
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549**

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended June 28, 2008.

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

(State or other jurisdiction of incorporation or organization)

51-0484716

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

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

44114
(Zip Code)

(216) 706-2939

(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 is a large accelerated filer, accelerated filer, non-accelerated filer or a smaller reporting company. See definition 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 (Do not check if smaller reporting company)

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 48,402,437 as of July 26, 2008.

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TRANSDIGM GROUP INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share amounts)
(Unaudited)

	June 28, 2008	September 30, 2007
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 189,193	\$ 105,946
Trade accounts receivable - Net	100,947	100,094
Income taxes receivable	—	4,472
Inventories	142,993	126,763
Deferred income taxes	17,051	23,923
Prepaid expenses and other	4,033	4,401
Total current assets	454,217	365,599
PROPERTY, PLANT AND EQUIPMENT - Net	93,568	87,074
GOODWILL	1,300,777	1,247,870
TRADEMARKS AND TRADE NAMES	162,056	159,427
OTHER INTANGIBLE ASSETS - Net	186,870	175,471
DEBT ISSUE COSTS - Net	20,239	23,026
OTHER	4,369	2,586
TOTAL ASSETS	<u>\$2,222,096</u>	<u>\$ 2,061,053</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 26,136	\$ 24,753
Income taxes payable	6,728	—
Accrued liabilities	57,751	42,466
Total current liabilities	90,615	67,219
LONG-TERM DEBT	1,357,348	1,357,854
DEFERRED INCOME TAXES	149,506	140,251
OTHER NON-CURRENT LIABILITIES	10,461	8,178
Total liabilities	<u>1,607,930</u>	<u>1,573,502</u>
STOCKHOLDERS' EQUITY:		
Common stock—\$.01 par value; authorized 224,400,000 shares; issued 48,335,453 and 47,041,974 at June 28, 2008 and September 30, 2007, respectively	483	470
Additional paid-in capital	360,980	332,522
Retained earnings	249,756	156,312
Accumulated other comprehensive income/(loss)	2,947	(1,753)
Total stockholders' equity	<u>614,166</u>	<u>487,551</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$2,222,096</u>	<u>\$ 2,061,053</u>

See notes to condensed consolidated financial statements.

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TRANSDIGM GROUP INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
FOR THE THIRTEEN AND THIRTY-NINE WEEK PERIODS ENDED
JUNE 28, 2008 AND JUNE 30, 2007
(Amounts in thousands, except per share amounts)
(Unaudited)

	Thirteen Week Periods Ended		Thirty-Nine Week Periods Ended	
	June 28, 2008	June 30, 2007	June 28, 2008	June 30, 2007
NET SALES	\$ 186,052	\$ 157,613	\$ 524,473	\$ 424,760
COST OF SALES	85,570	75,360	241,980	203,802
GROSS PROFIT	100,482	82,253	282,493	220,958
OPERATING EXPENSES:				
Selling and administrative	19,317	17,340	55,549	44,047
Amortization of intangibles	2,747	3,607	8,841	8,617
Total operating expenses	22,064	20,947	64,390	52,664
INCOME FROM OPERATIONS	78,418	61,306	218,103	168,294
INTEREST EXPENSE - Net	21,849	25,924	70,371	66,320
INCOME BEFORE INCOME TAXES	56,569	35,382	147,732	101,974
INCOME TAX PROVISION	20,570	13,261	52,595	38,004
NET INCOME	\$ 35,999	\$ 22,121	\$ 95,137	\$ 63,970
Net earnings per share:				
Basic earnings per share	\$ 0.75	\$ 0.48	\$ 2.00	\$ 1.42
Diluted earnings per share	\$ 0.72	\$ 0.45	\$ 1.90	\$ 1.33
Weighted-average shares outstanding:				
Basic	48,084	45,800	47,639	45,182
Diluted	50,273	48,832	50,058	48,272

See notes to condensed consolidated financial statements.

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TRANSDIGM GROUP INCORPORATED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE THIRTY-NINE WEEK PERIOD ENDED JUNE 28, 2008
(Amounts in thousands, except share amounts)
(Unaudited)

	<u>Common Stock</u>		<u>Additional</u>	<u>Retained</u>	<u>Accumulated</u>	<u>Total</u>
	<u>Number</u>	<u>Par</u>	<u>Paid-In</u>	<u>Earnings</u>	<u>Other</u>	
	<u>of Shares</u>	<u>Value</u>	<u>Capital</u>		<u>Comprehensive</u>	
					<u>Income/(Loss)</u>	
BALANCE, OCTOBER 1, 2007	47,041,974	\$470	\$332,522	\$156,312	\$ (1,753)	\$487,551
FIN 48 adjustment (Note 8)	—	—	—	(1,693)	—	(1,693)
Compensation expense recognized for employee stock options	—	—	3,066	—	—	3,066
Excess tax benefit from exercise of stock options	—	—	17,031	—	—	17,031
Common stock issued	3,160	—	83	—	—	83
Exercise of employee stock options	1,290,319	13	8,256	—	—	8,269
Restricted stock compensation	—	—	22	—	—	22
Comprehensive income/(loss):						
Net income	—	—	—	95,137	—	95,137
Interest rate swap	—	—	—	—	4,619	4,619
Other comprehensive income	—	—	—	—	81	81
Comprehensive income						99,837
BALANCE, JUNE 28, 2008	<u>48,335,453</u>	<u>\$483</u>	<u>\$360,980</u>	<u>\$249,756</u>	<u>\$ 2,947</u>	<u>\$614,166</u>

See notes to condensed consolidated financial statements.

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TRANSDIGM GROUP INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)
(Unaudited)

	Thirty-Nine Week Periods Ended	
	June 28, 2008	June 30, 2007
OPERATING ACTIVITIES:		
Net income	\$ 95,137	\$ 63,970
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	9,808	8,423
Amortization of intangibles	8,841	8,617
Amortization of debt issue costs and note premium	2,285	2,224
Non-cash equity compensation	3,088	2,453
Deferred income taxes	4,988	(1,911)
Changes in assets/liabilities, net of effects from acquisitions of businesses:		
Trade accounts receivable	2,352	(7,381)
Inventories	(1,684)	(8,064)
Income taxes receivable/payable	29,311	29,362
Excess tax benefit from exercise of stock options	(17,031)	(21,962)
Other assets	(812)	(3,309)
Accounts payable	663	1,474
Accrued and other liabilities	12,974	16,223
Net cash provided by operating activities	<u>149,920</u>	<u>90,119</u>
INVESTING ACTIVITIES:		
Capital expenditures	(7,251)	(7,145)
Acquisitions of businesses	(84,722)	(475,909)
Net cash used in investing activities	<u>(91,973)</u>	<u>(483,054)</u>
FINANCING ACTIVITIES:		
Proceeds from issuance of senior subordinated notes, net of fees	—	296,795
Borrowings under senior secured credit facility, net of fees	—	125,423
Excess tax benefit from exercise of stock options	17,031	21,962
Proceeds from exercise of stock options	8,269	7,733
Net cash provided by financing activities	<u>25,300</u>	<u>451,913</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	83,247	58,978
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	105,946	61,217
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 189,193</u>	<u>\$ 120,195</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for interest	<u>\$ 61,444</u>	<u>\$ 53,272</u>
Cash paid during the period for income taxes	<u>\$ 18,095</u>	<u>\$ 10,508</u>

See notes to condensed consolidated financial statements.

TRANSDIGM GROUP INCORPORATED

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

THIRTEEN AND THIRTY-NINE WEEK PERIODS ENDED JUNE 28, 2008 AND JUNE 30, 2007

(UNAUDITED)

1. DESCRIPTION OF THE BUSINESS AND MERGER

Description of the Business— TransDigm Group Incorporated (“TD Group”), through its wholly-owned subsidiary, TransDigm Inc., believes it 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., and CEF Industries, Inc. (collectively, with TD Group and TransDigm Inc., 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 ignition systems and components, mechanical/electromechanical actuators and controls, gear pumps, engineered connectors, specialized valving, power conditioning devices, engineered latches and cockpit security devices, specialized AC/DC electric motors, lavatory hardware and components, hold open rods and locking devices, aircraft audio systems, NiCad batteries/chargers, and specialized fluorescent lighting and cockpit displays.

TD Group was incorporated on July 8, 2003 under the name TD Holding Corporation by outside investors to acquire control of TransDigm Holding Company (“TransDigm Holdings”) through the Merger described below and had no operations prior to the Merger. TD Group has no significant assets or operations other than its 100% ownership of TransDigm Inc.

Merger—On July 22, 2003, an entity formed by Warburg Pincus Private Equity VIII, L.P. (“Warburg Pincus”) merged with and into TransDigm Holdings, with TransDigm Holdings continuing as the surviving corporation as a wholly-owned subsidiary of a newly formed corporation controlled by Warburg Pincus, TD Group (the “Merger”).

Separate Financial Statements – Separate financial statements of TransDigm Inc. are not presented since TransDigm Inc.’s 7³/₄% 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, 2007 included in the Company’s Form 10-K dated November 21, 2007. The September 30, 2007 condensed consolidated balance sheet was derived from the TD Group’s audited financial statements. The results of operations for the thirty-nine week period ended June 28, 2008 are not necessarily indicative of the results to be expected for the full year. Certain reclassifications have been made to prior period financial statements to conform to the current year classifications.

3. NEW ACCOUNTING STANDARDS

In March 2008, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards No. 161, “Disclosures about Derivative Instruments and Hedging Activities” (“FAS 161”). FAS 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. FAS 161 is effective for fiscal years beginning after November 15, 2008, with early adoption permitted. The Company is currently evaluating the impact of the provisions of FAS 161 on its consolidated financial position or results of operations.

