

TransDigm Group INC  
Form 10-Q/A  
February 10, 2010

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D. C. 20549

**FORM 10-Q/A**

(Amendment No. 1)

x **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended March 28, 2009.**

.. **Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**  
For the transition period from            to

Commission File Number 001-32833

**TransDigm Group Incorporated**

(Exact name of registrant as specified in its charter)

Delaware

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(State or other Jurisdiction of incorporation or organization)

41-2101738

(I.R.S. Employer Identification No.)

1301 East 9th Street, Suite 3710, Cleveland, Ohio  
(Address of principal executive offices)

(216) 706-2960

44114  
(Zip Code)

(Registrants telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES  NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES  NO

Indicate by check mark whether the registrant is a large accelerated filer, accelerated filer, non-accelerated filer, or smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one).

LARGE ACCELERATED FILER  ACCELERATED FILER   
NON-ACCELERATED FILER  SMALLER REPORTING COMPANY

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES  NO

The number of shares outstanding of TransDigm Group Incorporated's common stock, par value \$.01 per share, was 48,307,368 as of April 24, 2009.

**Explanatory Note**

TransDigm Group Inc. ( TD Group ) is filing this Amendment No. 1 (the Form 10-Q/A ) to our Quarterly Report on Form 10-Q for the quarter ended March 28, 2009, which was filed with the U.S. Securities and Exchange Commission on May 6, 2009 (the Original Filing ). We are filing this Amendment No. 1 to reflect restatements of our basic and diluted earnings per share and weighted average shares outstanding calculations to give effect to participating securities under the two-class method of calculating earnings per share. Historically, the Company had utilized the treasury stock method in order to give effect to outstanding in-the-money stock options. Under the two-class method, securities that participate in dividends, such as the Company s vested outstanding stock options which include non-forfeitable rights to dividends, are considered participating securities.

This Form 10-Q/A amends and restates Item 1. Financial Statements and Item 4. Controls and Procedures of the Original Filing, as amended, in each case, solely as a result of, and to reflect, the restatement.

Except as specifically noted above, this Form 10-Q/A does not modify or update disclosures in the Original Filing. Accordingly, this Form 10-Q/A does not reflect events occurring after the filing of the Original Filing or modify or update any related or other disclosures.

**TRANSDIGM GROUP INCORPORATED****CONDENSED CONSOLIDATED BALANCE SHEETS**

(Amounts in thousands, except share amounts)

(Unaudited)

|  | March 28,<br>2009   | September 30,<br>2008 |
|--|---------------------|-----------------------|
| <b>ASSETS</b>  |                     |                       |
| CURRENT ASSETS:  |                     |                       |
| Cash and cash equivalents  | \$ 154,610          | \$ 159,062            |
| Trade accounts receivable - Net  | 99,931              | 96,196                |
| Inventories  | 157,517             | 144,114               |
| Deferred income taxes  | 19,677              | 19,902                |
| Prepaid expenses and other   | 8,167               | 4,160                 |
| Total current assets   | 439,902             | 423,434               |
| PROPERTY, PLANT AND EQUIPMENT - Net  | 98,227              | 96,241                |
| GOODWILL   | 1,404,421           | 1,354,774             |
| TRADEMARKS AND TRADE NAMES   | 173,706             | 167,626               |
| OTHER INTANGIBLE ASSETS - Net  | 187,666             | 188,568               |
| DEBT ISSUE COSTS - Net   | 17,449              | 19,309                |
| OTHER  | 3,582               | 5,869                 |
| <b>TOTAL ASSETS</b>  | <b>\$ 2,324,953</b> | <b>\$ 2,255,821</b>   |
| <b>LIABILITIES AND STOCKHOLDERS EQUITY</b>   |                     |                       |
| CURRENT LIABILITIES:   |                     |                       |
| Accounts payable   | \$ 28,228           | \$ 25,140             |
| Accrued liabilities  | 53,193              | 63,362                |
| Total current liabilities  | 81,421              | 88,502                |
| LONG-TERM DEBT   | 1,356,996           | 1,357,230             |
| DEFERRED INCOME TAXES  | 155,482             | 151,672               |
| OTHER NON-CURRENT LIABILITIES  | 13,236              | 4,517                 |
| Total liabilities  | 1,607,135           | 1,601,921             |
| STOCKHOLDERS EQUITY:   |                     |                       |
| Common stock \$.01 par value; authorized 224,400,000 shares; issued 48,794,988 and 48,600,848 at March 28, 2009 and September 30, 2008, respectively | 488                 | 486                   |
| Additional paid-in capital   | 371,370             | 365,224               |
| Retained earnings  | 367,648             | 287,745               |
| Accumulated other comprehensive loss   | (6,446)             | 445                   |
| Treasury stock, at cost- 494,100 and -0- shares at March 28, 2009 and September 30, 2008, respectively   | (15,242)            |                       |
| Total stockholders equity  | 717,818             | 653,900               |

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|  |              |              |
|--|--------------|--------------|
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 2,324,953 | \$ 2,255,821 |
|--|--------------|--------------|

See notes to condensed consolidated financial statements.

**TRANSDIGM GROUP INCORPORATED**
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**
**FOR THE THIRTEEN AND TWENTY-SIX WEEK PERIODS ENDED**
**MARCH 28, 2009 AND MARCH 29, 2008**

(Amounts in thousands, except per share amounts)

(Unaudited)

|   | Thirteen Week<br>Periods Ended |                   | Twenty-Six Week<br>Periods Ended |                   |
|---|--------------------------------|-------------------|----------------------------------|-------------------|
|   | March 28,<br>2009              | March 29,<br>2008 | March 28,<br>2009                | March 29,<br>2008 |
| NET SALES   | \$ 193,047                     | \$ 175,285        | \$ 374,323                       | \$ 338,421        |
| COST OF SALES   | 84,236                         | 81,366            | 161,224                          | 156,410           |
| GROSS PROFIT  | 108,811                        | 93,919            | 213,099                          | 182,011           |
| OPERATING EXPENSES:   |                                |                   |                                  |                   |
| Selling and administrative  | 20,412                         | 18,360            | 38,588                           | 36,232            |
| Amortization of intangibles                                       | 3,625                          | 2,783             | 6,849                            | 6,094             |
| Total operating expenses  | 24,037                         | 21,143            | 45,437                           | 42,326            |
| INCOME FROM OPERATIONS  | 84,774                         | 72,776            | 167,662                          | 139,685           |
| INTEREST EXPENSE - Net  | 21,640                         | 24,015            | 43,622                           | 48,522            |
| INCOME BEFORE INCOME TAXES  | 63,134                         | 48,761            | 124,040                          | 91,163            |
| INCOME TAX PROVISION  | 22,830                         | 16,591            | 44,137                           | 32,025            |
| NET INCOME  | \$ 40,304                      | \$ 32,170         | \$ 79,903                        | \$ 59,138         |
| Earnings per share, as restated See Note 9:                       |                                |                   |                                  |                   |
| Basic   | \$ 0.77                        | \$ 0.62           | \$ 1.52                          | \$ 1.14           |
| Diluted   | \$ 0.77                        | \$ 0.62           | \$ 1.52                          | \$ 1.14           |
| Denominator for basic and diluted earnings per share, as restated | 52,389                         | 51,966            | 52,596                           | 51,771            |
| Net earnings per share, as reported:                              |                                |                   |                                  |                   |
| Basic   | \$ 0.84                        | \$ 0.68           | \$ 1.65                          | \$ 1.25           |
| Diluted   | \$ 0.80                        | \$ 0.64           | \$ 1.59                          | \$ 1.18           |
| Weighted-average shares outstanding, as reported:                 |                                |                   |                                  |                   |
| Basic   | 48,261                         | 47,605            | 48,429                           | 47,415            |
| Diluted   | 50,217                         | 50,037            | 50,373                           | 49,952            |

