Computer Systems, Inc.
MERCURY

1998 Annual Report

Intellectual Capital

Strategic

Financial

Mercury Computer Systems, Inc.
(NASDAQ: MRCY) is a leading independent producer of high-performance digital signal and image processing computer systems that transform sensor data to information for analysis and interpretation on a real-time basis. Mercury's products play a critical role in a wide range of defense and medical imaging applications. In air-, sea-, and land-based military platforms, these systems process real-time radar, sonar, and signal intelligence data. Mercury's systems are also used in state-of-the-art medical diagnostic devices, including magnetic resonance imaging (MRI), computed tomography (CT), and the growing field of digital X-ray.

Mercury has also developed a range of shared storage software products that allow multiple workstations to access large data files using Fibre Channel at data rates up to 100 MB/sec. These products are being developed for use in the broadcast, entertainment and digital prepress industries, and for a variety of enterprise computing applications.

Based in Chelmsford, Massachusetts, Mercury has more than 370 employees serving customers in North America, Europe and Asia through a network of subsidiaries and distributors.

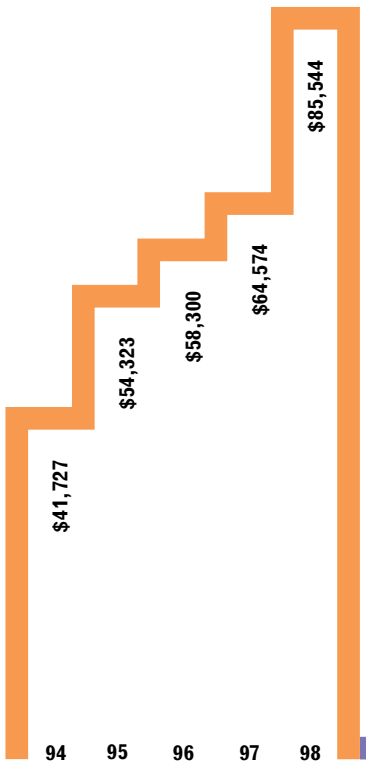
Directory

This Annual Report contains certain forward-looking statements that involve risks and uncertainties. Factors that could cause or contribute to such risks and uncertainties include, but are not limited to, general economic and business conditions, competition, changes in technology and methods of marketing, and various other factors beyond the Company's control. This also includes such factors as described from time to time in the SEC reports filed by Mercury Computer Systems, including the Prospectus dated January 29, 1998, and the most recently filed Form 10-K.

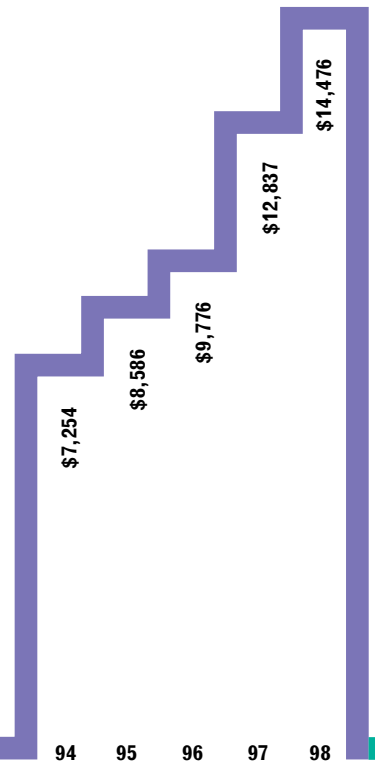
Financial Highlights

Years Ended June 30 (Dollar Amounts in Thousands)	1998	1997	1996	1995	1994
Total Revenue	$85,544	$64,574	$58,300	$54,323	$41,727
Gross Profit	55,460	42,540	33,612	33,102	25,442
R&D Expense	14,476	12,837	9,776	8,586	7,254
R&D as a Percentage of Revenue	16.9%	19.9%	16.8%	15.8%	17.4%
Operating Income	$13,105	$7,072	$6,909	$8,718	$5,277
Net Income	8,731	4,611	4,428	6,344	4,115
Total Assets	73,569	44,848	33,264	33,543	22,926
Working Capital	32,794	27,547	23,554	20,156	14,454
Shareholders' Equity	$61,040	$33,322	$28,529	$24,003	$16,690