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141(R), “Business Combinations” (“SFAS 141(R)”), which replaces SFAS 141. SFAS 141(R) requires assets and liabilities acquired in a business combination, contingent consideration, and certain acquired contingencies to be measured at their fair values as of the date of acquisition. SFAS 141(R) also requires that acquisition-related costs and restructuring costs be recognized separately from the business combination. SFAS 141(R) is effective for fiscal years beginning after December 15, 2008. The Company has not determined the impact of SFAS 141(R) on its consolidated financial position or results of operations.

In July 2006, the FASB issued Financial Accounting Standards Board Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 prescribes the minimum accounting and disclosure requirements of uncertain tax positions. FIN 48 also provides guidance on the derecognition, measurement, classification, interest and penalties, and transition of uncertain tax positions. The Company adopted FIN 48 on October 1, 2007. See Note 8.

4. ACQUISITIONS

CEF— On May 7, 2008, TransDigm Inc. acquired all of the outstanding capital stock of CEF Industries, Inc. ("CEF") for approximately \$84.7 million in cash, subject to adjustment based on the level of working capital as of the closing date of the acquisition. CEF designs and manufactures 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 \$50.4 million of goodwill recognized for the acquisition will not be deductible for tax purposes.

Bruce—On August 10, 2007, pursuant to an asset purchase agreement among TransDigm Inc., Bruce Industries, Inc. and the shareholders of Bruce Industries, Inc., Bruce Aerospace, Inc. ("Bruce"), a newly formed wholly-owned subsidiary of TransDigm Inc., acquired certain assets and assumed certain liabilities of Bruce Industries, Inc. for \$35.5 million in cash, net of a purchase price adjustment of \$0.2 million received in February 2008. Additionally, in accordance with the purchase agreement, the Company recorded a contingent liability based upon earnings before income taxes, depreciation and amortization related to the sale of certain part numbers for a period of three years following the closing. Bruce designs and manufactures specialized fluorescent lighting used in the aerospace industry. The proprietary nature, established positions, and aftermarket content fit well with TransDigm's overall direction. The Company expects that the \$26.1 million of goodwill recognized for the acquisition will be deductible for tax purposes.

The Company accounted for the acquisitions of CEF and Bruce as purchases and included the results of operations of CEF and Bruce in its consolidated financial statements from the date of each acquisition. The Company is in the process of obtaining third-party valuations of certain intangible assets of CEF and Bruce; thus, the values attributed to acquired assets in the consolidated financial statements are subject to adjustment.

ATI – On February 7, 2007, TransDigm Inc. acquired all of the outstanding capital stock of Aviation Technologies, Inc. ("ATI") for \$430.1 million in cash. ATI consists of two primary operating units that service the commercial and military aerospace markets – Avtech Corporation ("Avtech") and Transicoil LLC (which, together with Transicoil (Malaysia) Sendirian Berhad is referred to as "ADS/Transicoil"). Avtech is a supplier of flight deck and passenger audio systems, cabin lighting, and power control products and related components. ADS/Transicoil is a supplier of displays, clocks, brushless motors and related components and instruments. Through Avtech and ADS/Transicoil, ATI manufactures proprietary products for the aerospace industry with broad platform positions and high aftermarket content, all of which fit well with TransDigm's overall direction. Substantially all of the \$310.4 million of goodwill recognized for the acquisition will not be deductible for tax purposes.

CDA – On October 3, 2006, TransDigm Inc. acquired all of the outstanding capital stock of CDA InterCorp ("CDA") for \$45.7 million in cash, which includes a purchase price adjustment of \$0.3 million paid in March 2007. CDA designs and manufactures specialized controllable drive actuators, motors, transducers, and gearing. The products are consistent with TransDigm's recent acquisition of similar product lines. Goodwill of \$34.3 million recognized in accounting for the acquisition will not be deductible for tax purposes.

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. Net inventory for CEF at June 28, 2008 was approximately \$13.9 million. Inventories consist of the following (in thousands):

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	June 28, 2008	September 30, 2007
Work-in-progress and finished goods	\$ 79,886	\$ 68,287
Raw materials and purchased component parts	79,155	72,943
Total	<u>159,041</u>	<u>141,230</u>
Reserve for excess and obsolete inventory	(16,048)	(14,467)
Inventories - net	<u>\$ 142,993</u>	<u>\$ 126,763</u>

6. INTANGIBLE ASSETS

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

	June 28, 2008		
	Gross Carrying Amount	Accumulated Amortization	Net
Unpatented technology	\$ 186,684	\$ 25,093	\$ 161,591
License agreement	9,373	2,609	6,764
Trade secrets	18,462	3,057	15,405
Patented technology	1,651	877	774
Order backlog	16,489	15,068	1,421
Other	1,600	685	915
Total	<u>\$ 234,259</u>	<u>\$ 47,389</u>	<u>\$ 186,870</u>

	September 30, 2007		
	Gross Carrying Amount	Accumulated Amortization	Net
Unpatented technology	\$ 168,003	\$ 19,178	\$ 148,825
License agreement	9,373	2,211	7,162
Trade secrets	18,462	2,429	16,033
Patented technology	1,604	746	858
Order backlog	14,977	13,471	1,506
Other	1,600	513	1,087
Total	<u>\$ 214,019</u>	<u>\$ 38,548</u>	<u>\$ 175,471</u>

The total carrying amount of identifiable intangible assets not subject to amortization consists of \$162.1 million and \$159.4 million of trademarks and trade names at June 28, 2008 and September 30, 2007, respectfully.

Intangible assets acquired during the thirty-nine week period ended June 28, 2008 were as follows (in thousands):

	Cost	Amortization Period
Intangible assets not subject to amortization:		
Goodwill	\$50,365	
Trademarks and trade names	2,629	
Intangible assets subject to amortization:		
Unpatented technology	17,813	22 years
Order backlog	1,571	1 year
	<u>19,384</u>	
Total	<u>\$72,378</u>	

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The aggregate amortization expense on identifiable intangible assets for the thirteen and thirty-nine week periods ended June 28, 2008 and June 30, 2007 was approximately \$2.7 million, \$8.8 million, \$3.6 million and \$8.6 million, respectively. The estimated amortization expense for fiscal 2008 is \$11.7 million and for each of the five succeeding years 2009 through 2013 is \$11.3 million, \$10.1 million, \$10.1 million, \$10.0 million and \$9.9 million, respectively.

The following is a summary of the changes in the carrying value of goodwill from September 30, 2007 through June 28, 2008 (in thousands):

Balance, September 30, 2007	\$ 1,247,870
Goodwill acquired during the year	50,365
Other	2,542
Balance, June 28, 2008	<u>\$ 1,300,777</u>

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 five 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):

	Thirty-Nine Week Periods Ended	
	June 28, 2008	June 30, 2007
Liability balance at beginning of period	\$ 4,624	\$ 2,472
Accruals for warranties issued	1,471	914
Warranty costs incurred	(1,289)	(941)
Acquisitions	794	1,593
Liability balance at end of period	<u>\$ 5,600</u>	<u>\$ 4,038</u>

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 \$20.6 million in the thirteen week period ended June 28, 2008 compared to \$13.3 million in the prior year period. The effective tax rate for the thirteen week period ended June 28, 2008 was 36.4% compared to 37.5% for the comparable period in the prior year. The lower effective tax rate was primarily due to a reduction in state and local taxes and an increase in the domestic manufacturing deduction partially offset by a decrease in the research and development tax credit.

The Company recorded an income tax provision of \$52.6 million in the thirty-nine week period ended June 28, 2008 compared to \$38.0 million in the prior year period. The effective tax rate for the thirty-nine week period ended June 28, 2008 was 35.6% compared to 37.3% for the comparable period in the prior year. The lower effective tax rate was due to a reduction in state and local taxes, an increase in the domestic manufacturing deduction and the favorable resolution of a prior year state tax refund claim of \$0.9 million partially offset by a lower research and development tax credit.

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction as well as in various state jurisdictions. Effective October 1, 2007, the Company adopted the provisions of FIN 48. In accordance with FIN 48, the Company recognized a cumulative-effect adjustment of \$1.7 million increasing its liability for unrecognized tax benefits, interest, and penalties and reducing the October 1, 2007 balance of retained earnings.

At October 1, 2007, the Company had \$3.2 million in unrecognized tax benefits, the recognition of which would have an effect of \$2.4 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.

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The Company recognizes accrued interest and penalties related to unrecognized tax benefits in income tax expense. At October 1, 2007, the Company had accrued \$0.7 million for the potential payment of interest and penalties.

As of June 28, 2008, the Company is subject to a U.S. Federal income tax examination for fiscal years 2005 through 2007. In addition, the Company is subject to state and local income tax examinations for fiscal years 2004 through 2007.

There were no significant changes to any of these amounts during the thirty-nine week period ended June 28, 2008.