See notes to condensed consolidated financial statements.



**TRANSDIGM GROUP INCORPORATED****CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS EQUITY****FOR THE TWENTY-SIX WEEK PERIOD ENDED MARCH 28, 2009**

(Amounts in thousands, except share amounts)

(Unaudited)

|  | Common Stock        |              | Additional<br>Paid-In<br>Capital | Retained<br>Earnings | Accumulated<br>Other           | Treasury Stock      |             | Total      |
|--|---------------------|--------------|----------------------------------|----------------------|--------------------------------|---------------------|-------------|------------|
|  | Number<br>of Shares | Par<br>Value |                                  |                      | Comprehensive<br>Income/(Loss) | Number<br>of Shares | Value       |            |
| BALANCE, OCTOBER 1, 2008                             | 48,600,848          | \$ 486       | \$ 365,224                       | \$ 287,745           | \$ 445                         |                     | \$          | \$ 653,900 |
| Purchase of common shares                            |                     |              |                                  |                      |                                | (494,100)           | (15,242)    | (15,242)   |
| Compensation expense recognized for<br>stock options |                     |              | 2,492                            |                      |                                |                     |             | 2,492      |
| Excess tax benefit from exercise of stock<br>options |                     |              | 1,761                            |                      |                                |                     |             | 1,761      |
| Common stock issued                                  | 1,868               |              | 60                               |                      |                                |                     |             | 60         |
| Exercise of stock options                            | 192,272             | 2            | 1,816                            |                      |                                |                     |             | 1,818      |
| Restricted stock compensation                        |                     |              | 17                               |                      |                                |                     |             | 17         |
| Comprehensive income:                                |                     |              |                                  |                      |                                |                     |             |            |
| Net income   |                     |              |                                  | 79,903               |                                |                     |             | 79,903     |
| Interest rate swap                                   |                     |              |                                  |                      | (6,781)                        |                     |             | (6,781)    |
| Other comprehensive loss                             |                     |              |                                  |                      | (110)                          |                     |             | (110)      |
| Comprehensive income                                 |                     |              |                                  |                      |                                |                     |             | 73,012     |
| BALANCE, MARCH 28, 2009                              | 48,794,988          | \$ 488       | \$ 371,370                       | \$ 367,648           | \$ (6,446)                     | (494,100)           | \$ (15,242) | \$ 717,818 |

See notes to condensed consolidated financial statements.



**TRANSDIGM GROUP INCORPORATED****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Amounts in thousands)

(Unaudited)

|   | <b>Twenty-Six Week Periods Ended</b> |                           |
|---|--------------------------------------|---------------------------|
|   | <b>March 28,<br/>2009</b>            | <b>March 29,<br/>2008</b> |
| <b>OPERATING ACTIVITIES:</b>  |                                      |                           |
| Net income  | \$ 79,903                            | \$ 59,138                 |
| Adjustments to reconcile net income to net cash provided by operating activities: |                                      |                           |
| Depreciation  | 6,752                                | 6,400                     |
| Amortization of intangibles   | 6,849                                | 6,094                     |
| Amortization of debt issue costs and note premium                                 | 1,626                                | 1,472                     |
| Non-cash equity compensation  | 2,509                                | 2,219                     |
| Excess tax benefit from exercise of stock options                                 | (1,761)                              | (10,184)                  |
| Deferred income taxes   | 2,096                                | 2,938                     |
| Changes in assets/liabilities, net of effects from acquisitions of businesses:    |                                      |                           |
| Trade accounts receivable   | 233                                  | (1,321)                   |
| Inventories   | (9,018)                              | (1,761)                   |
| Income taxes receivable/payable   | (3,115)                              | 14,285                    |
| Other assets  | (404)                                | 278                       |
| Accounts payable  | 2,430                                | 107                       |
| Accrued and other liabilities   | (8,585)                              | (1,492)                   |
| <b>Net cash provided by operating activities</b>                                  | <b>79,515</b>                        | <b>78,173</b>             |
| <b>INVESTING ACTIVITIES:</b>  |                                      |                           |
| Capital expenditures  | (5,817)                              | (4,183)                   |
| Acquisition of businesses   | (66,487)                             |                           |
| <b>Net cash used in investing activities</b>                                      | <b>(72,304)</b>                      | <b>(4,183)</b>            |
| <b>FINANCING ACTIVITIES:</b>  |                                      |                           |
| Excess tax benefit from exercise of stock options                                 | 1,761                                | 10,184                    |
| Proceeds from exercise of stock options   | 1,818                                | 3,867                     |
| Treasury stock purchased  | (15,242)                             |                           |
| <b>Net cash (used in) provided by financing activities</b>                        | <b>(11,663)</b>                      | <b>14,051</b>             |
| <b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>                       | <b>(4,452)</b>                       | <b>88,041</b>             |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>                             | <b>159,062</b>                       | <b>105,946</b>            |
| <b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>                                   | <b>\$ 154,610</b>                    | <b>\$ 193,987</b>         |
| <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>                          |                                      |                           |
| Cash paid during the period for interest  | \$ 43,199                            | \$ 50,697                 |

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|  |           |           |
|--|-----------|-----------|
| Cash paid during the period for income taxes | \$ 44,758 | \$ 13,602 |
|--|-----------|-----------|

See notes to condensed consolidated financial statements.

