

Second Amended and Restated Credit Facility—On June 4, 2014, TransDigm Inc. amended and restated its existing credit agreement dated February 28, 2013, by entering into a Second Amended and Restated Credit Agreement (the “2014 Credit Facility”). The 2014 Credit Facility permits, among other things, (i) the payment of a special dividend of up to \$1.7 billion to the holders of TD Group’s common stock, par value \$.01 per share, (ii) the issuance of the 2022 Notes and the 2024 Notes (each as defined below), (iii) the incurrence of certain new tranche D term loans (the “Tranche D Term Loans”) in an aggregate principal amount equal to \$825 million, which Tranche D Term Loans were fully drawn on June 4, 2014 and mature on June 4, 2021, (iv) the increase of the total revolving commitments thereunder to \$420 million, which includes a sublimit of up to \$100 million of multicurrency revolving commitments, and (v) certain changes to certain affirmative and negative covenants and the financial covenant thereunder. The terms and conditions that apply to the Tranche D Term Loans, including pricing, are substantially the same as the terms and conditions that apply to the other term loans under the 2014 Credit Facility. In addition, the Revolving A Credit Commitments previously available under the credit facility were terminated.

The term loan facilities under the 2014 Credit Facility (the “Term Loan Facility”) now consist of three tranches of term loans—Tranche B Term Loans, Tranche C Term Loans and Tranche D Term Loans. The Revolving Credit Facility now consists of one tranche—Revolving B Commitments, which include up to \$100 million of multicurrency revolving commitments. The Tranche B Term Loans consist of \$500 million in the aggregate maturing on February 14, 2017, the Tranche C Term Loans consist of \$2,600 million in the aggregate maturing on February 28, 2020 and the Tranche D Term Loans consist of \$825 million in the aggregate maturing on June 4, 2021. The Term Loan Facility requires quarterly principal payments of \$7.8 million, which began on March 28, 2013, and an additional quarterly principal payment of \$2.1 million beginning September 30, 2014. The Revolving B Commitments consist of \$420 million in the aggregate and mature on February 28, 2018. At September 30, 2014, the Company had \$6.8 million letters of credit outstanding and \$413.2 million of borrowings available under the 2014 Credit Facility.

Under the terms of the 2014 Credit Facility, TransDigm is entitled on one or more occasions, subject to the satisfaction of certain conditions, to request additional commitments under the Revolving Credit Facility or additional term loans in the aggregate principal amount of up to \$1.0 billion to the extent that existing or new lenders agree to provide such additional term loans. All of the indebtedness outstanding under the 2014 Credit Facility is guaranteed by TD Group and all of TransDigm’s current and future domestic restricted subsidiaries (other than immaterial subsidiaries). In addition, the obligations of TransDigm and the guarantors under the 2014 Credit Facility are secured ratably in accordance with each lender’s respective revolving and term loan commitments by a first priority security interest in substantially all of the existing and future property and assets, including inventory, equipment, general intangibles, intellectual property, investment property and other personal property (but excluding leasehold interests and certain other assets) of TransDigm and its existing and future domestic restricted subsidiaries (other than immaterial subsidiaries), and a first priority pledge of the capital stock of TransDigm and its subsidiaries (other than foreign subsidiaries and certain domestic subsidiaries, of which 65% of the voting capital stock is pledged).

The interest rates per annum applicable to the loans under the 2014 Credit Facility will be, at TransDigm’s option, equal to either an alternate base rate or an adjusted LIBO rate for one, two, three or six-month (or to the extent agreed to by each relevant lender, nine or twelve-month) interest periods chosen by TransDigm, in each case plus an applicable margin percentage. The adjusted LIBO rate is subject to a floor of .75%. At September 30, 2014 the applicable interest rate was 3.50% on the Tranche B Term Loan and 3.75% on the Tranche C and Tranche D Term Loans.

The Term Loan Facility requires mandatory prepayments of principal based on certain percentages of Excess Cash Flow (as defined in the 2014 Credit Facility), commencing 90 days after the end of each fiscal year, commencing with the fiscal year ending September 30, 2014, subject to certain exceptions. In addition, subject to certain exceptions (including, with respect to asset sales, the reinvestment in productive assets), TransDigm will be required to prepay the loans outstanding under the Term Loan facility at 100% of the principal amount