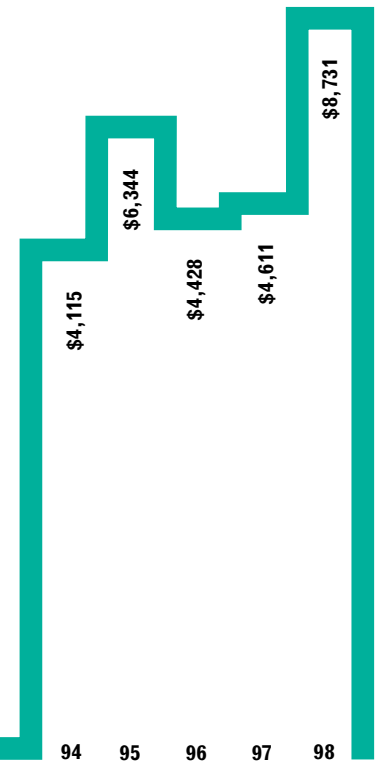
Total Revenue



R&D Expense

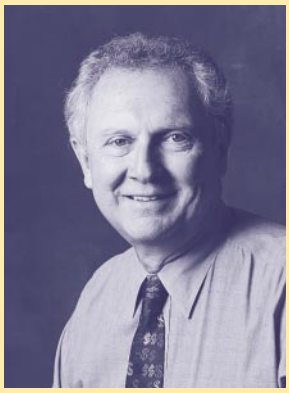


Net Income



Dear Shareholders, Customers and Associates:
This has been a special year for Mercury. The year in which we became a public company also marked our ninth consecutive year of sales growth.

Expanding business in each segment led to increased sales, profits and backlog. Maintaining a high R&D investment in our core businesses, we also allocated significant funds to emerging markets where we believe there is potential for substantial growth. Notable events included the delivery of a computer system to the U.S. government with almost 1,000 processors for a radar customer; licensing technology to a Swedish radar system manufacturer for inclusion in an advanced fighter aircraft; design wins at GE Medical Systems and Siemens, two of the leading suppliers of diagnostic imaging equipment in the healthcare industry; and winning contracts with CBS and Encore Video, a large post-production house, for our emerging "shared storage" businesses.



James R. Bertelli
President and CEO

Expanding business in each segment led to increased sales, profits and backlog. Maintaining a high R&D investment in our core businesses, we also allocated significant funds to emerging markets where we believe there is potential for substantial growth.

When we talk about a company being well capitalized we traditionally think of its financial status. In this year's annual report we explore other "capitals" that we believe are equally important. Our theme is centered around three capitals: intellectual, which drives the creative elements in the Company; strategic, which enables us to make smart decisions about which markets to enter and how they will evolve; and financial capital, which we define as the high visibility of future revenues and earnings as well as a strong balance sheet.

FINANCIAL SUMMARY

Fiscal 1998 was another record year. Mercury's sales increased for the ninth successive year to $85.5 million, a 32 percent growth over the prior year. Earnings of $8.7 million, compared with FY '97 earnings of $4.6 million, represented an 89 percent growth. R&D spending increased to $14.5 million, or 17 percent of revenue, an

increase of $1.6 million over FY '97. As of June 30, 1998, Mercury's cash and cash equivalents, short-term investments and long-term financial instruments totaled $35 million, up from $15.2 million at the end of the previous year. This included the net proceeds of $18.6 million from the January 29, 1998 public offering.

STRATEGY

In recent years, Mercury's business has come mainly from the military and medical diagnostic markets. We are now a leading supplier of high-performance embedded signal processing systems to the U.S. Department of Defense. To achieve this position we established core competencies in a number of advanced technologies such as high-speed interconnects, scalable, real-time software, system engineering and algorithms. Our work in these leading-edge fields has given us a significant advantage in pursuing not only the defense and medical markets but also other emerging markets, such as digital wireless communications and semiconductor testing and measurement.

While the electronics segment of the defense market continues to be an important part of our business, we now see the medical diagnostic market and other emerging commercial opportunities providing an increasing portion of our revenues and profits.

While the electronics segment of the defense market continues to be an important part of our business, we now see the medical diagnostic market and other emerging commercial opportunities providing an increasing portion of our revenues and profits. We expect this trend to continue and our strategy calls for increasing investments in these non-defense sectors.

The past investments in our core technologies have made Mercury a leader in high-bandwidth real-time computing. We are now calling this capability "stream computing" to denote the vast streams of data that these systems are required to handle. Throughout this annual report you will see references to stream computing and the strategic importance of our investments in this area.