9. EARNINGS PER SHARE CALCULATION

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

(in thousands, except per share data)	Thirteen Week Periods Ended		Thirty-Nine Week Periods Ended	
	June 28, 2008	June 30, 2007	June 28, 2008	June 30, 2007
Basic Earnings Per Share Computation:				
Net income	<u>\$35,999</u>	<u>\$22,121</u>	<u>\$95,137</u>	<u>\$63,970</u>
Weighted-average shares outstanding	<u>48,084</u>	<u>45,800</u>	<u>47,639</u>	<u>45,182</u>
Basic earnings per share	<u>\$ 0.75</u>	<u>\$ 0.48</u>	<u>\$ 2.00</u>	<u>\$ 1.42</u>
Diluted Earnings Per Share Computation:				
Net income	<u>\$35,999</u>	<u>\$22,121</u>	<u>\$95,137</u>	<u>\$63,970</u>
Weighted-average shares outstanding	<u>48,084</u>	<u>45,800</u>	<u>47,639</u>	<u>45,182</u>
Effect of dilutive options outstanding	<u>2,189</u>	<u>3,032</u>	<u>2,419</u>	<u>3,090</u>
Total weighted-average shares outstanding	<u>50,273</u>	<u>48,832</u>	<u>50,058</u>	<u>48,272</u>
Diluted earnings per share	<u>\$ 0.72</u>	<u>\$ 0.45</u>	<u>\$ 1.90</u>	<u>\$ 1.33</u>

Stock options outstanding at June 28, 2008 and June 30, 2007 that were excluded from the diluted earnings per share computation for the thirteen and thirty-nine week periods ended June 28, 2008 and June 30, 2007, due to the anti-dilutive effect of such options, were immaterial.

10. SUPPLEMENTAL GUARANTOR INFORMATION

TransDigm's 7^{3/4} % 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 consolidating condensed financial information presents the balance sheets of the Company as of June 28, 2008 and September 30, 2007 and its statements of income and cash flows for the thirty-nine week periods ended June 28, 2008 and June 30, 2007.

TRANSDIGM GROUP INCORPORATED
CONDENSED CONSOLIDATING BALANCE SHEET
AS OF JUNE 28, 2008
(Amounts in thousands)

	<u>TransDigm Group</u>	<u>TransDigm Inc.</u>	<u>Subsidiary Guarantors</u>	<u>Eliminations</u>	<u>Total Consolidated</u>
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	\$ 20,285	\$ 169,890	\$ (982)	\$ —	\$ 189,193
Trade accounts receivable - Net	—	12,149	88,947	(149)	100,947
Inventories	—	19,192	123,895	(94)	142,993
Deferred income taxes	—	18,499	(1,448)	—	17,051
Prepaid expenses and other	—	1,827	2,206	—	4,033
Total current assets	<u>20,285</u>	<u>221,557</u>	<u>212,618</u>	<u>(243)</u>	<u>454,217</u>
INVESTMENT IN SUBSIDIARIES AND INTERCOMPANY BALANCES	593,642	1,957,954	335,959	(2,887,555)	—
PROPERTY, PLANT AND EQUIPMENT - Net	—	14,250	79,318	—	93,568
GOODWILL	—	12,136	1,288,641	—	1,300,777
TRADEMARKS AND TRADE NAMES	—	19,376	142,680	—	162,056
OTHER INTANGIBLE ASSETS - Net	—	10,709	176,161	—	186,870
DEBT ISSUE COSTS - Net	—	20,239	—	—	20,239
OTHER	—	4,017	352	—	4,369
TOTAL ASSETS	<u><u>\$613,927</u></u>	<u><u>\$2,260,238</u></u>	<u><u>\$2,235,729</u></u>	<u><u>\$(2,887,798)</u></u>	<u><u>\$2,222,096</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES:					
Accounts payable	\$ —	\$ 6,441	\$ 19,843	\$ (148)	\$ 26,136
Income taxes payable	—	7,748	(1,020)	—	6,728
Accrued liabilities	—	28,434	29,317	—	57,751
Total current liabilities	—	42,623	48,140	(148)	90,615
LONG-TERM DEBT	—	1,357,348	—	—	1,357,348
DEFERRED INCOME TAXES	(5,606)	145,429	9,683	—	149,506
OTHER NON-CURRENT LIABILITIES	5,367	3,194	1,900	—	10,461
Total liabilities	<u>(239)</u>	<u>1,548,594</u>	<u>59,723</u>	<u>(148)</u>	<u>1,607,930</u>
STOCKHOLDERS' EQUITY	614,166	711,644	2,176,006	(2,887,650)	614,166
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>\$613,927</u></u>	<u><u>\$2,260,238</u></u>	<u><u>\$2,235,729</u></u>	<u><u>\$(2,887,798)</u></u>	<u><u>\$2,222,096</u></u>

TRANSDIGM GROUP INCORPORATED
CONDENSED CONSOLIDATING BALANCE SHEET
AS OF SEPTEMBER 30, 2007
(Amounts in thousands)

	<u>TransDigm Group</u>	<u>TransDigm Inc.</u>	<u>Subsidiary Guarantors</u>	<u>Eliminations</u>	<u>Total Consolidated</u>
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	\$ 11,117	\$ 97,780	\$ (2,951)	\$ —	\$ 105,946
Trade accounts receivable - Net	—	12,644	87,450	—	100,094
Income taxes receivable	—	4,053	419	—	4,472
Inventories	—	17,098	109,665	—	126,763
Deferred income taxes	—	11,967	11,956	—	23,923
Prepaid expenses and other	—	2,582	1,819	—	4,401
Total current assets	<u>11,117</u>	<u>146,124</u>	<u>208,358</u>	<u>—</u>	<u>365,599</u>
INVESTMENTS IN SUBSIDIARIES AND INTERCOMPANY BALANCES	474,743	1,871,789	198,198	(2,544,730)	—
PROPERTY, PLANT AND EQUIPMENT - Net	—	14,758	72,316	—	87,074
GOODWILL	—	11,514	1,236,356	—	1,247,870
TRADEMARKS AND TRADE NAMES	—	19,376	140,051	—	159,427
OTHER INTANGIBLE ASSETS - Net	—	11,156	164,315	—	175,471
DEBT ISSUE COSTS - Net	—	23,026	—	—	23,026
OTHER	—	2,306	280	—	2,586
TOTAL ASSETS	<u>\$485,860</u>	<u>\$2,100,049</u>	<u>\$2,019,874</u>	<u>\$(2,544,730)</u>	<u>\$2,061,053</u>
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES:					
Accounts payable	\$ —	\$ 7,417	\$ 17,336	\$ —	\$ 24,753
Accrued liabilities	—	16,995	25,471	—	42,466
Total current liabilities	<u>—</u>	<u>24,412</u>	<u>42,807</u>	<u>—</u>	<u>67,219</u>
LONG-TERM DEBT	—	1,357,854	—	—	1,357,854
DEFERRED INCOME TAXES	(5,606)	121,522	24,335	—	140,251
OTHER NON-CURRENT LIABILITIES	3,915	3,516	747	—	8,178
Total liabilities	<u>(1,691)</u>	<u>1,507,304</u>	<u>67,889</u>	<u>—</u>	<u>1,573,502</u>
STOCKHOLDERS' EQUITY	<u>487,551</u>	<u>592,745</u>	<u>1,951,985</u>	<u>(2,544,730)</u>	<u>487,551</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$485,860</u>	<u>\$2,100,049</u>	<u>\$2,019,874</u>	<u>\$(2,544,730)</u>	<u>\$2,061,053</u>

TRANSDIGM GROUP INCORPORATED
CONDENSED CONSOLIDATING STATEMENT OF INCOME
FOR THE THIRTY-NINE WEEK PERIOD ENDED JUNE 28, 2008
(Amounts in thousands)

	<u>TransDigm Group</u>	<u>TransDigm Inc.</u>	<u>Subsidiary Guarantors</u>	<u>Eliminations</u>	<u>Total Consolidated</u>
NET SALES	\$ —	\$ 56,575	\$469,263	\$ (1,365)	\$ 524,473
COST OF SALES	<u>—</u>	<u>33,834</u>	<u>209,416</u>	<u>(1,270)</u>	<u>241,980</u>
GROSS PROFIT	—	22,741	259,847	(95)	282,493
OPERATING EXPENSES:					
Selling and administrative	—	18,164	37,385	—	55,549
Amortization of intangibles	<u>—</u>	<u>468</u>	<u>8,373</u>	<u>—</u>	<u>8,841</u>
Total operating expenses	<u>—</u>	<u>18,632</u>	<u>45,758</u>	<u>—</u>	<u>64,390</u>
INCOME FROM OPERATIONS	—	4,109	214,089	(95)	218,103
OTHER INCOME (EXPENSES):					
Interest expense - net	—	(47,954)	(22,417)	—	(70,371)
Equity in income of subsidiaries	<u>95,137</u>	<u>123,343</u>	<u>—</u>	<u>(218,480)</u>	<u>—</u>
INCOME BEFORE INCOME TAXES	95,137	79,498	191,672	(218,575)	147,732
INCOME TAX PROVISION (BENEFIT)	<u>—</u>	<u>(15,639)</u>	<u>68,234</u>	<u>—</u>	<u>52,595</u>
NET INCOME	<u>\$ 95,137</u>	<u>\$ 95,137</u>	<u>\$123,438</u>	<u>\$ (218,575)</u>	<u>\$ 95,137</u>

TRANSDIGM GROUP INCORPORATED
CONDENSED CONSOLIDATING STATEMENT OF INCOME
FOR THE THIRTY-NINE WEEK PERIOD ENDED JUNE 30, 2007
(Amounts in thousands)

