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to certain negative covenants under the 2013 Credit Facility, a modification to the financial covenant contained in the Revolving Credit Facility established pursuant to the 2013 Credit Facility and a modification to the incremental term loan facility established pursuant to the 2013 Credit Facility by excluding the Incremental Term Facility (as defined below) from the calculation of the availability thereunder.

On July 1, 2013, in accordance with the terms of the 2013 Credit Facility, TransDigm Inc. entered into an Incremental Term Loan Assumption Agreement (the "Term Loan Assumption Agreement"). The Term Loan Assumption Agreement provides for incremental term loans in the form of additional Tranche C Term Loans in the aggregate principal amount of \$900 million (the "Incremental Term Facility"). The Incremental Term Facility was fully drawn on July 1, 2013. The terms and conditions that apply to the Incremental Term Facility are substantially the same as the terms and conditions that apply to the existing tranche C term loans under the 2013 Credit Facility. The Term Loan Facility requires quarterly principal payments of \$7.8 million.

The revolving A commitments are \$32 million in the aggregate and the revolving B commitments are \$278 million in the aggregate. The revolving A commitments mature on December 6, 2015 and the revolving B commitments mature on February 28, 2018. At September 30, 2013, the Company had \$6.8 million letters of credit outstanding and \$303.2 million of borrowings available under the 2013 Credit Facility.

Under the terms of the 2013 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 \$500 million to the extent that existing or new lenders agree to provide such additional term loans. In addition, TransDigm is entitled to convert, subject to certain conditions, the revolving A commitments to revolving B commitments.

All of the indebtedness outstanding under the 2013 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 2013 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 2013 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, 2013 the applicable interest rate was 3.50% on the tranche B term loan and 3.75% on the tranche C term loan.

The Term Loan Facility requires mandatory prepayments of principal based on certain percentages of Excess Cash Flow (as defined in the 2013 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 thereof, plus accrued and unpaid interest, with the net cash proceeds of certain asset sales and issuance or incurrence of certain indebtedness. In addition, if, prior to February 28, 2014, the principal amount of the term loans are (i) prepaid substantially concurrently with the incurrence by TD Group, TransDigm or any its subsidiaries of new bank loans that have an effective yield lower than the yield in effect on the term loans so prepaid or (ii) received by a lender due to a mandatory assignment following the failure of such lender to consent to an amendment of the 2013 Credit Facility that has the effect of reducing the effective interest rate with respect to the term loans, such prepayment or receipt shall be accompanied by a premium of 1.0%.