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Strategic Capital

Identifying Emerging Markets

The Company continues to look for new markets in which to apply Mercury's core competencies in signal and image processing. In addition to shared storage, several opportunities were identified in FY '98, including digital wireless communications and semiconductor testing and measurement.

Strategic Capital

Forecasting the Future

Intellectual Capital

Mercury's intellectual capital is contained not only in the designs and creations of its outstanding engineering team but also in the marketing prowess and strategic acumen of its business unit professionals.
The Company's ability to expand its existing markets and search out new and emerging applications is a major contributor to the record of sustained growth.

Vision Results

IPO

Intellectual Capital

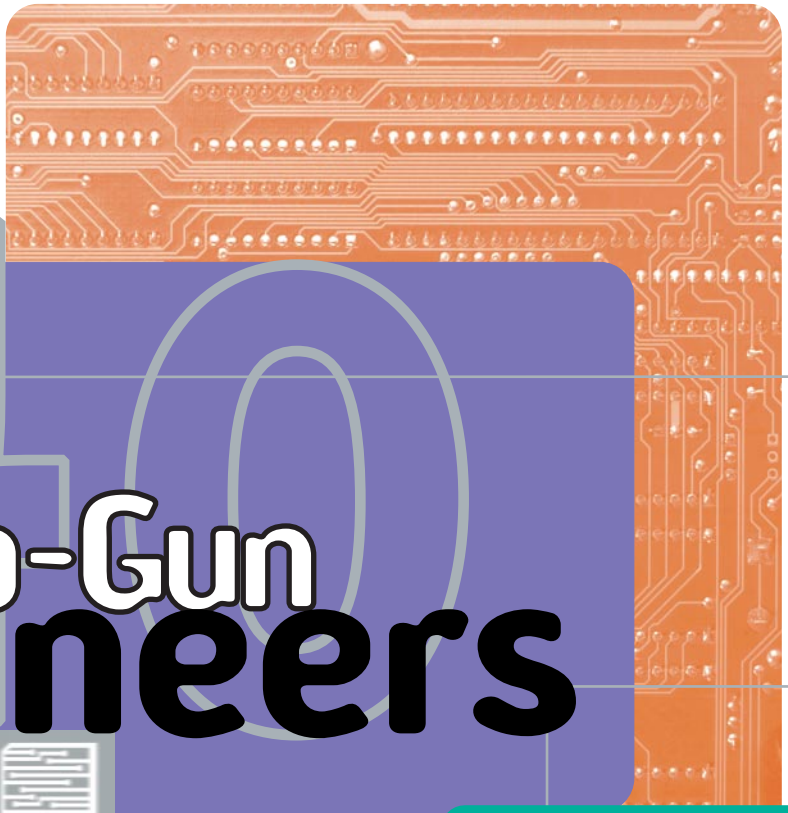
Management & Leadership

While Mercury's management team is heavily results-oriented and sets its annual goals and action plans to increase shareholder value, it is the continuing search for new ideas and opportunities that sustains the Company's vision of market leadership. The Company's employees have consistently overperformed in achieving these goals.

Intellectual Capital

Engineering Strength

With an engineering force of 140 (and counting) software and hardware experts, Mercury has developed a reputation as a leader in signal and image processing. The work is innovative and challenging. Mercury's team of systems and application engineers works closely with our customers to meet their design requirements. The Company believes this collaboration leads to faster time-to-market and gives Mercury's customers a competitive edge.



140 Top-Gun Engineers

Ericsson

Surveillance on the Rise

Financial Capital

STAP

Financial Capital

Defense Electronics

Digital signal processing computer systems are embedded into air-, sea- and land-based platforms, for processing radar, sonar and signal intelligence data. These applications allow a military commander to determine the enemy's position by allowing him to "see" the battlefield in darkness or light under all weather conditions. Battlespace information is the focus of U.S. and allied military planners and the driver behind growing budgets for electronic surveillance and reconnaissance.

LONG-TERM INVESTMENT PLANS

Recently, Mercury announced plans to invest more than $100 million over the next five years as part of the Company's commitment to stream computing. These investments will be made in high-bandwidth interconnect architectures, integrating various new processors into our heterogeneous architecture, streaming I/O sub-systems, and software tools – and of course in the engineering talent to effect the developments.

The advances we anticipate in stream computing are expected to provide major price-performance improvements in our current medical and defense applications and open new opportunities in Mercury's emerging markets.