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**TRANSDIGM GROUP INCORPORATED**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**THIRTEEN AND TWENTY-SIX WEEK PERIODS ENDED MARCH 28, 2009 AND MARCH 29, 2008**

**(UNAUDITED)**

**1. DESCRIPTION OF THE BUSINESS**

**Description of the Business** TransDigm Group Incorporated ( TD Group ), through its wholly-owned subsidiary, TransDigm Inc., is a leading global designer, producer and supplier of highly engineered aircraft components for use on nearly all commercial and military aircraft in service today. TransDigm Inc. (which includes the Adel Wiggins Group), along with TransDigm Inc.'s direct and indirect wholly-owned operating subsidiaries, AeroControlex Group, Inc., MarathonNorco Aerospace, Inc., Adams Rite Aerospace, Inc., Champion Aerospace LLC, Avionic Instruments LLC, Skurka Aerospace Inc., CDA InterCorp LLC, Avtech Corporation, Transicoil LLC, Transicoil (Malaysia) Sendirian Berhad, Bruce Aerospace, Inc., CEF Industries, Inc. and Aircraft Parts Corporation (collectively, with TD Group, the Company or TransDigm ) offers a broad range of proprietary aerospace components. Major product offerings, substantially all of which are ultimately provided to end-users in the aerospace industry, include mechanical/electromechanical actuators and controls, ignition systems and components, gear pumps, specialized valves, engineered connectors, power conditioning devices, specialized fluorescent lighting and AC/DC electric motors, aircraft audio systems, engineered latches and cockpit security devices, lavatory hardware and components, hold open rods and locking devices, specialized cockpit displays, elastomers, NiCad batteries/chargers, and starter generators and related components.

**Separate Financial Statements** Separate financial statements of TransDigm Inc. are not presented since TransDigm Inc.'s 7/4% senior subordinated notes are fully and unconditionally guaranteed on a senior subordinated basis by TD Group and all existing domestic subsidiaries of TransDigm Inc. and since TD Group has no significant operations or assets separate from its investment in TransDigm Inc.

**2. UNAUDITED INTERIM FINANCIAL INFORMATION**

The financial information included herein is unaudited; however, the information reflects all adjustments (consisting solely of normal recurring adjustments) that are, in the opinion of management, necessary for a fair presentation of the Company's financial position and results of operations and cash flows for the interim periods presented. These financial statements and notes should be read in conjunction with the financial statements and related notes for the year ended September 30, 2008 included in TD Group's Form 10-K dated November 25, 2008. Certain earnings per share and weighted average shares outstanding information included in the Form 10-K dated November 25, 2008 has been restated in TD Group's Form 10-K/A dated February 10, 2010. The September 30, 2008 condensed consolidated balance sheet was derived from the TD Group's audited financial statements. The results of operations for the twenty-six week period ended March 28, 2009 are not necessarily indicative of the results to be expected for the full year.

**3. NEW ACCOUNTING STANDARDS**

In February 2007, the Financial Accounting Standards Board ( FASB ) issued Statement of Financial Accounting Standards No. 159, The Fair Value Option for Financial Assets and Financial Liabilities Including an amendment of FASB Statement No. 115 ( SFAS 159 ). SFAS 159 provides companies with an option to report selected financial assets and liabilities at fair value. SFAS 159's objective is to reduce both complexity in accounting for financial instruments and the volatility in earnings caused by measuring related assets and liabilities differently. The adoption of SFAS 159 as of October 1, 2008 did not have a material impact on the Company's consolidated financial position or results of operations.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, Fair Value Measurements ( SFAS 157 ), which is effective for fiscal years beginning after November 15, 2007 and for interim periods within those years. SFAS 157 defines fair value, establishes a framework for measuring fair value and expands the related disclosure requirements. In October 2008, the FASB issued FASB Staff Position FAS 157-3, Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active ( FSP 157-3 ), which clarifies the application of SFAS 157 when the market for a financial asset is not active and provides an example to illustrate key considerations in determining the fair value of a financial asset when the market for that financial asset is not active. FSP 157-3 became effective immediately

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upon adoption of SFAS 157. SFAS 157 was adopted as of October 1, 2008 for all financial assets and liabilities and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). The effective provisions of SFAS 157 are included in Note 10, Fair Value of Financial Instruments. The adoption of SFAS 157 did not have a material impact on the Company's consolidated financial position or results of operations.

In February 2008, the FASB issued FASB Staff Position No. FAS 157-2, Effective Date of FASB Statement No. 157 ( FSP 157-2 ), which allows for the deferral of the adoption date of SFAS 157 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or presented at fair value in the financial statements on a recurring basis to fiscal years beginning after November 15, 2008. The adoption of SFAS 157 for those assets and liabilities within the scope of FSP 157-2 is not expected to have a material impact on our financial position, results of operations or cash flows.

In March 2008, the FASB issued Statement of Financial Accounting Standards No. 161, Disclosures about Derivative Instruments and Hedging Activities ( SFAS 161 ). SFAS 161 requires disclosures of how and why an entity uses derivative instruments, how derivative instruments and related hedged items are accounted for and how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. SFAS 161 is effective for interim periods beginning after November 15, 2008 and fiscal years that include those interim periods. The adoption of SFAS 161 as of December 28, 2008 did not have a material impact on the Company's consolidated financial position or results of operations. See Note 10.

#### 4. ACQUISITIONS

**APC** On December 16, 2008, TransDigm Inc. acquired all of the outstanding capital stock of Aircraft Parts Corporation ( APC ) for approximately \$67.5 million in cash, subject to adjustment based on the level of working capital as of the closing date of the acquisition. APC is a designer and manufacturer of starter generators, generator control units and related components for turbine engines, all of which fit well with TransDigm's overall business direction. The Company expects that the \$48.3 million of estimated goodwill recognized for the acquisition will not be deductible for tax purposes.

**Unison Product Line** On September 26, 2008, TransDigm Inc., through its wholly-owned Champion Aerospace, LLC subsidiary, acquired certain assets related to the magneto and harness product line business of Unison Industries, LLC ( Unison product line ) for approximately \$68.3 million in cash, net of a purchase price adjustment of \$1.1 million received in November 2008. The acquired product line includes the highly engineered SLICK™ magnetos, harnesses and components, which are used on substantially all of the world's general aviation piston aircraft. These products fit well with Champion's existing product offerings and TransDigm's overall business direction. The Company expects that the \$58.5 million of estimated goodwill recognized for the acquisition will be deductible for tax purposes.

**CEF** On May 7, 2008, TransDigm Inc. acquired all of the outstanding capital stock of CEF Industries, Inc. ( CEF ) for approximately \$84.4 million in cash, net of a purchase price adjustment of \$0.5 million received in January 2009. CEF is a designer and manufacturer of specialized and highly engineered actuators, compressors, pumps and related components for the aerospace market, all of which fit well with TransDigm's overall business direction. The Company expects that the \$52.2 million of estimated goodwill recognized for the acquisition will not be deductible for tax purposes.