	<u>TransDigm Group</u>	<u>TransDigm Inc.</u>	<u>Subsidiary Guarantors</u>	<u>Eliminations</u>	<u>Total Consolidated</u>
NET SALES	\$ —	\$ 48,692	\$376,068	\$ —	\$ 424,760
COST OF SALES	—	28,408	175,394	—	203,802
GROSS PROFIT	—	20,284	200,674	—	220,958
OPERATING EXPENSES:					
Selling and administrative	—	17,169	26,878	—	44,047
Amortization of intangibles	—	468	8,149	—	8,617
Total operating expenses	—	17,637	35,027	—	52,664
INCOME FROM OPERATIONS	—	2,647	165,647	—	168,294
OTHER INCOME (EXPENSES):					
Interest expense - net	—	(52,703)	(13,617)	—	(66,320)
Equity in income of subsidiaries	63,970	95,322	—	(159,292)	—
INCOME BEFORE INCOME TAXES	63,970	45,266	152,030	(159,292)	101,974
INCOME TAX PROVISION (BENEFIT)	—	(18,704)	56,708	—	38,004
NET INCOME	<u>\$ 63,970</u>	<u>\$ 63,970</u>	<u>\$ 95,322</u>	<u>\$ (159,292)</u>	<u>\$ 63,970</u>

TRANSDIGM GROUP INCORPORATED
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE THIRTY-NINE WEEK PERIOD ENDED JUNE 28, 2008
(Amounts in thousands)

	<u>TransDigm Group</u>	<u>TransDigm Inc.</u>	<u>Subsidiary Guarantors</u>	<u>Eliminations</u>	<u>Total Consolidated</u>
OPERATING ACTIVITIES:					
Net income	\$ 95,137	\$ 95,137	\$ 123,438	\$ (218,575)	\$ 95,137
Adjustments to reconcile net income to net cash provided by (used in) operating activities	(93,680)	(58,664)	(11,448)	218,575	54,783
Net cash provided by operating activities	<u>1,457</u>	<u>36,473</u>	<u>111,990</u>	<u>—</u>	<u>149,920</u>
INVESTING ACTIVITIES:					
Capital expenditures	—	(984)	(6,267)	—	(7,251)
Acquisition of business	—	(84,722)	—	—	(84,722)
Net cash used in investing activities	<u>—</u>	<u>(85,706)</u>	<u>(6,267)</u>	<u>—</u>	<u>(91,973)</u>
FINANCING ACTIVITIES:					
Changes in intercompany activities	(17,589)	121,343	(103,754)	—	—
Excess tax benefit from exercise of stock options	17,031	—	—	—	17,031
Proceeds from exercise of stock options	8,269	—	—	—	8,269
Net cash provided by (used in) financing activities	<u>7,711</u>	<u>121,343</u>	<u>(103,754)</u>	<u>—</u>	<u>25,300</u>
INCREASE IN CASH AND CASH EQUIVALENTS	9,168	72,110	1,969	—	83,247
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>11,117</u>	<u>97,780</u>	<u>(2,951)</u>	<u>—</u>	<u>105,946</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 20,285</u>	<u>\$ 169,890</u>	<u>\$ (982)</u>	<u>\$ —</u>	<u>\$ 189,193</u>

TRANSDIGM GROUP INCORPORATED
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE THIRTY-NINE WEEK PERIOD ENDED JUNE 30, 2007
(Amounts in thousands)

	<u>TransDigm Group</u>	<u>TransDigm Inc.</u>	<u>Subsidiary Guarantors</u>	<u>Eliminations</u>	<u>Total Consolidated</u>
OPERATING ACTIVITIES:					
Net income	\$ 63,970	\$ 63,970	\$ 95,322	\$(159,292)	\$ 63,970
Adjustments to reconcile net income to net cash provided by (used in)					
operating activities	<u>(64,332)</u>	<u>(50,639)</u>	<u>(18,172)</u>	<u>159,292</u>	<u>26,149</u>
Net cash provided by (used in) operating activities	<u>(362)</u>	<u>13,331</u>	<u>77,150</u>	<u>—</u>	<u>90,119</u>
INVESTING ACTIVITIES:					
Capital expenditures	—	(2,148)	(4,997)	—	(7,145)
Acquisitions of businesses	—	<u>(475,909)</u>	—	—	<u>(475,909)</u>
Net cash used in investing activities	<u>—</u>	<u>(478,057)</u>	<u>(4,997)</u>	<u>—</u>	<u>(483,054)</u>
FINANCING ACTIVITIES:					
Changes in intercompany activities	(25,433)	95,991	(70,558)	—	—
Proceeds from issuance of senior subordinated notes, net of fees	—	296,795	—	—	296,795
Borrowings under senior secured credit facility, net of fees	—	125,423	—	—	125,423
Excess tax benefit from exercise of stock options	21,962	—	—	—	21,962
Proceeds from exercise of stock options	<u>7,733</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>7,733</u>
Net cash provided by (used in) financing activities	<u>4,262</u>	<u>518,209</u>	<u>(70,558)</u>	<u>—</u>	<u>451,913</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,900	53,483	1,595	—	58,978
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>1,604</u>	<u>62,561</u>	<u>(2,948)</u>	<u>—</u>	<u>61,217</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 5,504</u>	<u>\$ 116,044</u>	<u>\$ (1,353)</u>	<u>\$ —</u>	<u>\$ 120,195</u>

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of the Company's financial condition and results of operations should be read together with TD Group's consolidated financial statements and the related notes included elsewhere in this Quarterly Report on Form 10-Q. References in this section to "TransDigm," "the Company," "we," "us," "our," and similar references refer to TD Group, TransDigm Inc. and TransDigm Inc.'s subsidiaries, unless the context otherwise indicates. The following discussion may contain predictions, estimates and other forward-looking statements that involve a number of risks and uncertainties, including those discussed in this report. These risks could cause our actual results to differ materially from any future performance suggested below.

This Quarterly Report on Form 10-Q includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including, in particular, the statements about the Company's plans, strategies and prospects under this section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." Although the Company believes that its plans, intentions and expectations reflected in or suggested by such forward-looking statements are reasonable, the Company can give no assurance that such plans, intentions or expectations will be achieved. Many of the factors affecting these forward-looking statements are outside the control of the Company. Consequently, such forward-looking statements should be regarded solely as the Company's current plans, estimates and beliefs. The Company does not undertake and specifically declines any obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect any future events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events, except as required by applicable law. All forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by the foregoing cautionary statements.

Important factors that could cause actual results to differ materially from the forward-looking statements made in this Quarterly Report on Form 10-Q include but are not limited to: future terrorist attacks; a decrease in flight hours and our customers' profitability, both of which are affected by general economic conditions; our substantial indebtedness; our reliance on certain customers; the U.S. defense budget and risks associated with being a government supplier; failure to maintain government or industry approvals; the pricing review by the Department of Defense Office of Inspector General to which certain of our divisions and subsidiaries have been subject; failure to complete or successfully integrate acquisitions; future sales of our common stock in the public market caused by the substantial amount of stock held by our affiliates; and other factors. Please refer to the other information included in this Quarterly Report on Form 10-Q and to the Annual Report on Form 10-K for additional information regarding the foregoing factors that may affect our business.

Overview

We believe we are a leading global designer, producer, and supplier of highly engineered aircraft components for use on nearly all commercial and military aircraft in service today. Our business is well diversified due to the broad range of products we offer to our customers. Some of our more significant product offerings, substantially all of which are ultimately provided to end-users in the aerospace industry, include ignition systems and components, mechanical/electro-mechanical actuators and controls, gear pumps, engineered connectors, specialized valving, power conditioning devices, engineered latches and cockpit security devices, specialized AC/DC electric motors, lavatory hardware and components, hold-open rods and locking devices, aircraft audio systems, NiCad batterieschargers, and specialized fluorescent lighting and cockpit displays. Each of these product offerings consists of many individual products that are typically customized to meet the needs of a particular aircraft platform or customer.

For the third quarter of fiscal 2008, we generated net sales of \$186.0 million and net income of \$36.0 million. EBITDA As Defined was \$86.8 million, or 46.6% of net sales. See below for certain information regarding EBITDA and EBITDA As Defined, including a reconciliation of EBITDA and EBITDA As Defined to net income.

Certain Acquisitions

CEF Acquisition

On May 7, 2008, TransDigm Inc. acquired all of the outstanding capital stock of CEF Industries, Inc. ("CEF") for approximately \$84.7 million in cash, subject to adjustment based on the level of working capital as of the closing date of the acquisition. The

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transaction was funded through the use of the Company's existing cash balances. 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.

Bruce Acquisition

On August 10, 2007, pursuant to an asset purchase agreement among TransDigm Inc., Bruce Industries and the shareholders of Bruce Industries, Bruce Aerospace, Inc., a newly formed wholly-owned subsidiary of TransDigm Inc., acquired certain assets and assumed certain liabilities of Bruce Industries for approximately \$35.5 million in cash, net of a purchase price adjustment of \$0.2 million received in February 2008. Bruce designs and manufactures specialized fluorescent lighting used in the aerospace industry. The proprietary nature, established positions, and aftermarket content fit well with our overall business direction.

ATI Acquisition

On February 7, 2007, TransDigm Inc. acquired all of the outstanding stock of Aviation Technologies, Inc. ("ATI") for approximately \$430.1 million in cash. ATI consists of two primary operating units that service the commercial and military aerospace markets – Avtech and ADS/Transicoil. Avtech is a supplier of flight deck and passenger audio systems, cabin lighting, and power control products and related components. ADS/Transicoil is a supplier of displays, clocks, brushless motors and related components and instruments. Through Avtech and ADS/Transicoil, ATI manufactures proprietary products for the aerospace industry with broad platform positions and high aftermarket content, all of which fit well with TransDigm's overall direction.