In medical diagnostic imaging, the physician is expected to see a full three-dimensional picture of various parts of the body, instead of simply two-dimensional slices from a scan. This should lead to more accurate diagnoses and more efficient, and effective, medical treatment planning. Three-dimensional imaging may also be useful in conducting procedures where the surgeon needs real-time visual guidance to remove tissues or destroy cancers. It may also provide early warning of cancer recurrence and allow the physician to differentiate between benign and malignant lesions.

In the defense segment, applications such as multi-sensor fusion and automatic target recognition are expected to require up to 100 times the throughput that is available in today's computer systems. Mercury's development plans are designed to satisfy this requirement and enable future surveillance systems to distinguish and identify man-made objects amidst background clutter in real time, increasing the probability of rapidly identifying targets and assessing their threat level. Applications flying aboard manned or unmanned aircraft will include on-the-fly route planning, jamming resistance and target prioritization. The powerful systems that Mercury plans to develop during the next five years are intended to satisfy these applications.

Recently, Mercury announced plans to invest more than $100 million over the next five years as part of the Company's commitment to stream computing.

This continued high level of investment in stream computing emphasizes Mercury's commitment to expand business volumes in existing and new areas, to continue the growth of our revenues and earnings.

DEFENSE MARKET

For the past ten years, the U.S. military has been undergoing what is being called a "Revolution in Military Affairs" (RMA). RMA means changing the emphasis of military operations from mass maneuver and attack to movements of relatively small – and therefore extremely agile – forces making precision strikes using "dominant information" passed rapidly to attackers. Heavy reliance is placed on intelligence collected separately from many military sources. This change continues to fuel the defense electronics market, currently growing at 25 percent, and plays well with Mercury's strategy of focusing on high-performance signal processing applications for each arm of the military.

The Company's strategy of targeting major military development contracts and investing resources in those which have strong deployment potential paid off in 1998. Deployment contracts were received for Mercury equipment to be installed in: the Los Angeles Class Submarine upgrades; the P-3C Orion Maritime Patrol Aircraft, also known as submarine hunter aircraft; the unmanned aerial vehicle – or "pilotless spy-plane" – known as the Predator; Joint STARS, the U.S. Air Force surveillance airplanes designed to locate, classify and track ground targets in all weather conditions; and the Gripen, a Swedish fighter aircraft with potential for deployment in several allied countries.

In the defense segment, applications such as surveillance and automatic target recognition are expected to require up to 100 times the throughput that is available in today's computer systems.

Three deployment contracts are worthy of special attention. The first, is a manufacturing licensing and technology contract with Ericsson Microwave Systems, a subsidiary of Swedish L.M. Ericsson. The contract provides for engineering development, prototyping and licensed manufacturing rights for Mercury's RACE® computer systems to be deployed in the radar system of the SAAB JAS 39 Gripen fighter aircraft. The Gripen, a multi-purpose military aircraft, is designed for the Swedish Air Force and the international market and fills the roles of a Fighter, Attack and Reconnaissance Aircraft. Mercury's RACE systems will increase the processing power of the embedded radar system and provide the Gripen with one of the most powerful and capable

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Strategic Capital

Design Wins

Fiscal 1998 saw Mercury securing design wins for signal processing systems used in Computed Tomography (CT) and Magnetic Resonance Imaging (MRI) equipment being developed by GE Medical Systems and Siemens. As these improved systems move to production, Mercury expects the growth rate in the medical diagnostic imaging segment to increase over the next several years.

Playing Multi-Year Production Contracts In It

Intellectual Capital

Solutions for Impossible Missions

Intellectual Capital

Products & Technologies

Mercury's product and technology focus has always been to provide the highest performance in the smallest space. The Company's high-performance embedded computer systems process the vast, continuous streams of data from military surveillance systems, medical diagnostic imaging equipment and semiconductor test machines. Recently, Mercury has delivered a system with nearly 1,000 compute elements, which is believed to have the highest performance density in the world for airborne applications.

Strategic Capital

Deployment Programs

While developing and prototyping military applications in airborne radar, sonar and signal intelligence continues to be fertile ground for new business, a significant part of the Company's revenue now comes from deployed programs. In FY '98, Mercury received multi-million-dollar production orders for installation in the sea and air fleets of the U.S. military and allied forces from Lockheed Martin, Northrop Grumman, Raytheon and General Dynamics, and from Array Systems for the Canadian Department of National Defense.