The Company accounted for the acquisitions of APC, the Unison product line, and CEF (collectively, the Acquisitions ) as purchases and included the results of operations of the Acquisitions in its consolidated financial statements from the effective date of each acquisition. The Company is in the process of obtaining third-party valuations of certain tangible and intangible assets of APC and the Unison product line; thus, the values attributed to acquired assets in the consolidated financial statements are subject to adjustment. Pro forma net sales and results of operations for the Acquisitions, had they occurred at the beginning of the twenty-six week periods ended March 28, 2009 and March 29, 2008, respectively, are not significant and, accordingly, are not provided.

The Acquisitions strengthen and expand our position to design, produce and supply highly-engineered proprietary aerospace components in niche markets with significant aftermarket content and provide opportunities to create value through the application of our three core value-driven operating strategies. The purchase price paid for each Acquisition reflects the current earnings before interest, taxes, depreciation and amortization (EBITDA) and cash flows, as well as, the future EBITDA and cash flows expected to be generated by the business, which is driven in most cases primarily by the recurring aftermarket consumption over the life of a particular aircraft, which is estimated to be approximately 30 years.

#### 5. INVENTORIES

Inventories are stated at the lower of cost or market. Cost of inventories is determined by the average cost and the first-in, first-out (FIFO) methods for all locations except CEF, which determines the cost of inventories using the last-in, first-out (LIFO) method. Approximately 9% of the inventory was valued under the LIFO method at March 28, 2009.



Inventories consist of the following (in thousands):

|   | March 28,<br>2009 | September 30,<br>2008 |
|---|-------------------|-----------------------|
| Work-in-progress and finished goods         | \$ 82,842         | \$ 78,467             |
| Raw materials and purchased component parts | 89,463            | 81,750                |
| <b>Total</b>                                | <b>172,305</b>    | <b>160,217</b>        |
| Reserve for excess and obsolete inventory   | (16,601)          | (15,862)              |
| LIFO reserve                                | 1,813             | (241)                 |
| <br>Inventories - net                       | <br>\$ 157,517    | <br>\$ 144,114        |

## 6. INTANGIBLE ASSETS

Intangible assets subject to amortization consist of the following (in thousands):

|                       | Gross Carrying<br>Amount | March 28, 2009<br>Accumulated<br>Amortization | Net               |
|-----------------------|--------------------------|---|-------------------|
| Unpatented technology | \$ 195,089               | \$ 31,557                                     | \$ 163,532        |
| License agreement     | 9,373                    | 3,007   | 6,366             |
| Trade secrets         | 18,462                   | 3,685   | 14,777            |
| Patented technology   | 1,701                    | 959   | 742               |
| Order backlog         | 18,840                   | 17,335  | 1,505             |
| Other                 | 1,600                    | 856   | 744               |
| <b>Total</b>          | <b>\$ 245,065</b>        | <b>\$ 57,399</b>                              | <b>\$ 187,666</b> |

|                       | Gross Carrying<br>Amount | September 30, 2008<br>Accumulated<br>Amortization | Net               |
|-----------------------|--------------------------|---|-------------------|
| Unpatented technology | \$ 190,493               | \$ 27,180   | \$ 163,313        |
| License agreement     | 9,373                    | 2,741   | 6,632             |
| Trade secrets         | 18,462                   | 3,267   | 15,195            |
| Patented technology   | 1,670                    | 922   | 748               |
| Order backlog         | 17,520                   | 15,698  | 1,822             |
| Other                 | 1,600                    | 742   | 858               |
| <b>Total</b>          | <b>\$ 239,118</b>        | <b>\$ 50,550</b>                                  | <b>\$ 188,568</b> |

The total carrying amount of identifiable intangible assets not subject to amortization consists of \$173.7 million and \$167.6 million of trademarks and trade names at March 28, 2009 and September 30, 2008, respectively.

Intangible assets acquired during the twenty-six week period ended March 28, 2009 were as follows (in thousands):

|   | Cost             | Amortization<br>Period |
|---|------------------|------------------------|
| <b>Intangible assets not subject to amortization:</b> |                  |                        |
| Goodwill  | \$ 48,322        |                        |
| Trademarks and trade names                            | 6,080            |                        |
|   | 54,402           |                        |
| <b>Intangible assets subject to amortization:</b>     |                  |                        |
| Unpatented technology                                 | 4,590            | 18 years               |
| Order backlog   | 1,300            | 1 year                 |
|   | 5,890            | 14 years               |
| <b>Total</b>  | <b>\$ 60,292</b> |                        |

The aggregate amortization expense on identifiable intangible assets for the twenty-six week periods ended March 28, 2009 and March 29, 2008 was approximately \$6.8 million and \$6.1 million, respectively. The estimated amortization expense for fiscal 2009 is \$13.4 million and for each of the five succeeding years 2010 through 2014 is \$10.9 million, \$10.5 million, \$10.4 million, \$10.3 million and \$10.3 million, respectively.

The following is a summary of changes in the carrying value of goodwill from September 30, 2008 through March 28, 2009 (in thousands):

|                                   |              |
|-----------------------------------|--------------|
| Balance, September 30, 2008       | \$ 1,354,774 |
| Goodwill acquired during the year | 48,322       |
| Other                             | 1,325        |
| Balance, March 28, 2009           | \$ 1,404,421 |

## 7. PRODUCT WARRANTY

The Company provides limited warranties in connection with the sale of its products. The warranty period for products sold varies among the Company's operations, ranging generally from 90 days to six years. A provision for the estimated cost to repair or replace the products is recorded at the time of sale and periodically adjusted to reflect actual experience.

The following table presents a reconciliation of changes in the product warranty liability for the periods indicated below (in thousands):

|  | Twenty-Six Week Periods Ended |                   |
|--|-------------------------------|-------------------|
|  | March 28,<br>2009             | March 29,<br>2008 |
| Liability balance at beginning of period | \$ 6,255                      | \$ 4,624          |
| Accruals for warranties issued           | 1,523                         | 930               |
| Warranty costs incurred                  | (1,113)                       | (796)             |
| Acquisition                              | 681                           |                   |
| Liability balance at end of period       | \$ 7,346                      | \$ 4,758          |



**8. INCOME TAXES**

At the end of each reporting period, the Company makes an estimate of its annual effective income tax rate. The estimate used in the year-to-date period may change in subsequent periods. The Company recorded an income tax provision of \$22.8 million in the thirteen week period ended March 28, 2009 compared to \$16.6 million in the prior year period. The effective tax rate for the thirteen week period ended March 28, 2009 was 36.2% compared to 34.0% for the comparable period in the prior year. The higher effective tax rate was primarily due to the favorable resolution at March 29, 2008, of a prior year state tax refund claim of \$0.9 million that reduced the effective rate for that quarter by approximately two percentage points.

