.0 | 7.3 |
| Restructuring expenses | 3.1 | 3.1 | 5.5 |
| Stock-based compensation cost | 9.9 | 9.9 | 9.0 |
| **Adj EBITDA** | $37.0 | $42.9 | $23.5 |

Notes:
(1) The guidance included herein is from the Company's earnings release and is as of the date of the earnings release. The Company is neither reconfirming such guidance as of the date of this presentation nor assuming any obligations to update or revise such guidance.
(2) Excludes Restructuring and Acquisition Costs.

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# Q1 FY15 guidance (as of August 5th)[(1)]

| | Quarter Ending September 30, 2014 | | Q1 FY14 Actual |
|---|---|---|---|
| | Low | High | |
| **Revenue** | $50 | $55 | $51 |
| **GAAP EPS (Continuing)** | ($0.06) | ($0.01) | ($0.08) |
| **Adjusted EPS** (2) | ($0.04) | $0.01 | ($0.08) |
| **Adj EBITDA** | $4.2 | $7.0 | $3.3 |
| **Note - Adj EBITDA Adjustments:** | | | |
| **Net income (Continuing)** | (1.8) | (0.2) | (2.3) |
| Interest (income) expense, net | 0.0 | 0.0 | 0.0 |
| Income tax (benefit) expense | (1.1) | (0.1) | (1.3) |
| Depreciation | 1.7 | 1.7 | 1.9 |
| Amortization of acquired intangible assets | 1.8 | 1.8 | 2.0 |
| Restructuring expenses | 0.8 | 1.0 | 0.0 |
| Stock-based compensation cost | 2.8 | 2.8 | 3.0 |
| **Adj EBITDA** | $4.2 | $7.0 | $3.3 |

Notes:
(1) The guidance included herein is from the Company's earnings release and is as of the date of the earnings release. The Company is neither reconfirming such guidance as of the date of this presentation nor assuming any obligations to update or revise such guidance.
(2) Excludes Restructuring and Acquisition Costs.

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# Achievement of target business model in FY15

| GAAP | FY14 | FY15(2) | Current Target Business Model |
|---|---|---|---|
| Revenue | 100% | 100% | 100% |
| Gross Margin | 45% | 46-47% | 45-50% |
| SG&A | 26% | 22-23% | Low 20's |
| R&D | 17% | 14-15% | 11-13% |
| Amortization | 3% | 3% | 2-3% |
| Operating Income (1) | (1%) | 5-8% | 12-13% |
| Adj EBITDA | 11% | 17-18% | 18-22% |

(1) Operating Income excludes Restructuring and Acquisition Costs.
(2) The guidance included herein is from the Company's earnings release and is as of the date of the earnings release. The Company is neither reconfirming such guidance as of the date of this presentation nor assuming any obligations to update or revise such guidance.

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# Financial summary

- Successfully returned business to growth in FY14
- Improved FY14 performance from increased operating leverage
  - 5 point improvement in gross margin
  - Doubling of Adjusted EBITDA
  - Significant operating cash flow
- Front end loaded acquisition integration plan initiated in FY14
  - $13 million of annualized savings achieved
  - Completed by mid FY15; $16 million of annualized savings
- Record Defense bookings and ending backlog position Company well for FY15
- Expect to achieve target business model in fiscal 2015

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# Appendix

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# Adjusted EBITDA reconciliation

| (000'S) | Years Ended June 30, 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|---|
| Income (loss) from continuing operations | $ (4,437) | $ 7,909 | $ 28,069 | $ 18,507 | $ 22,323 | $ (13,782) | $ (4,072) |
| Interest expense (income), net | (3,129) | 492 | (151) | 45 | 27 | 31 | 40 |
| Income tax expense (benefit) | 3,710 | 109 | (9,377) | 8,060 | 8,991 | (10,501) | (1,841) |
| Depreciation | 7,372 | 5,640 | 5,147 | 6,364 | 7,837 | 8,445 | 7,625 |
| Amortization of acquired intangible assets | 5,146 | 2,414 | 1,710 | 1,984 | 3,551 | 8,222 | 7,328 |
| Restructuring | 4,454 | 1,712 | 231 | — | 2,712 | 7,060 | 5,443 |
| Impairment of long-lived assets | 561 | — | 211 | 150 | — | — | — |
| Acquisition costs and other related expenses | — | — | — | 412 | 1,219 | 318 | — |
| Fair value adjustments from purchase accounting | — | — | — | (219) | (5,238) | 2,293 | — |
| Stock-based compensation costs | 8,848 | 4,582 | 4,016 | 5,580 | 6,572 | 7,854 | 8,999 |
| Adjusted EBITDA | $ 22,525 | $ 22,858 | $ 29,856 | $ 40,883 | $ 47,994 | $ 9,940 | $ 23,522 |

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# Free cash flow reconciliation

| | Years Ended June 30 | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| **Cash flows from operating activities** | $ 13,726 | $ 11,199 | $ 15,708 | $ 31,474 | $ 31,869 | $ (1,871) | $ 14,241 |
| **Capital expenditures** | (4,625) | (4,126) | (7,334) | (8,825) | (9,427) | (3,880) | (6,701) |
| **Free cash flow** | $ 9,101 | $ 7,073 | $ 8,374 | $ 22,649 | $ 22,442 | $ (5,751) | $ 7,540 |

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