Strategic Capital

Technology Licensing

In 1998, Mercury expanded its presence in the international government electronics industry through a technology licensing agreement with Ericsson Microwave Systems of Molndal, Sweden. The multi-million-dollar contract provided for engineering development, prototyping and licensed manufacturing rights for RACE computer systems that will be deployed in the radar system of the SAAB JAS 39 Gripen fighter aircraft, as well as other applications.

Strategic Capital

The technology developed for cutting edge applications in the defense electronics market has given Mercury a competitive advantage in the medical diagnostic field and other commercial arenas. This migration of technology remains at the core of the Company's strategy in selecting new commercial markets for Mercury's products.

in the Big Leagues for the Long Haul

Strong ROI in Growing Markets

Financial Capital

Financial Capital

Strong ROI

Mercury's long-term investments in the medical and defense markets have launched the Company into a strong position in both segments. Increasing design wins in diagnostic imaging and recent deployment contracts in defense electronics point to continuing strong returns on these investments.

fighter radars in the world. The contract is expected to provide Mercury with both an ongoing revenue stream as the aircraft are built, and – more importantly – a reputation for supplying technology to a long life-cycle military fighter project.

The second, a $3.9 million order from Northrop Grumman Electronic Sensors and Systems Division (ESSD), called for 23 Mercury multicomputer systems for deployment aboard Predator unmanned aerial vehicles (UAVs) as part of Northrop Grumman's Tactical Endurance Synthetic Aperture Radar (TESAR) system. TESAR is a lightweight, low-cost surveillance radar that works with an associated ground station to produce photographic quality radar imagery with one-foot resolution. Its on-board Mercury RACE computer system performs extensive processing on the radar signals before the resulting data is downlinked to the ground station. The Company has been involved with the Predator since initial development and testing, which began in 1994. Mercury's computers flew aboard Predators deployed in Bosnia in 1996 to support United Nations peace-keeping operations. In addition to monitoring troop and weapons movements, other uses for the Predator include target and mine detection, and commercial applications such as mapping, environmental monitoring and border surveillance.

The Ericsson contract is expected to provide Mercury with both an ongoing revenue stream as the aircraft are built and a reputation for supplying technology to a long life-cycle military fighter project.

Another significant deployment order came from Lockheed Martin Federal Systems Division, Manassas, Virginia, in conjunction with Virginia-based Digital Signal Resources (DSR), for RACE computer systems to upgrade part of the U.S. Navy submarine fleet. The order falls under the Navy's Advanced Rapid COTS Insertion (ARCI) program designed to insert commercial off-the-shelf (COTS) technology into existing sonar systems. Mercury is working with systems integrator DSR to provide the multi-purpose processors (MPP) that will be inserted in the submarines. This order, a continuation of a previous development order with DSR for MPP, is for eight submarines out of 50 slated for future ARCI upgrade, and totals $12 million, with $10.4 million

of funding already authorized and the remaining $1.7 million pending approval in government fiscal year '99.

The MPP requires a system that can be used for a wide variety of computational tasks, has high-speed communications and can be scaled from small to large configurations. Comprised of 180 microprocessors and Mercury's ANSI-standard RACEway interconnect technology, the system is used to analyze streams of sonar data.

The purpose of the Navy's ARCI program is to upgrade and consolidate the weapons systems on the Trident, NSSN and 688i submarines while minimizing overall life-cycle costs. Using Mercury's Battle-Ready COTS™ technology, upgraded sonar systems are designed to have 100 times the performance at a fraction of the cost of existing hardware. The RACE computers are designed to process continuous streams of data collected by the sonar systems to enable the identification, localization and classification of targets amidst background noise and interference. This is a classic example of previously discussed stream computing, an area in which Mercury announced a planned $100 million R&D investment over the next five years.

This may be the most powerful computer system ever built for an embedded airborne application. The 972-processor system will be used to develop advanced methods of a new radar technique called Space-Time Adaptive Processing (STAP).

Among other large defense orders of 1998 was a notable one from Northrop Grumman Electronic Sensors and Systems Division for delivery of a development system to MIT Lincoln Laboratories. This may be the most powerful computer system ever built for an embedded airborne application. The 972-processor system will be used to develop advanced methods of a new radar technique called Space-Time Adaptive Processing (STAP). Using STAP methods, it is possible to identify moving objects and to distinguish them despite interference from other signals such as clutter or jamming. These methods could be applied in many other military applications providing new future markets for Mercury.