The Company recorded an income tax provision of \$44.1 million in the twenty-six week period ended March 28, 2009 compared to \$32.0 million in the prior year period. The effective tax rate was 35.6% for the twenty-six weeks ended March 28, 2009 and was comparable to the 35.1% for the twenty-six week period ended March 29, 2008.

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction as well as in various state jurisdictions. As of March 28, 2009, the Company is subject to a U.S. Federal income tax examination for fiscal years 2007 and 2008. In addition, the Company is subject to state and local income tax examinations for fiscal years 2004 through 2008.

At March 28, 2009, the Company had \$3.1 million in unrecognized tax benefits, the recognition of which would have an effect of approximately \$2.1 million on the effective tax rate. At September 30, 2008, the Company had \$2.8 million in unrecognized tax benefits, the recognition of which would have an effect of approximately \$1.9 million on the effective tax rate. The Company does not believe that the tax positions that comprise the unrecognized tax benefit amount will change significantly over the next 12 months. The Company recognizes accrued interest and penalties related to unrecognized tax benefits in income tax expense.

### 9. EARNINGS PER SHARE CALCULATION (RESTATED)

We restated our basic and diluted earnings per share calculations to give effect to participating securities under the two-class method of calculating earnings per share. Historically, the Company had utilized the treasury stock method in order to give effect to outstanding in-the-money stock options. Under the two-class method, securities that participate in dividends, such as the Company's vested outstanding stock options which include non-forfeitable rights to dividends, are considered participating securities.

Earnings per share information is determined using the two-class method, which includes the weighted-average number of common shares outstanding during the period and other securities that participate in dividends (participating securities). Our vested stock options are considered participating securities because they include non-forfeitable rights to dividends. In applying the two-class method, earnings are allocated to both common stock shares and participating securities based on their respective weighted-average shares outstanding for the period. Diluted earnings per share information may include the additional effect of other securities, if dilutive, in which case the dilutive effect of such securities is calculated using the treasury stock method.

The following table sets forth the computation of basic and diluted earnings per share:

| (in thousands, except per share data)                                     | Thirteen Week<br>Periods Ended |                   | Twenty-Six Week<br>Periods Ended |                   |
|---|--------------------------------|-------------------|----------------------------------|-------------------|
|   | March 28,<br>2009              | March 29,<br>2008 | March 28,<br>2009                | March 29,<br>2008 |
| <b>Numerator for earnings per share:</b>                                  |                                |                   |                                  |                   |
| Net income  | \$ 40,304                      | \$ 32,170         | \$ 79,903                        | \$ 59,138         |
| <b>Denominator for basic and diluted earnings per share, as restated:</b> |                                |                   |                                  |                   |
| Weighted average common shares outstanding                                | 48,261                         | 47,605            | 48,429                           | 47,415            |
| Vested options deemed participating securities                            | 4,128                          | 4,361             | 4,167                            | 4,356             |
| Total shares for basic and diluted earnings per share                     | 52,389                         | 51,966            | 52,596                           | 51,771            |
| <b>Earnings per share, as restated:</b>                                   |                                |                   |                                  |                   |
| Basic   | \$ 0.77                        | \$ 0.62           | \$ 1.52                          | \$ 1.14           |
| Diluted   | \$ 0.77                        | \$ 0.62           | \$ 1.52                          | \$ 1.14           |
| <b>Earnings per share, as reported:</b>                                   |                                |                   |                                  |                   |
| Basic   | \$ 0.84                        | \$ 0.68           | \$ 1.65                          | \$ 1.25           |
| Diluted   | \$ 0.80                        | \$ 0.64           | \$ 1.59                          | \$ 1.18           |
| <b>Weighted average shares outstanding, as reported:</b>                  |                                |                   |                                  |                   |

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|         |        |        |        |        |
|---------|--------|--------|--------|--------|
| Basic   | 48,261 | 47,605 | 48,429 | 47,415 |
| Diluted | 50,217 | 50,037 | 50,373 | 49,952 |

**10. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Company has various financial instruments, including cash and cash equivalents, accounts receivable and payable, accrued liabilities, interest rate swaps and long-term debt. SFAS 157 (See Note 3) establishes a valuation hierarchy for disclosure of the inputs to valuation used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs (other than quoted prices) that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

The carrying value of the Company's cash and cash equivalents, accounts receivable and payable, and accrued liabilities approximates their fair value due to the short-term maturities of these assets and liabilities. The estimated fair value of the Company's term loans approximated \$706 million at March 28, 2009 based on information provided by the agent under the Company's Senior Secured Credit Facility. The estimated fair value of the Company's 7/4% Senior Subordinated Notes approximated \$541 million at March 28, 2009 based upon quoted market prices.

Interest rate swap agreements are entered into to manage interest rate risk associated with floating-rate borrowings under our Senior Secured Credit Facility of \$780 million. The interest rate swap agreements utilized by the Company effectively modify the Company's exposure to interest rate risk by converting a portion of the Company's floating-rate debt to a fixed rate basis through the expiration dates of the agreements, thereby reducing the impact of interest rate changes on future interest expense. These agreements involve the receipt of floating rate amounts in exchange for fixed rate interest payments over the life of the agreements without an exchange of the underlying principal amounts. These derivative instruments qualify as effective cash flow hedges under SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. Accordingly, changes in the fair values of the interest rate swaps are recorded as other comprehensive income. At March 28, 2009, we had agreements in place to swap variable interest rates on our Senior Secured Credit Facility for fixed interest rates for the notional amount of \$150 million through June 23, 2009 and for the notional amount of \$300 million through March 23, 2011.

The following table provides the liabilities carried at fair value measured on a recurring basis as of March 28, 2009 (in thousands):

|                                    | Fair Value at<br>March 28,<br>2009 | Fair Value Measurements Using Inputs<br>Considered as |           |            |
|------------------------------------|------------------------------------|---|-----------|------------|
|                                    |                                    | Level<br>1  | Level 2   | Level<br>3 |
| Interest Rate Swaps <sup>(1)</sup> | \$ 10,155                          | \$  | \$ 10,155 | \$         |

(1) Included in Accrued liabilities and Other non-current liabilities on the Condensed Consolidated Balance Sheets.

Interest rate swaps are measured at fair value using quoted market prices for the swap interest rate indexes over the term of the swap discounted to present value versus the fixed rate of the contract. They are classified within Level 2 of the valuation hierarchy.