Mr. W. Nicholas Howley, Chairman and Chief Executive Officer of TD Group, and Mr. Douglas Peacock, a director of TD Group, each indirectly owned less than one-half of 1% of ATI's outstanding equity on a fully diluted basis. In addition, prior to the acquisition, Mr. Howley and Mr. Peacock were directors of ATI commencing in 2003, and Mr. Peacock served as ATI's Chairman from 2003 through February 2007.

EBITDA and EBITDA As Defined

The following table sets forth a reconciliation of net income to EBITDA and EBITDA As Defined (in millions):

	<u>Thirteen Week Periods Ended</u>		<u>Thirty-Nine Week Periods Ended</u>	
	<u>June 28, 2008</u>	<u>June 30, 2007</u>	<u>June 28, 2008</u>	<u>June 30, 2007</u>
Net Income	\$ 36.0	\$ 22.1	\$ 95.1	\$ 64.0
Adjustments:				
Depreciation and amortization expense	6.2	6.6	18.7	17.0
Interest expense, net	21.8	25.9	70.4	66.3
Income tax provision	20.6	13.3	52.6	38.0
EBITDA ⁽¹⁾	84.6	67.9	236.8	185.3
Adjustments:				
Acquisition-related costs ⁽²⁾	0.8	2.7	2.1	7.0
Non-cash compensation and deferred compensation costs ⁽³⁾	1.4	1.3	4.7	3.8
Non-recurring public equity offering costs ⁽⁴⁾	—	1.7	—	1.7
Other ⁽⁵⁾	—	—	—	0.3
EBITDA As Defined ⁽¹⁾	<u>\$ 86.8</u>	<u>\$ 73.6</u>	<u>\$ 243.6</u>	<u>\$ 198.1</u>

(1) EBITDA represents earnings before interest, taxes, depreciation and amortization. EBITDA As Defined represents EBITDA plus, as applicable for the relevant period, inventory purchase accounting adjustments, acquisition integration costs, non-cash compensation and deferred compensation charges, acquisition earnout costs, and certain expenses incurred in connection with our financing activities, including public equity offerings.

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We present EBITDA because we believe that it is a useful indicator of our operating performance. Our management believes that EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties to measure a company's operating performance without regard to items such as interest expense, income tax expense and depreciation and amortization, which may vary substantially from company to company depending upon, among other things, accounting methods, book value of assets, capital structure and the method by which assets are acquired. We also believe EBITDA is useful to our management and investors as a measure of comparative operating performance between time periods and among companies as it is reflective of changes in pricing decisions, cost controls and other factors that affect operating performance.

Our management uses EBITDA As Defined to review and assess our operating performance and management team in connection with our employee incentive programs, and the preparation of our annual budget and financial projections. Our management also believes that EBITDA As Defined is useful to investors because our revolving credit facility under our senior secured credit facility requires compliance, on a pro forma basis, with a first lien leverage ratio, which is measured based on our "Consolidated EBITDA." Our senior secured credit facility defines Consolidated EBITDA in the same manner as we define EBITDA As Defined. This financial covenant is a material term of our senior secured credit facility as the failure to comply with such financial covenant could result in an event of default in respect of the revolving credit facility thereunder (and, in turn, an event of default under our senior secured credit facility could result in an event of default under the indenture governing our 7³/₄% senior subordinated notes).

Although we use EBITDA and EBITDA As Defined as measures to assess the performance of our business and for the other purposes set forth above, the use of EBITDA and EBITDA As Defined as an analytical tool has limitations, and you should not consider either of them in isolation, or as a substitute for analysis of our results of operations as reported in accordance with GAAP. Some of these limitations are:

- neither EBITDA nor EBITDA As Defined reflects the significant interest expense, or the cash requirements necessary to service interest payments, on our indebtedness;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and neither EBITDA nor EBITDA As Defined reflects any cash requirements for such replacements;
- the omission of the substantial amortization expense associated with our intangible assets further limits the usefulness of EBITDA and EBITDA As Defined;
- neither EBITDA nor EBITDA As Defined includes the payment of taxes, which is a necessary element of our operations; and
- EBITDA As Defined excludes the cash expense we have incurred to integrate acquired businesses into our operations, which is a necessary element of certain of our acquisitions.

Because of these limitations, EBITDA and EBITDA As Defined should not be considered as measures of discretionary cash available to us to invest in the growth of our business. Management compensates for these limitations by not viewing EBITDA or EBITDA As Defined in isolation, and specifically by using other GAAP measures, such as net income, net sales and operating profit, to measure our operating performance. Neither EBITDA nor EBITDA As Defined is a measurement of financial performance under GAAP and neither should be considered as an alternative to net income or cash flow from operations determined in accordance with GAAP, and our calculation of EBITDA and EBITDA As Defined may not be comparable to the calculation of similarly titled measures reported by other companies.

- (2) Represents costs incurred to integrate acquired businesses into TD Group's operations, purchase accounting adjustments to inventory that were charged to cost of sales when inventory was sold, facility relocation costs and other acquisition-related costs.
- (3) Represents the expenses recognized by the Company under our stock option and deferred compensation plans.

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- (4) Represents non-recurring costs and expenses incurred by TD Group related to the secondary offering in May 2007.
- (5) Represents the write-down of certain property to its fair value that was reclassified as held for sale in fiscal 2007.

Critical Accounting Policies

Our consolidated financial statements have been prepared in accordance with GAAP, which often requires the judgment of management in the selection and application of certain accounting principles and methods. Management believes that the quality and reasonableness of our most critical policies enable the fair presentation of our financial position and results of operations. However, investors are cautioned that the sensitivity of financial statements to these methods, assumptions and estimates could create materially different results under different conditions or using different assumptions.

A summary of our significant accounting policies and estimates is included in the Annual Report on Form 10-K for the year ended September 30, 2007. There has been no significant change to our critical accounting policies during the thirty-nine week period ended June 28, 2008.

Results of Operations

The following table sets forth, for the periods indicated, certain operating data of the Company as a percentage of net sales:

	Thirteen Week Periods Ended		Thirty-Nine Week Periods Ended	
	June 28, 2008	June 30, 2007	June 28, 2008	June 30, 2007
Net sales	100%	100%	100%	100%
Cost of sales	46	48	46	48
Selling and administrative expenses	10	11	11	10
Amortization of intangibles	2	2	2	2
Income from operations	42	39	41	40
Interest expense - net	12	16	13	16
Income tax provision	11	9	10	9
Net income	19%	14%	18%	15%

Changes in Results of Operations

Thirteen week period ended June 28, 2008 compared with the thirteen week period ended June 30, 2007.

- **Net Sales.** Net sales increased by \$28.4 million, or 18.0%, to \$186.0 million for the quarter ended June 28, 2008, from \$157.6 million for the comparable quarter last year. Sales growth excluding acquisitions was \$18.3 million and represented an 11.6% increase over the prior year. The organic sales growth was primarily due to (i) an increase of \$9.5 million in defense sales primarily due to increased demand for aftermarket spare parts and OEM sales across most of our product lines, (ii) an increase of \$5.5 million of commercial OEM sales resulting primarily from an increase in production rates from The Boeing Company and Airbus S.A.S. and related OEM system suppliers, and (iii) an increase of \$2.2 million in commercial aftermarket sales. The remaining \$10.1 million of the increase resulted from the acquisitions of CEF during fiscal 2008 and Bruce during fiscal 2007.
- **Cost of Sales.** Cost of sales increased by \$10.2 million, or 13.5%, to \$85.6 million for the quarter ended June 28, 2008 from \$75.4 million for the comparable quarter last year primarily due to the increase volume associated with the higher net sales of \$28.4 million discussed above. Cost of sales as a percentage of sales decreased to 46.0% for the thirteen week period ended June 28, 2008 from 47.8% for the thirteen week period ended June 30, 2007. The decrease in cost of sales as a percentage of net sales was due primarily to a reduction in acquisition-related expenses of \$1.7 million, or approximately 1.2% of net sales, the strength of the Company's proprietary products, productivity improvements, partially offset by the dilutive impact of recent

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acquisitions. The decrease in acquisition related expenses was primarily due to inventory purchase price accounting charges recorded in the prior year of \$2.4 million related to the acquisitions of ATI and CDA partially offset by current year inventory purchase accounting charges of \$0.8 million related to the acquisitions of Bruce and CEF.

- **Selling and Administrative Expenses.** Selling and administrative expenses increased by \$2.0 million to \$19.3 million, or 10.4% of sales, for the quarter ended June 28, 2008 from \$17.3 million, or 11.0% of sales, for the comparable quarter last year. This increase was primarily due to the higher sales discussed above, an increase in research and development expenses primarily relating to the Boeing 787 program partially offset by the non-recurring secondary offering costs of \$1.7 million, or 1.1% of sales, recorded in the prior year period.
- **Amortization of Intangibles.** Amortization of intangibles decreased by \$0.9 million to \$2.7 million for the quarter ended June 28, 2008 from \$3.6 million for the comparable quarter last year due to order backlog amortization becoming fully amortized during fiscal 2007 and the first half of 2008 relating to the acquisitions of ATI and CDA in the prior year.
- **Interest Expense-net.** Interest expense decreased \$4.1 million, or 15.7%, to \$21.8 million for the quarter ended June 28, 2008 from \$25.9 million for the comparable quarter last year due to the lower weighted average interest rate of approximately 6.4% during the quarter ended June 28, 2008 from approximately 7.6% for the comparable quarter last year. The Company's weighted average level of outstanding borrowings was approximately \$1.36 billion for the quarters ended June 28, 2008 and June 30, 2007, respectively.
- **Income Taxes.** Income tax expense as a percentage of income before income taxes was approximately 36.4% for the quarter ended June 28, 2008 compared to 37.5% for the quarter ended June 30, 2007. The lower effective tax rate was primarily due to a reduction in state and local taxes and an increase in the domestic manufacturing deduction partially offset by a decrease in the research and development tax credit.
- **Net Income.** Net income increased \$13.9 million, or 62.7%, to \$36.0 million for the third quarter of fiscal 2008 compared to \$22.1 million for the third quarter of fiscal 2007, primarily as a result of the factors referred to above.