In the last year, we restructured and strengthened our European organization around two subsidiaries: one in the UK and the other in France. By building the technical sales and support capability in two major centers, we are able to field stronger teams

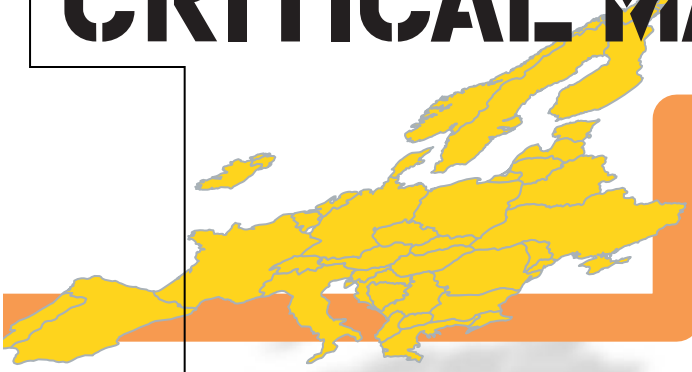
Continued on page 14

Financial Capital

In addition to its strong balance sheet, Mercury's financial capital is enhanced by the increasing multi-year volume of deployed business in defense and the long-term contracts in the medical diagnostic imaging market. Strength in these areas supports a substantial R&D investment which fuels the engine of growth in revenues and earnings.

Strategic Capital

Gaining CRITICAL MASS



ACCELERATING GROWTH

Strategic Capital

International Expansion

In the last year, Mercury restructured and strengthened its European organization around two subsidiaries: one in the UK and the other in France, where the Company has seen success in the medical market. By building the technical sales and support capability in two major centers, the Company is able to field stronger teams to address the major European military procurements, particularly those emerging in the United Kingdom.

Financial Capital

Emerging Markets

While the major part of the Company's growth is expected to come from expanding the existing markets of defense electronics and medical diagnostics, it is Mercury's investment in emerging markets that provides the opportunity of additional revenue and earnings growth.

Financial Capital

By The Numbers

Fiscal 1998 was another record year. Mercury's sales increased for the ninth successive year to $85.5 million, a 32 percent growth over the prior year. Earnings of $8.7 million, compared with FY '97 earnings of $4.6 million, represented an 89 percent growth. R&D spending increased to $14.5 million, or 17 percent of revenue, an increase of $1.6 million over FY '97.

Intellectual Capital

Sales & Marketing

Mercury's products, quality production, rapidly growing sales and highly regarded service are all attributable to the caliber and dedication of the Company's professional staff and managers. Through dedicated business units, the Company has developed close relationships with customers to understand and meet their changing needs as well as constantly searching for new product opportunities. Worldwide sales and marketing is accomplished through subsidiaries and distributors in 11 countries, and sales and support offices in 9 cities in the United States.

Intellectual Capital

It's all about the customers

Focus on Shareholder Value

you get what you PAY for

Financial Capital

Research & Development

To meet the need for increased processing power in the digital signal and image processing markets, Mercury plans to invest more than $100 million in research and development over the next five years. Planned investments will be made in RACEway high-bandwidth interconnect architectures, faster processors, streaming I/O sub-systems and software tools. This is expected to lead to increased revenues from defense and commercial applications.

to address major European military procurements, particularly those emerging in the United Kingdom. The French subsidiary has been instrumental in Mercury's success in the medical market.

MEDICAL BUSINESS GROUP

Fiscal 1998 was a very good year for Mercury's Medical Business Group. In 1996/7, the Company's signal processing systems were chosen for the designs of Computed Tomography (CT), Magnetic Resonance Imaging (MRI) and digital angiography equipment being developed by GE Medical Systems, Siemens and Elscint. These "design wins" resulted in nearly a 40 percent increase in medical revenue in FY '98. While today this group represents only 13 percent of the Company's business, it is the fastest growing segment and is expected to maintain its high growth, approaching 30 percent of total business over the next several years.

Today's hospital radiology departments are increasingly being measured by the number of patients they can test, accurately diagnose and care for in a day.

By building the technical sales and support capability in two major centers, France and the UK, we are able to field stronger teams to address major European military procurements, particularly those emerging in the United Kingdom. The French subsidiary has been instrumental in Mercury's success in the medical market.

And they must do this while keeping costs down. This demands a technologically efficient hospital with the most advanced MRI, CT and X-ray systems, which reduce patient time in the imaging and diagnostic clinics.