**11. COMPREHENSIVE INCOME**

Comprehensive income, which includes adjustments for changes in the fair values of the interest rate swap agreements on a net of tax basis, was approximately \$73.0 million and \$53.3 million for the twenty-six week periods ended March 28, 2009 and March 29, 2008, respectively.

**12. SUPPLEMENTAL GUARANTOR INFORMATION**

TransDigm's 7/4% senior subordinated notes are jointly and severally guaranteed, on a senior subordinated basis, by TD Group and TransDigm Inc.'s Domestic Restricted Subsidiaries, as defined therein. The following supplemental condensed consolidating financial information presents, in separate columns, the balance sheets of the Company as of March 28, 2009 and September 30, 2008 and its statements of income and cash flows for the twenty-six week periods ended March 28, 2009 and March 29, 2008 for (i) TransDigm Group on a parent only basis with its investment in subsidiaries recorded under the equity method, (ii) TransDigm Inc. including its directly owned operations and non-operating entities, (iii) the Subsidiary Guarantors on a combined basis, and (iv) the Company on a consolidated basis.

**TRANSDIGM GROUP INCORPORATED**

**CONDENSED CONSOLIDATING BALANCE SHEET**

**AS OF MARCH 28, 2009**

(Amounts in thousands)

|   | TransDigm<br>Group | TransDigm<br>Inc.   | Subsidiary<br>Guarantors | Eliminations          | Total<br>Consolidated |
|---|--------------------|---------------------|--------------------------|-----------------------|-----------------------|
| <b>ASSETS</b>   |                    |                     |                          |                       |                       |
| <b>CURRENT ASSETS:</b>  |                    |                     |                          |                       |                       |
| Cash and cash equivalents                                       | \$ 2,635           | \$ 156,573          | \$ (4,598)               | \$                    | \$ 154,610            |
| Trade accounts receivable - Net                                 |                    | 10,900              | 89,177                   | (146)                 | 99,931                |
| Inventories   |                    | 21,174              | 136,535                  | (192)                 | 157,517               |
| Deferred income taxes   |                    | 19,677              |                          |                       | 19,677                |
| Prepaid expenses and other                                      |                    | 6,188               | 1,979                    |                       | 8,167                 |
| <b>Total current assets</b>                                     | <b>2,635</b>       | <b>214,512</b>      | <b>223,093</b>           | <b>(338)</b>          | <b>439,902</b>        |
| <b>INVESTMENT IN SUBSIDIARIES AND INTERCOMPANY<br/>BALANCES</b> |                    |                     |                          |                       |                       |
|   | 715,183            | 2,067,262           | 530,039                  | (3,312,484)           |                       |
| <b>PROPERTY, PLANT AND EQUIPMENT - Net</b>                      |                    | 14,523              | 83,704                   |                       | 98,227                |
| <b>GOODWILL</b>   |                    | 39,581              | 1,364,840                |                       | 1,404,421             |
| <b>TRADEMARKS AND TRADE NAMES</b>                               |                    | 19,376              | 154,330                  |                       | 173,706               |
| <b>OTHER INTANGIBLE ASSETS - Net</b>                            |                    | 10,280              | 177,386                  |                       | 187,666               |
| <b>DEBT ISSUE COSTS - Net</b>                                   |                    | 17,449              |                          |                       | 17,449                |
| <b>OTHER</b>  |                    | 2,185               | 1,397                    |                       | 3,582                 |
| <b>TOTAL ASSETS</b>   | <b>\$ 717,818</b>  | <b>\$ 2,385,168</b> | <b>\$ 2,534,789</b>      | <b>\$ (3,312,822)</b> | <b>\$ 2,324,953</b>   |
| <b>LIABILITIES AND STOCKHOLDERS EQUITY</b>                      |                    |                     |                          |                       |                       |
| <b>CURRENT LIABILITIES:</b>                                     |                    |                     |                          |                       |                       |
| Accounts payable  | \$                 | \$ 7,393            | \$ 20,980                | \$ (145)              | \$ 28,228             |
| Accrued liabilities   |                    | 20,320              | 32,873                   |                       | 53,193                |
| <b>Total current liabilities</b>                                |                    | <b>27,713</b>       | <b>53,853</b>            | <b>(145)</b>          | <b>81,421</b>         |
| <b>LONG-TERM DEBT</b>   |                    | <b>1,356,996</b>    |                          |                       | <b>1,356,996</b>      |
| <b>DEFERRED INCOME TAXES</b>                                    |                    | <b>155,482</b>      |                          |                       | <b>155,482</b>        |
| <b>OTHER NON-CURRENT LIABILITIES</b>                            |                    | <b>11,792</b>       | <b>1,444</b>             |                       | <b>13,236</b>         |
| <b>Total liabilities</b>  |                    | <b>1,551,983</b>    | <b>55,297</b>            | <b>(145)</b>          | <b>1,607,135</b>      |
| <b>STOCKHOLDERS EQUITY</b>                                      | <b>717,818</b>     | <b>833,185</b>      | <b>2,479,492</b>         | <b>(3,312,677)</b>    | <b>717,818</b>        |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS EQUITY</b>                | <b>\$ 717,818</b>  | <b>\$ 2,385,168</b> | <b>\$ 2,534,789</b>      | <b>\$ (3,312,822)</b> | <b>\$ 2,324,953</b>   |



**TRANSDIGM GROUP INCORPORATED**

**CONDENSED CONSOLIDATING BALANCE SHEET**

**AS OF SEPTEMBER 30, 2008**

(Amounts in thousands)