Thirty-nine week period ended June 28, 2008 compared with the thirty-nine week period ended June 30, 2007.

- **Net Sales.** Net sales increased by \$99.7 million, or 23.5%, to \$524.5 million for the thirty-nine week period ended June 28, 2008, from \$424.8 million for the comparable period last year. Sales growth excluding acquisitions was \$41.3 million and represented a 9.7% increase over the prior year. The organic sales growth was primarily due to (i) an increase of \$21.6 million in defense sales primarily due to increased demand for aftermarket spare parts across most of our product lines, (ii) \$10.3 million of commercial OEM sales resulting primarily from an increase in production rates from The Boeing Company and Airbus S.A.S. and related OEM system suppliers, and (iii) an increase of \$8.3 million of commercial aftermarket sales. The remaining \$58.4 million of the increase resulted from the acquisitions of CEF during fiscal 2008 and ATI and Bruce during fiscal 2007.
- **Cost of Sales.** Cost of sales increased by \$38.2 million, or 18.7%, to \$242.0 million for the thirty-nine week period ended June 28, 2008 from \$203.8 million for the comparable period last year. Cost of sales as a percentage of sales decreased to 46.1% for the thirty-nine week period ended June 28, 2008 from 48.0% for the thirty-nine week period ended June 30, 2007. The increase in cost of sales was primarily due to increased volume associated with the higher net sales of \$99.7 million discussed above, partially offset by a \$4.3 million decrease, or 1.1% of net sales, of acquisition-related expenses. The decrease in acquisition related expenses was primarily due to inventory purchase accounting charges recorded in the prior year of \$4.8 million related to the acquisitions of ATI and CDA partially offset by current year inventory purchase accounting charges of \$1.9 million related to the acquisitions of Bruce and CEF.

The decrease in cost of sales as a percentage of sales was due to lower acquisition-related expenses, the strength of the Company's proprietary products and continued productivity efforts, partially offset by the dilutive impact from recent acquisitions.

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- **Selling and Administrative Expenses.** Selling and administrative expenses increased by \$11.5 million, or 26.1%, to \$55.6 million, or 10.6% of sales, for the thirty-nine week period ended June 28, 2008 from \$44.1 million, or 10.4% of sales, for the comparable period last year. This increase was primarily due to the higher sales discussed above and an increase in research and development expenses of \$4.4 million primarily relating to the Boeing 787 program, partially offset by the non-recurring charge of \$1.7 million relating to the secondary offering recorded in the prior year.
- **Amortization of Intangibles.** Amortization of intangibles increased slightly to \$8.8 million for the thirty-nine week period ended June 28, 2008 from \$8.6 million for the comparable period last year.
- **Interest Expense-net.** Interest expense increased \$4.1 million, or 6.1%, to \$70.4 million for the thirty-nine week period ended June 28, 2008 from \$66.3 million for the comparable period last year primarily the result of an increase in our debt of approximately \$430 million due to the acquisition ATI in February 2007, partially offset by lower interest rates and higher interest income of \$2.5 million. The Company's weighted average level of outstanding borrowings was approximately \$1.36 billion during the thirty-nine weeks ended June 28, 2008 compared to approximately \$1.15 billion during the comparable period last year while the average interest rate decreased to approximately 7.1% during the thirty-nine week period ended June 28, 2008 from 7.6% for the comparable period last year.
- **Income Taxes.** Income tax expense as a percentage of income before income taxes was approximately 35.6% for the thirty-nine weeks ended June 28, 2008 compared to 37.3% for the thirty-nine week period ended June 30, 2007. The lower effective tax rate was due to a reduction in state and local taxes, an increase in the domestic manufacturing deduction and the favorable resolution of a prior year state tax refund claim of \$0.9 million partially offset by a lower research and development tax credit.
- **Net Income.** Net income increased \$31.1 million, or 48.7%, to \$95.1 million for the thirty-nine week period ended June 28, 2008 compared to net income of \$64.0 million for the thirty-nine week period ended June 30, 2007, primarily as a result of the factors referred to above.

Backlog

As of June 28, 2008, the Company estimated its sales order backlog at \$422.9 million compared to an estimated \$339.1 million as of June 30, 2007. This increase in backlog is due to the purchase orders acquired in connection with the acquisitions of CEF and Bruce, discussed above, totaling approximately \$41.5 million and an increase in orders across existing product lines in both the OEM and aftermarket segments. The majority of the purchase orders outstanding as of June 28, 2008 are scheduled for delivery within the next twelve months. Purchase orders may be subject to cancellation by the customer prior to shipment. The level of unfilled purchase orders at any given date during the year will be materially affected by the timing of the Company's receipt of purchase orders and the speed with which those orders are filled. Accordingly, the Company's backlog as of June 28, 2008 may not necessarily represent the actual amount of shipments or sales for any future period.

Foreign Currency Exchange Rate Risk

We manufacture substantially all of our products in the United States; however, as result of our ATI acquisition, some of our products are manufactured in Malaysia. We sell our products in the United States, as well as in foreign countries. Substantially all of our foreign sales are transacted in U.S. dollars and, therefore, we have no material exposure to fluctuations in the rate of exchange between foreign currencies and the U.S. dollar as a result of foreign sales. In addition the amount of components or other raw materials or supplies that we purchase from foreign suppliers, including our Malaysian manufacturing subsidiary, are not material, with substantially all such transactions being made in U.S. dollars. Accordingly, we have no material exposure to currency fluctuations in the rate of exchange between foreign currencies and the U.S. dollar arising from these transactions.

Liquidity and Capital Resources

Operating Activities. The Company generated \$149.9 million of cash from operating activities during the thirty-nine week period ended June 28, 2008 compared to \$90.1 million during the thirty-nine week period ended June 30, 2007. The increase of \$59.8 million was primarily due to higher net income and favorable changes in working capital for the thirty-nine week period ended June 28, 2008.

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Investing Activities. Cash used in investing activities was \$92.0 million during thirty-nine week period ended June 28, 2008 consisted of the acquisition of CEF of \$84.7 million and capital expenditures of \$7.3 million. Cash used in investing activities was \$483.1 million during thirty-nine week period ended June 30, 2007 consisted of the acquisitions of ATI and CDA for \$475.9 million and capital expenditures of \$7.1 million.

Financing Activities. Cash provided by financing activities during the thirty-nine week period ended June 28, 2008 was \$25.3 million compared to \$451.9 million during the thirty-nine week period ended June 30, 2007. Cash provided by financing activities during the thirty-nine week period ended June 28, 2008 related to the exercise of stock options. Cash provided by financing activities for the thirty-nine week period ended June 30, 2007 consisted of the proceeds received of \$296.8 million, net of fees, from the issuance of additional 7³/₄% senior subordinated notes and additional term loans of \$125.4 million, net of fees, to finance the acquisition of ATI, and the exercise of stock options of \$29.7 million.

Description of Current Senior Secured Credit Facility and Indenture

The senior secured credit facility (“Senior Secured Credit Facility”) consists of a \$780 million term loan facility, which is fully drawn, and a \$200 million revolving loan facility. At June 28, 2008, \$198.5 million of the revolving credit facility was available. The term loan facility will mature in June 2013 and is not subject to interim scheduled amortization, but is subject to certain prepayment requirements.

TransDigm Inc. entered into a three year interest rate swap in June 2006 with Credit Suisse for an initial notional amount of \$187 million at a fixed rate of 7.6%. The notional amount decreased to \$170 million on September 23, 2007 and will decrease to \$150 million on September 23, 2008. In January 2008, TransDigm Inc. entered into an additional three year interest rate swap with Credit Suisse for a notional amount of \$300 million at a fixed rate of 5.0%. As a result of these interest rate swaps, the interest rates on TransDigm’s total debt are approximately 75% fixed and 25% variable.

TransDigm Inc. issued \$575 million aggregate principal amount of 7³/₄% senior subordinated notes (“7³/₄% Senior Subordinated Notes”) under the indenture dated as of June 23, 2006. Such notes do not require principal payments prior to their maturity in July 2014.

New Accounting Standards

In March 2008, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards No. 161, “Disclosures about Derivative Instruments and Hedging Activities” (“FAS 161”). FAS 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. FAS 161 is effective for fiscal years beginning after November 15, 2008, with early adoption permitted. The Company is currently evaluating the impact of the provisions of FAS 161 on its consolidated financial position or results of operations.

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141(R), “Business Combinations” (“SFAS 141(R)”), which replaces SFAS 141. SFAS 141(R) requires assets and liabilities acquired in a business combination, contingent consideration, and certain acquired contingencies to be measured at their fair values as of the date of acquisition. SFAS 141(R) also requires that acquisition-related costs and restructuring costs be recognized separately from the business combination. SFAS 141(R) is effective for fiscal years beginning after December 15, 2008. The Company has not determined the impact of SFAS 141(R) on its consolidated financial position or results of operations.

In July 2006, the FASB issued Financial Accounting Standards Board Interpretation No. 48, “Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109” (“FIN 48”). FIN 48 prescribes the minimum accounting and disclosure requirements of uncertain tax positions. FIN 48 also provides guidance on the derecognition, measurement, classification, interest and penalties, and transition of uncertain tax positions. The Company adopted FIN 48 on October 1, 2007. See Note 8 in Notes to Condensed Consolidated Financial Statements.

