

**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): March 13, 2006

Mercury Computer 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.)

199 Riverneck Road, Chelmsford, Massachusetts

01824

(Address of Principal Executive Offices)

(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 2.05. Costs Associated with Exit or Disposal Activities.

On March 13, 2006, Mercury Computer Systems, Inc. (the "Company") announced that it had initiated certain measures across the organization to realign operating expenses with previously announced revised growth projections. As part of this initiative, the Company's worldwide workforce including contractors will be reduced by approximately 80 positions, or 8% of the workforce. On March 13, 2006, the Company began notifying approximately 55 employees that their employment was being terminated. The workforce reduction plan affects each of the Company's business units. Notification of affected personnel is expected to be substantially completed by March 31, 2006. The workforce reduction action is expected to result in total cash expenditures of approximately \$2 million, payable over the next three quarters.

Additional information related to this workforce reduction action is contained in a press release issued by the Company on March 13, 2006, a copy of which is attached as Exhibit 99.1 to this Current Report on Form 8-K and incorporated by reference herein.

Safe Harbor Statement

This Current Report on Form 8-K contains statements regarding the workforce reduction action and total estimated cash expenditures associated with this action which are "forward-looking statements" as defined in Section 21E of the Securities Exchange Act of 1934, as amended. Such statements are based on current assumptions and expectations of the Company's management and are neither promises nor guarantees but involve risks and uncertainties, both known and unknown, that could cause actual results to differ materially from those discussed in the forward-looking statements. Important factors that could cause actual results to differ materially from those presently expected include, but are not limited to, difficulties for management in successfully implementing the reduction action, unanticipated delays in the implementation of the reduction action, unanticipated costs and expenses relating to the implementation of the reduction action, declines in the Company's revenues and earnings, and reliability and quality issues and adverse changes in general economic or market conditions. Reference is made to the discussion of risk factors detailed in our filings with the Securities and Exchange Commission, including, but not limited to, the Company's quarterly report on Form 10-Q for the fiscal quarter ended December 31, 2005. The "forward-looking statements" included herein are made only as of the date of publication and the Company undertakes no obligation to update the information set forth in this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release, dated March 13, 2006, of Mercury Computer Systems, Inc.

EXHIBIT INDEX

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99.1	Press Release, dated March 13, 2006, of Mercury Computer Systems, Inc.



FOR IMMEDIATE RELEASE

**Mercury Computer Systems Announces Strategic Cost Reduction Initiatives;
Company Expects to Accrue Third Quarter Charge**

CHELMSFORD, Mass. — March 13, 2006 — Consistent with high-level plans described during its January 26, 2006 earnings call, Mercury Computer Systems, Inc. (NASDAQ: MRCY) today announced that it has initiated certain measures across the organization to realign operating expenses with previously announced revised growth projections. As part of this initiative, the Company's worldwide workforce including contractors will be reduced by approximately 80 positions, or 8% of the workforce. This workforce reduction action will affect each of Mercury's business units and is expected to yield annual cost savings of more than \$7M.

"The temporary softness in our defense business caused by shifting priorities within DoD, and the transition to our 3D strategy adoption in the Life Science markets, necessitate these cost-saving measures," said Jay Bertelli, president and chief executive officer of Mercury Computer Systems, Inc.

"While these have been difficult decisions to make, this action enables us to focus our product investments in the areas of greatest promise for our future in both defense and commercial markets. The cost reduction decisions were made in the context of customer satisfaction as our top priority. We need to focus our energies on products and services that our customers value highly," Mr. Bertelli continued. "To gain the best investment leverage going forward, we will continue our strategy of collaboration, such as our alliance with IBM on the Cell BE processor; and with research hospitals such as the Massachusetts General Hospital and the University of Maryland Medical School – for IP that is advancing the state of the art for diagnostic imaging."

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The workforce reduction is expected to result in total cash expenditures of approximately \$2 million, payable over the next three quarters. Mercury currently expects to accrue for these charges in the third fiscal quarter ending March 31, 2006.

The impact of the cost-saving measures on Mercury's financial results, and outlook for the remaining fiscal year, will be discussed by management during the Company's teleconference immediately following the release of its 3QFY06 earnings, scheduled for April 27, 2006.

About Mercury Computer Systems, Inc.

Mercury Computer Systems, Inc. (NASDAQ: MRCY) is the leading provider of high-performance embedded, real-time digital signal and image processing solutions. Mercury's solutions play a critical role in a wide range of applications, transforming sensor data to information for analysis and interpretation. In military reconnaissance and surveillance platforms the Company's systems process real-time radar, sonar, and signals intelligence data. Mercury's systems are also used in state-of-the-art medical diagnostic imaging devices including MRI, PET, and digital X-ray, and in semiconductor imaging applications including photomask generation and wafer inspection. Mercury provides advanced 3D image processing and visualization software and optimized systems to diverse end markets including life sciences, geosciences, and simulation. The Company also provides radio frequency (RF) products for enhanced communications capabilities in military and commercial applications.

Based in Chelmsford, Massachusetts, Mercury serves customers in North America, Europe and Asia through its direct sales force and a network of subsidiaries and distributors. Visit Mercury on the web at www.mc.com.

Forward-Looking Safe Harbor Statement

This press release contains certain forward-looking statements, as that term is defined in the Private Securities Litigation Reform Act of 1995, including those relating to the strategic cost reduction initiatives which the Company is undertaking. 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 geo-political 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

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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 fiscal quarter ended December 31, 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.

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