|  | TransDigm<br>Group | TransDigm<br>Inc.   | Subsidiary<br>Guarantors | Eliminations          | Total<br>Consolidated |
|--|--------------------|---------------------|--------------------------|-----------------------|-----------------------|
| <b>ASSETS</b>  |                    |                     |                          |                       |                       |
| <b>CURRENT ASSETS:</b>   |                    |                     |                          |                       |                       |
| Cash and cash equivalents  | \$ 1,552           | \$ 160,680          | \$ (3,170)               | \$                    | \$ 159,062            |
| Trade accounts receivable - Net                                  |                    | 11,668              | 84,753                   | (225)                 | 96,196                |
| Inventories  |                    | 19,028              | 125,290                  | (204)                 | 144,114               |
| Deferred income taxes  |                    | 19,902              |                          |                       | 19,902                |
| Prepaid expenses and other                                       |                    | 2,680               | 1,480                    |                       | 4,160                 |
| <b>Total current assets</b>                                      | <b>1,552</b>       | <b>213,958</b>      | <b>208,353</b>           | <b>(429)</b>          | <b>423,434</b>        |
| <b>INVESTMENTS IN SUBSIDIARIES AND INTERCOMPANY<br/>BALANCES</b> |                    |                     |                          |                       |                       |
|  | 652,681            | 1,993,525           | 430,757                  | (3,076,963)           |                       |
| <b>PROPERTY, PLANT AND EQUIPMENT - Net</b>                       |                    | 14,495              | 81,746                   |                       | 96,241                |
| <b>GOODWILL</b>  |                    | 40,320              | 1,314,454                |                       | 1,354,774             |
| <b>TRADEMARKS AND TRADE NAMES</b>                                |                    | 19,376              | 148,250                  |                       | 167,626               |
| <b>OTHER INTANGIBLE ASSETS - Net</b>                             |                    | 10,565              | 178,003                  |                       | 188,568               |
| <b>DEBT ISSUE COSTS - Net</b>                                    |                    | 19,309              |                          |                       | 19,309                |
| <b>OTHER</b>   |                    | 5,517               | 352                      |                       | 5,869                 |
| <b>TOTAL ASSETS</b>  | <b>\$ 654,233</b>  | <b>\$ 2,317,065</b> | <b>\$ 2,361,915</b>      | <b>\$ (3,077,392)</b> | <b>\$ 2,255,821</b>   |
| <b>LIABILITIES AND STOCKHOLDERS EQUITY</b>                       |                    |                     |                          |                       |                       |
| <b>CURRENT LIABILITIES:</b>                                      |                    |                     |                          |                       |                       |
| Accounts payable   | \$                 | \$ 6,546            | \$ 18,817                | \$ (223)              | \$ 25,140             |
| Accrued liabilities  | 5,939              | 22,255              | 35,168                   |                       | 63,362                |
| <b>Total current liabilities</b>                                 | <b>5,939</b>       | <b>28,801</b>       | <b>53,985</b>            | <b>(223)</b>          | <b>88,502</b>         |
| <b>LONG-TERM DEBT</b>  |                    | 1,357,230           |                          |                       | 1,357,230             |
| <b>DEFERRED INCOME TAXES</b>                                     | (5,606)            | 157,278             |                          |                       | 151,672               |
| <b>OTHER NON-CURRENT LIABILITIES</b>                             |                    | 3,073               | 1,444                    |                       | 4,517                 |
| <b>Total liabilities</b>   | <b>333</b>         | <b>1,546,382</b>    | <b>55,429</b>            | <b>(223)</b>          | <b>1,601,921</b>      |
| <b>STOCKHOLDERS EQUITY</b>                                       | <b>653,900</b>     | <b>770,683</b>      | <b>2,306,486</b>         | <b>(3,077,169)</b>    | <b>653,900</b>        |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS EQUITY</b>                 | <b>\$ 654,233</b>  | <b>\$ 2,317,065</b> | <b>\$ 2,361,915</b>      | <b>\$ (3,077,392)</b> | <b>\$ 2,255,821</b>   |





**TRANSDIGM GROUP INCORPORATED**  
**CONDENSED CONSOLIDATING STATEMENT OF INCOME**  
**FOR THE TWENTY-SIX WEEK PERIOD ENDED MARCH 28, 2009**

(Amounts in thousands)

|                                  | TransDigm<br>Group | TransDigm<br>Inc. | Subsidiary<br>Guarantors | Eliminations | Total<br>Consolidated |
|----------------------------------|--------------------|-------------------|--------------------------|--------------|-----------------------|
| NET SALES                        | \$                 | \$ 33,571         | \$ 341,475               | \$ (723)     | \$ 374,323            |
| COST OF SALES                    |                    | 19,581            | 142,379                  | (736)        | 161,224               |
| GROSS PROFIT                     |                    | 13,990            | 199,096                  | 13           | 213,099               |
| OPERATING EXPENSES:              |                    |                   |                          |              |                       |
| Selling and administrative       |                    | 13,499            | 25,089                   |              | 38,588                |
| Amortization of intangibles      |                    | 312               | 6,537                    |              | 6,849                 |
| Total operating expenses         |                    | 13,811            | 31,626                   |              | 45,437                |
| INCOME FROM OPERATIONS           |                    | 179               | 167,470                  | 13           | 167,662               |
| OTHER INCOME (EXPENSES):         |                    |                   |                          |              |                       |
| Interest expense - net           |                    | (41,361)          | (2,261)                  |              | (43,622)              |
| Equity in income of subsidiaries | 79,903             | 106,441           |                          | (186,344)    |                       |
| INCOME BEFORE INCOME TAXES       | 79,903             | 65,259            | 165,209                  | (186,331)    | 124,040               |
| INCOME TAX PROVISION (BENEFIT)   |                    | (14,644)          | 58,781                   |              | 44,137                |
| NET INCOME                       | \$ 79,903          | \$ 79,903         | \$ 106,428               | \$ (186,331) | \$ 79,903             |

**TRANSDIGM GROUP INCORPORATED**  
**CONDENSED CONSOLIDATING STATEMENT OF INCOME**  
**FOR THE TWENTY-SIX WEEK PERIOD ENDED MARCH 29, 2008**

(Amounts in thousands)

|                                  | TransDigm<br>Group | TransDigm<br>Inc. | Subsidiary<br>Guarantors | Eliminations | Total<br>Consolidated |
|----------------------------------|--------------------|-------------------|--------------------------|--------------|-----------------------|
| NET SALES                        | \$                 | \$ 35,417         | \$ 304,030               | \$ (1,026)   | \$ 338,421            |
| COST OF SALES                    |                    | 21,823            | 135,325                  | (738)        | 156,410               |
| GROSS PROFIT                     |                    | 13,594            | 168,705                  | (288)        | 182,011               |
| OPERATING EXPENSES:              |                    |                   |                          |              |                       |
| Selling and administrative       |                    | 12,192            | 24,040                   |              | 36,232                |
| Amortization of intangibles      |                    | 312               | 5,782                    |              | 6,094                 |
| Total operating expenses         |                    | 12,504            | 29,822                   |              | 42,326                |
| INCOME FROM OPERATIONS           |                    | 1,090             | 138,883                  | (288)        | 139,685               |
| OTHER INCOME (EXPENSES):         |                    |                   |                          |              |                       |
| Interest expense - net           |                    |                   | (33,489)                 |              | (48,522)              |
| Equity in income of subsidiaries | 59,138             | 80,091            |                          | (139,229)    |                       |
| INCOME BEFORE INCOME TAXES       | 59,138             | 47,692            | 123,850                  | (139,517)    | 91,163                |
| INCOME TAX PROVISION (BENEFIT)   |                    | (11,446)          | 43,471                   |              | 32,025                |
| NET INCOME                       | \$ 59,138          | \$ 59,138         | \$ 80,379                | \$ (139,517) | \$ 59,138             |