ITEM 3. Quantitative and Qualitative Disclosure About Market Risk

Our main exposure to market risk relates to interest rates. Our financial instruments that are subject to interest rate risk principally include fixed-rate and floating-rate long-term debt. At June 28, 2008, we had borrowings under our Senior Secured Credit Facility of \$780 million that were subject to interest rate risk. Borrowings under our Senior Secured Credit Facility bear interest, at our option, at a rate equal to either an alternate base rate or an adjusted LIBO rate for a one-, two-, three- or six-month (or to the extent available to each lender, nine- or twelve-month) interest period chosen by us, in each case, plus an applicable margin percentage. Accordingly, the Company's cash flows and earnings will be exposed to the market risk of interest rate changes resulting from variable rate borrowings under our Senior Secured Credit Facility. The effect of a hypothetical one percentage point increase in interest rates would increase the annual interest costs under our Senior Secured Credit Facility by approximately \$7.8 million based on the amount of outstanding borrowings at June 28, 2008. The weighted average interest rate on the \$780 million of borrowings under our Senior Secured Credit Facility on June 28, 2008 was 4.8%.

At June 28, 2008, we had an agreement in place to swap variable interest rates on our Senior Secured Credit Facility for fixed interest rates through June 23, 2009 for the notional amount of \$170 million, which will decrease to \$150 million on September 23, 2008 through June 23, 2009. The fair value of the interest rate swap agreement is adjusted at each balance sheet date, with a corresponding adjustment to other comprehensive income. At June 28, 2008, the fair value of the interest rate swap agreement was a liability of \$4.0 million.

At June 28, 2008, we had an agreement in place to swap variable interest rates on our Senior Secured Credit Facility for fixed interest rates through March 23, 2011 for the notional amount of \$300 million. The fair value of the interest rate swap agreement is adjusted at each balance sheet date, with a corresponding adjustment to other comprehensive income. At June 28, 2008, the fair value of the interest rate swap agreement was an asset of \$5.7 million.

Because the interest rates on borrowings under our Senior Secured Credit Facility vary with market conditions, the amount of outstanding borrowings under our Senior Secured Credit Facility approximates the fair value of the indebtedness. The fair value of the \$575 million aggregate principal amount of our 7^{3/4}% Senior Subordinated Notes is exposed to the market risk of interest rate changes. The estimated fair value of such notes approximated \$571 million at June 28, 2008 based upon quoted market rates.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of June 28, 2008, 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 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 are 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. There have been no significant changes in TD Group's internal controls or other factors that could significantly affect the internal controls subsequent to the date of TD Group's evaluations.

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 thirty-nine week period ending June 28, 2008 that have materially affected, or are reasonably likely to materially affect, TD Group's internal control over financial reporting.

PART II: OTHER INFORMATION

ITEM 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the risk factors disclosed in Item 1A of our Annual Report on Form 10-K for the fiscal year ended September 30, 2007. There have been no material changes to the risk factors set forth therein.

ITEM 6. Exhibits

- 3.1 Certificate of Incorporation, filed September 30, 1986, of CEF Industries, Inc.
- 3.2 Certificate of Amendment of Certificate of Incorporation before Payment of Capital, filed November 12, 1986, of CEF Industries, Inc.
- 3.3 Bylaws of CEF Industries, Inc.
- 10.1 Amendment No. 2 to TransDigm Group Incorporated Fourth Amended and Restated 2003 Stock Option Plan.*
- 10.2 Amended and Restated Employment Agreement, dated June 3, 2008, between TransDigm Group Incorporated and W. Nicholas Howley (incorporated by reference to Form 8-K filed June 6, 2008).*
- 10.3 Amendment No. 1 to Employment Agreement, dated as of July 21, 2008, between TransDigm Group Incorporated and W. Nicholas Howley (incorporated by reference to Form 8-K filed July 22, 2008).*
- 10.4 TransDigm Group Incorporated 2006 Stock Incentive Plan Dividend Equivalent Plan (incorporated by reference to Form 8-K filed June 6, 2008).*
- 10.5 Fifth Supplemental Indenture, dated as of May 7, 2008, among TransDigm Inc., TransDigm Group Incorporated, the guarantors listed on the signature pages thereto and The Bank of New York Trust Company, N.A., as trustee (incorporated by reference to Form 8-K filed May 9, 2008).
- 10.6 Supplement No. 5, dated as of May 7, 2008, between CEF Industries, Inc. and Credit Suisse, as collateral agent and administrative agent, to the Guarantee and Collateral Agreement, dated as of June 23, 2006, among TransDigm Inc., TransDigm Group Incorporated, the subsidiaries of TransDigm Inc. named therein and Credit Suisse, as administrative agent and collateral agent (incorporated by reference to Form 8-K filed May 9, 2008).
- 10.7 Joinder Agreement, dated as of May 7, 2008, between CEF Industries, Inc. and Credit Suisse, as agent (incorporated by reference to Form 8-K filed May 9, 2008).
- 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.

* Indicates management contract or compensatory plan or arrangement.

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 authorized.

<u>SIGNATURE</u>	<u>TITLE</u>	<u>DATE</u>
<u>/s/ W. Nicholas Howley</u> W. Nicholas Howley	Chairman of the Board of Directors and Chief Executive Officer (Principal Executive Officer)	August 7, 2008
<u>/s/ Gregory Rufus</u> Gregory Rufus	Chief Financial Officer and Executive Vice President (Principal Financial and Accounting Officer)	August 7, 2008

EXHIBIT INDEX
TO FORM 10-Q FOR THE PERIOD ENDED JUNE 28, 2008

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* Indicates management contract or compensatory plan or arrangement

CERTIFICATE OF INCORPORATION
OF
CEF INDUSTRIES, INC.

FIRST: The name of the corporation is CEF INDUSTRIES, INC.

SECOND: The address of the corporation's registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is THE CORPORATION TRUST COMPANY.

THIRD: The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

FOURTH: The aggregate number of shares which the corporation shall have authority to issue is 201,040, divided into (1) 100,000 share of common stock of the par value of \$10.00 per share; and (2) 101,040 shares of Class B 8% Cumulative Preferred Stock, \$.05 par value, having the following preferences, qualifications, limitations, restrictions and special or relative rights:

1. The holders of the Class B stock are entitled to receive, when and as declared, out of the surplus or net profits of the corporation, dividends at the rate of 8 percent (8%) per annum, payable as the Board of Directors may determine, before any dividends shall be set apart for or paid upon the common stock. The dividend upon Class B stock shall be cumulative from the date of the issuance of a certificate therefore but accumulations of dividends shall not bear interest.
2. In the event of any liquidation, dissolution or winding up (whether voluntary or involuntary), the holders of the Class B stock shall be entitled to be paid the par amount of their shares and an amount equal to all dividends accumulated and unpaid thereon, whether earned or declared or not, but shall not participate in any further distribution of the surplus assets of the corporation.
3. The Class B stock shall be subject to redemption by the corporation at any time after ten years from the date of the issue

thereof by the payment in cash to the holders of said shares \$0.05 per share and all accrued unpaid dividends thereon; provided, however, that not less than 90 days previous to the date fixed for redemption, a notice of the time and place thereof shall be given to the holders of record at said Class B stock.

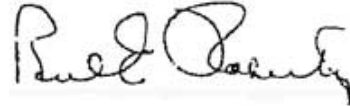
FIFTH: The name and mailing address of the incorporator is Paul E. Flaherty, Hedberg, Tobin, Flaherty & Whalen, Three First National Plaza, Suite 1950, Chicago, Illinois 60602.

SIXTH: The Board of Directors of the corporation is expressly authorized to make, alter or repeal by-laws and may alter or repeal any by-law whether adopted by them or otherwise.

SEVENTH: Elections of directors need not be by written ballot except and to the extent provided in the by-laws of the corporation.

EIGHTH: Individual members of the Board of Directors shall not be personally liable to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director. This provision shall not eliminate or limit the liability of any director for (1) any breach of the director's duty of loyalty to the corporation or its stockholders; (2) acts or omissions not in good faith or which involve intentional misconduct or knowing violation of the law; (3) unlawful stock purchases or redemptions under section 174 of Title 8, Delaware Code; or (4) any transaction from which the director derived any improper personal benefit.

The undersigned incorporator hereby acknowledges that the foregoing certificate of incorporation is his act and deed and that the facts stated therein are true.

A handwritten signature in black ink, appearing to read "Paul E. Flaherty". The signature is written in a cursive style with a large initial "P" and "F".

DATED: Sept. 24, 1986

CERTIFICATE OF AMENDMENT
OF CERTIFICATE OF INCORPORATION
BEFORE PAYMENT OF CAPITAL OF
CEF INDUSTRIES, INC.

The undersigned, being the sole incorporator of CEF Industries, Inc., a Corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, does hereby certify:

FIRST: That Article EIGHTH of the Certificate of Incorporation be and it hereby is amended to read as follows:

“EIGHTH: (a) A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director’s duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit.

(b) (1) Right to Indemnification. Each person who was or is made or is threatened to be made a part to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a “proceeding”), by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action or inaction in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent

authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that, except as provided in this paragraph (b), the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the board of directors of the Corporation. The right to indemnification conferred in this paragraph (b) shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that, if the Delaware General Corporation Law requires, the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer of the Corporation (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this Section or otherwise. The Corporation may, by action of its Board of Directors, provide indemnification to employees and agents of the Corporation with the same scope and effect as the foregoing indemnification of directors and officers.