The increased demand for medical imaging equipment will come from several sources, in particular from the introduction of next generation devices and the expansion beyond traditional North American and European markets. With Mercury's products having already been selected by several of the major manufacturers, the Company is well positioned to benefit from both the replacement business in traditional markets and the increased demand in new markets.

By continually working with the design teams of the major manufacturers on future generations of CT, MRI and digital X-ray machines, the Company expects to maintain its fast growth in medical imaging.

AN INTERNATIONAL HIGHLIGHT

This year's Winter Olympics in Nagano, Japan, saw Mercury's RACE technology in use by the national TV producer NHK. Using moving images and computer animation, the system combined current and historical event information to give the viewer multiple supporting images while the events were in progress. While watching the figure skating competition, the viewer could see the current skater on the ice, with a background shot of the leading competitor watching apprehensively to see if her score is surpassed. Or, during the downhill ski races, the split TV screen featured the current skier and the replay of the previous racer, allowing viewers to study their styles and times in a real-time comparison.

While today the Medical Business Group represents only 13 percent of the Company's business, it is the fastest growing segment and is expected to maintain its high growth, approaching 30 percent of total business over the next several years.

SHARED STORAGE BUSINESS UNIT

Mercury's shared storage business unit's revenues were lower than we planned for in 1998. The adoption of Mercury's SuiteFusion® was slower than anticipated for a variety of reasons, including delays within the fibre channel industry in shipping high-bandwidth network connections.

However, the group made good progress on several fronts including launching the SuiteFusionPro software at the National Association of Broadcasters show last spring in Las Vegas; installing software for 48 Hours, the CBS news program, and Showtime; and gaining a contract from Encore Video, a large Los Angeles post-production house.

SuiteFusionPro is a high-end file sharing product for Windows NT, Macintosh and Silicon Graphics platforms. Together with Mercury's patent-pending Fused Drive technology, users can now read and write to the same file at the same time. This capability has broadened the market opportunity and in addition to pursuing the entertainment and broadcast industries the shared storage group has identified the electronic prepress and segments of the corporate enterprise market as promising targets for future sales.

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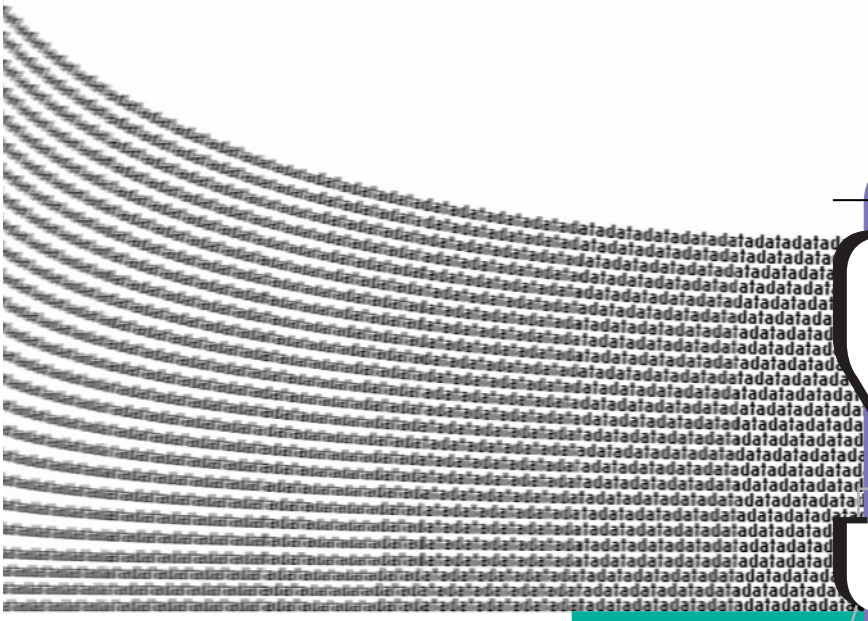
Intellectual Capital

Stream Computing

Stream computing is the real-time, continuous processing of vast data streams arriving from sensors and other data sources such as satellites. Mercury's stream computing solutions allow a commander to "see" the battlefield from a remote location or a physician to "see" inside the body without invasive surgery.