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**TRANSDIGM GROUP INCORPORATED**
**CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS****FOR THE TWENTY-SIX WEEK PERIOD ENDED MARCH 28, 2009****(Amounts in thousands)**

|   | TransDigm<br>Group | TransDigm<br>Inc. | Subsidiary<br>Guarantors | Eliminations | Total<br>Consolidated |
|---|--------------------|-------------------|--------------------------|--------------|-----------------------|
| OPERATING ACTIVITIES                                | \$ (6,221)         | \$ (24,438)       | \$ 110,174               | \$           | \$ 79,515             |
| INVESTING ACTIVITIES:                               |                    |                   |                          |              |                       |
| Capital expenditures                                |                    | (837)             | (4,980)                  |              | (5,817)               |
| Acquisition of businesses                           |                    | (66,487)          |                          |              | (66,487)              |
| Net cash used in investing activities               |                    | (67,324)          | (4,980)                  |              | (72,304)              |
| FINANCING ACTIVITIES:                               |                    |                   |                          |              |                       |
| Intercompany activities                             | 18,967             | 87,655            | (106,622)                |              |                       |
| Excess tax benefit from exercise of stock options   | 1,761              |                   |                          |              | 1,761                 |
| Proceeds from exercise of stock options             | 1,818              |                   |                          |              | 1,818                 |
| Purchase of treasury stock                          | (15,242)           |                   |                          |              | (15,242)              |
| Net cash provided by (used in) financing activities | 7,304              | 87,655            | (106,622)                |              | (11,663)              |
| INCREASE (DECREASE) IN CASH AND CASH<br>EQUIVALENTS | 1,083              | (4,107)           | (1,428)                  |              | (4,452)               |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD      | 1,552              | 160,680           | (3,170)                  |              | 159,062               |
| CASH AND CASH EQUIVALENTS, END OF PERIOD            | \$ 2,635           | \$ 156,573        | \$ (4,598)               | \$           | \$ 154,610            |

**TRANSDIGM GROUP INCORPORATED**  
**CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS**  
**FOR THE TWENTY-SIX WEEK PERIOD ENDED MARCH 29, 2008**

(Amounts in thousands)

|   | TransDigm<br>Group | TransDigm<br>Inc. | Subsidiary<br>Guarantors | Eliminations | Total<br>Consolidated |
|---|--------------------|-------------------|--------------------------|--------------|-----------------------|
| OPERATING ACTIVITIES                                | \$ 881             | \$ (8,267)        | \$ 85,559                | \$           | \$ 78,173             |
| INVESTING ACTIVITIES:                               |                    |                   |                          |              |                       |
| Capital expenditures                                |                    | (319)             | (3,864)                  |              | (4,183)               |
| Net cash used in investing activities               |                    | (319)             | (3,864)                  |              | (4,183)               |
| FINANCING ACTIVITIES:                               |                    |                   |                          |              |                       |
| Changes in intercompany activities                  | (10,681)           | 93,649            | (82,968)                 |              |                       |
| Excess tax benefit from exercise of stock options   | 10,184             |                   |                          |              | 10,184                |
| Proceeds from exercise of stock options             | 3,867              |                   |                          |              | 3,867                 |
| Net cash provided by (used in) financing activities | 3,370              | 93,649            | (82,968)                 |              | 14,051                |
| INCREASE (DECREASE) IN CASH AND CASH<br>EQUIVALENTS | 4,251              | 85,063            | (1,273)                  |              | 88,041                |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD      | 11,117             | 97,780            | (2,951)                  |              | 105,946               |
| CASH AND CASH EQUIVALENTS, END OF PERIOD            | \$ 15,368          | \$ 182,843        | \$ (4,224)               | \$           | \$ 193,987            |

\* \* \* \* \*

**ITEM 4. CONTROLS AND PROCEDURES**

As of March 28, 2009 and in connection with the preparation of the Original Filing, TD Group carried out an evaluation, under the supervision and with the participation of TD Group's management, including its Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial and Accounting Officer), of the effectiveness of the design and operation of TD Group's disclosure controls and procedures. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that TD Group's disclosure controls and procedures were effective to ensure that information required to be disclosed by TD Group in the reports it files or submits under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported, within the time periods specified by the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to TD Group's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, TD Group's management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in designing and evaluating the controls and procedures. Subsequent to the issuance of the Original Filing, management identified a material weakness relating to the application of the two-class method in calculating basic and diluted earnings per share. Solely as a result of this material weakness, management has revised its earlier assessment and has now concluded that TD Group's disclosure controls and procedures were not effective as of March 28, 2009. However, as of the date hereof, management believes that as a result of the remedial actions described below, we have remediated the material weakness in TD Group's disclosure controls and procedures, and that as of the date hereof, TD Group's disclosure controls and procedures are effective. Subsequent to the filing of the Original Filing, and in connection with the filing of this Form 10-Q/A, TD Group has put in place a review process in order to identify any participating securities and appropriately calculate the effect on basic and diluted earnings per share, and TD Group believes, as of the date hereof, that the material weakness has been remediated.

**Changes in Internal Control over Financial Reporting**

There have been no changes in TD Group's internal control over financial reporting that occurred during the thirteen week period ending March 28, 2009 that have materially affected, or are reasonably likely to materially affect, TD Group's internal control over financial reporting.

**SIGNATURES**

TRANSDIGM GROUP INCORPORATED

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 assigned.

| <b>SIGNATURE</b>                             | <b>TITLE</b>  | <b>DATE</b>       |
|--|---|-------------------|
| /s/ W. Nicholas Howley<br>W. Nicholas Howley | Chairman of the Board of Directors and<br>Chief Executive Officer<br>(Principal Executive Officer)      | February 10, 2010 |
| /s/ Gregory Rufus<br>Gregory Rufus           | Chief Financial Officer and<br>Executive Vice President<br>(Principal Financial and Accounting Officer) | February 10, 2010 |

**EXHIBIT INDEX**

**TO FORM 10-Q/A FOR THE PERIOD ENDED MARCH 28, 2009**

| <b>EXHIBIT NO.</b> | <b>DESCRIPTION</b>   |
|--------------------|--|
| 10.1               | Amendment to Employment Agreement dated December 30, 2008 between Christopher Anderson and Avtech Corporation (incorporated by reference to Form 8-K filed January 2, 2009).   |
| 31.1               | Certification by Principal Executive Officer of TransDigm Group Incorporated pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2               | Certification by Principal Financial Officer of TransDigm Group Incorporated pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1               | Certification by Principal Executive Officer of TransDigm Group Incorporated pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.   |
| 32.2               | Certification by Principal Financial Officer of TransDigm Group Incorporated pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.   |