Stream Market Demands

Financial Capital

Financial Capital

Military Market

Over the next five years, government electronics and battlefield surveillance applications are expected to require up to 100 times the throughput in smaller footprints than is presently available. Advanced applications are projected to use systems with 1,000 or more processors designed to fit into airborne platforms or in a submarine, providing real-time image generation that can more accurately identify and distinguish targets.

Financial Capital

Medical Market

Today's diagnostic medical imaging industry is driven by the need to provide physicians with sharper, clearer images, faster and with the least amount of intrusiveness. As higher speeds and greater bandwidth become available, real-time three-dimensional imagery is expected to provide more faithful images allowing the physician to "see" the suspected area, understand the malady, and more quickly and accurately prescribe corrective action.

Leveraging the Capitals

The leveraging of intellectual, strategic and financial capitals has been Mercury's key to success. Past investments in the Company's core technologies have made Mercury a leader in high-bandwidth real-time computing. This capability is now being called "stream computing" to denote the vast streams of data that these systems have to handle. Mercury will continue to leverage its intellectual, strategic and financial capitals to dominate current markets and identify opportunities to apply stream computing in new applications and markets.

Intellectual Capital

Computing

military medical

Apps

Strategic Capital

Strategic Capital

Future Applications

As the Company continues to invest heavily in R&D, Mercury's stream computer systems are designed to provide the processing power that current and future markets require. In defense electronics, they include, automatic target recognition and prioritization, and onboard image formation at higher resolutions covering larger areas. The medical market is expected to require three-dimensional images from MRI, CT and digital X-ray scanners, or fusing images from different medical imaging modalities, for more precise identification and location of maladies.

EMERGING MARKETS

Most of the Company's near-term growth will come from expansion in the existing markets of defense electronics and medical diagnostic imaging. The Company's financial success in these markets in 1997 and 1998 allowed additional investments to be made in our developing shared storage business. As we note earlier in this report we are now beginning to see some favorable developments in this business.

Mercury will continue to look for new markets in which to apply the Company's core competencies in signal and image processing. Opportunities identified for exploration in FY '98 included digital wireless communications, seismic surveying and semiconductor testing and measurement. We will evaluate the potential and make investment decisions in these areas during 1999.

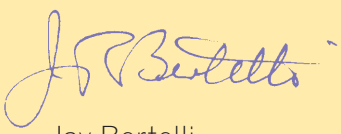
By continually working with the design teams of the major manufacturers on future generations of CT, MRI and digital X-ray machines, the Company expects to maintain its fast growth in medical imaging.

LOOKING FORWARD

Fiscal 1998 has been an exceptional year for our Company. As a public company we now feel we are in the "Big Leagues" with all the challenges, obligations and responsibilities that it implies. We are also satisfied that the groundwork we laid in the last three years in both defense and medical markets has resulted in a record year.

Our future plans anticipate a continuation of this growth, particularly in the medical business unit and the addition of several new markets.

Credit for Mercury's success goes to the exceptional team of associates who design, build, market and support the Company's products and services for an ever-demanding group of customers. It is also that demanding group of customers who deserve credit for continually challenging us to seek ever more creative solutions to keep them at the competitive edge of their industries. Our sincere thanks to all of them.



Jay Bertelli

BOARD OF DIRECTORS:

Gordon B. Baty
Partner of Zero Stage Capital
Director of several technology companies

Albert P. Belle Isle
Independent investor in technology-based companies

James R. Bertelli
President and Chief Executive Officer

R. Schorr Berman
President and Chief Executive Officer, MDT Advisers, Inc.
Director of several private and public companies

Sherman N. Mullin
Retired President, Lockheed Advanced Development Company

Melvin Sallen
Consultant, Komon International
Director of several technology companies

PRESIDENT AND CHIEF EXECUTIVE OFFICER:

James R. Bertelli

SENIOR VICE PRESIDENT, CHIEF FINANCIAL OFFICER AND TREASURER:

G. Mead Wyman

VICE PRESIDENTS:

Donald Barry
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Barry A. Burke
Shared Storage Business Group

David L. Bertelli
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Steven M. Chasen
Customer Services

Robert C. Frisch
Chief Technical Officer

Barry S. Isenstein
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Mark R. LaForest
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Vincent A. Mancuso
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Annual Meeting
The annual meeting of stockholders will be held at 2:00 p.m. on Tuesday, October 27 at the Offices of Hutchins, Wheeler and Dittmar, 101 Federal Street, Boston, MA.

Common Stock
Mercury Computer Systems' common stock is traded on NASDAQ National Market System under the symbol MRCY.

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