(2) Right of Claimant to Bring Suit. If a claim under subparagraph (b)(1) is not paid in full by the Corporation within 30 days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation) that the claimant has not met the standards of

conduct which make it permissible under the Delaware General Corporation Law for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

(3) Non-Exclusivity of Rights. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this paragraph (b) shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, by-law, agreement, vote of stockholders or disinterested directors or otherwise.

(4) Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any such expense, liability or loss, whether or not the Corporation would have the power of indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.”

SECOND: That the Corporation has not received any payment for any of its stock.

THIRD: That the amendment was duly adopted in accordance with the provisions of Section 241 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, I have signed this certificate this 6th day of November, 1986.



Paul E. Flaherty,
Sole Incorporator

BYLAWS OF
CEF INDUSTRIES, INC.

ARTICLE I

OFFICES

The corporation shall continuously maintain in the State of Delaware a registered office and a registered agent whose office is identical with such registered office, and may have other offices within or without the state.

ARTICLE II

SHAREHOLDERS

SECTION 1. ANNUAL MEETING. An annual meeting of the shareholders shall be held on such date as is designated by resolution of the Board of Directors for the purpose of electing directors and for the transaction of such other business as may come before the meeting.

SECTION 2. SPECIAL MEETINGS. Special meetings of the shareholders may be called either by the chairman of the board, by the president, by the board of directors or by the holders of not less than one-fifth of all the outstanding shares of the corporation, for the purpose or purposes stated in the call of the meeting.

SECTION 3. PLACE OF MEETING. The board of directors may designate any place, as the place of meeting for any annual meeting or for any special meeting called by the board of directors. If no designation is made, or if a special meeting be otherwise called, the place of meeting shall be at the offices of the corporation.

SECTION 4. NOTICE OF MEETINGS. Written notice stating the place, date, and hour of the meeting, and in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than forty days before the date of the meeting, or in the case of a merger or consolidation not less than twenty nor more than forty days before the meeting, either personally or by mail, by or at the direction of the chairman, or the president, or the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting. If

mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the shareholder at his address as it appears on the records of the corporation, with postage thereon prepaid. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken.

SECTION 5. FIXING OF RECORD DATE. For the purposes of determining the shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or to receive payment of any dividend, or other distribution or allotment of any rights, or to exercise any rights in respect of any change, conversion or exchange of shares or for the purpose of any other lawful action, the board of directors of the corporation may fix in advance a record date which shall not be more than sixty days and, for a meeting of shareholders, not less than ten days, or in the case of a merger or consolidation not less than twenty days, before the date of such meeting. If no record date is fixed, the record date for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders shall be the date on which notice of the meeting is mailed, and the record date for the determination of shareholders for any other purpose shall be the date on which the board of directors adopts the resolution relating thereto. A determination of shareholders of record entitled to notice of or to vote at a meeting of shareholders shall apply to any adjournment of the meeting.

SECTION 6. VOTING LISTS. The officer or agent having charge of the transfer books for shares of the corporation shall make, at least ten days before each meeting of shareholders, a complete list of the shareholders entitled to vote at such meeting, arranged in alphabetical order, showing the address of and the number of shares registered in the name of the shareholder, which list, for a period of ten days prior to such meeting, shall be kept on file at the registered office of the corporation and shall be open to inspection by any shareholder for any purpose germane to the meeting, at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and may be inspected by any shareholder during the whole time of the meeting. The original share ledger or transfer book, or a duplicate thereof kept in the corporate office in Illinois, shall be the only evidence as to who are the shareholders entitled to examine such list or share ledger or transfer book or to vote at any meeting of shareholders.

SECTION 7. QUORUM. The holders of a majority of the outstanding shares of the corporation, present in person or represented by proxy, shall constitute a quorum at any meeting

of shareholders; provided that if less than a majority of the outstanding shares are represented at said meeting, a majority of the shares so represented may adjourn the meeting at any time without further notice. If a quorum is present, the affirmative vote of the majority of the shares represented at the meeting shall be the act of the shareholders, unless the vote of a greater number or voting by classes is required by the Delaware General Corporation Law, the articles of incorporation or these bylaws. At any adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the original meeting. Withdrawal of shareholders from any meeting shall not cause failure of a duly constituted quorum at that meeting.

SECTION 8. PROXIES. Each shareholder entitled to vote at a meeting of shareholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for him by proxy, but no such proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

SECTION 9. VOTING OF SHARES. Each outstanding share, regardless of class, shall be entitled to one vote upon each matter submitted to vote at a meeting of shareholders.

SECTION 10. VOTING OF SHARES BY CERTAIN HOLDERS. Shares standing in the name of another corporation, domestic or foreign, may be voted by such officer, agent, or proxy and the bylaws of such corporation may prescribe, or, in the absence of such provision, as the board of directors of such corporation may determine.

Shares standing in the name of a deceased person, a minor ward or an incompetent person, may be voted by his administrator, executor, court appointed guardian, or conservator, either in person or by proxy without a transfer of such shares into the name of such administrator, executor, court appointed guardian, or conservator. Shares standing in the name of a trustee may be voted by him, either in person or by proxy.

Shares standing in the name of a receiver may be voted by such receiver, and shares held by or under the control of a receiver may be voted by such receiver without the transfer thereof into his name if authority so to do be contained in an appropriate order of the court by which such receiver was appointed.

A shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the shares so transferred.

Any number of shares may create a voting trust for the purpose of conferring upon a trustee or trustees the right to vote or otherwise represent their share, for a period not to exceed ten years, by entering into a written voting trust agreement specifying the terms and conditions of the voting trust, and by transferring their shares to such trustee or trustees for the purpose of the agreement. Any such trust agreement shall not become effective until a counterpart of the agreement is deposited with the corporation at its registered office. The counterpart of the voting trust agreement so deposited with the corporation shall be subject to the same right of examination by a shareholder of the corporation, in person or by agent or attorney, as are the books and records of the corporation, and shall be subject to examination by any holder of a beneficial interest in the voting trust, either in person or by agent or attorney, at any reasonable time for any proper purpose.

Shares of its own stock belonging to this corporation shall not be voted, directly or indirectly, at any meeting and shall not be counted in determining the total number of outstanding shares at any given time, but shares of its own stock held by it in a fiduciary capacity may be voted and shall be counted in determining the total number of outstanding shares at any given time.

SECTION 11. CUMULATIVE VOTING. In all elections for directors, every shareholder shall have the right to vote, in person or by proxy, the number of shares owned by him, for as many persons as there are directors to be elected, or to cumulate said shares, and give one candidate as many votes as the number of directors multiplied by the number of his shares shall equal, or to distribute them on the same principle among as many candidates as he shall see fit.

SECTION 12. INFORMAL ACTION. Any action required to be taken at any annual or special meeting of shareholders of the corporation, or any action which may be taken at any annual or special meeting of such shareholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those shareholders who have not consented in writing.

SECTION 13. VOTING BY BALLOT. Voting on any question or in any election may be by voice unless the presiding officer shall order or any shareholder shall demand that voting be by ballot.

ARTICLE III

DIRECTORS

SECTION 1. GENERAL POWERS. The business of the corporation shall be managed by its board of directors.

SECTION 2. NUMBER, TENURE AND QUALIFICATIONS. The number of directors of the corporation shall be fixed by the shareholders at the annual meeting of shareholders for the ensuing year and until the next annual meeting. Each director shall hold office until the next annual meeting of shareholders or until his successor shall have been elected and qualified. Directors need not be residents of Delaware or shareholders of the corporation. The number of directors may be increased or decreased from time to time by the amendment of this section; but no decrease shall have the effect of shortening the term of any incumbent director.

SECTION 3. REGULAR MEETINGS. A regular meeting of the board of directors shall be held without other notice than this bylaw, immediately after the annual meeting of shareholders. The board of directors may provide, by resolution, the time and place for the holding of additional regular meetings without other notice than such resolution.

SECTION 4. SPECIAL MEETINGS. Special meetings of the board of directors may be called by or at the request of the chairman, president or any two directors. The person or persons authorized to call special meetings of the board of directors may fix any place as the place for holding any special meeting of the board of directors called by them.

SECTION 5. NOTICE. Notice of any special meeting shall be given at least three days previous thereto by written notice to each director at his business address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. If notice is given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegram company. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

SECTION 6. QUORUM. A majority of the number of directors fixed by these bylaws shall constitute a quorum for transaction of business at any meeting of the board of

directors, provided that if less than a majority of such number of directors are present at said meeting, a majority of the directors present may adjourn the meeting at any time without further notice.

SECTION 7. MANNER OF ACTING. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by statute, these bylaws, or the articles of incorporation.

SECTION 8. VACANCIES. Any vacancy occurring in the board of directors and any directorship to be filled by reason of an increase in the number of directors, may be filled by an election at an annual meeting or at a special meeting of shareholders called for that purpose.

SECTION 9. ACTION WITHOUT A MEETING. Unless specifically prohibited by the articles of incorporation or bylaws, any action required to be taken at a meeting of the board of directors, or any other action which may be taken at a meeting of the board of directors, or of any committee thereof may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the directors entitled to vote with respect to the subject matter thereof, or by all the members of such committee, as the case may be. Any such consent signed by all the directors or all the members of the committee shall have the same effect as a unanimous vote, and may be stated as such in any document filed with the Secretary of State or with anyone else.

SECTION 10. COMPENSATION. The board of directors, by the affirmative vote of a majority of directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers, or otherwise. By resolution of the board of directors the directors may be paid their expenses, if any, of attendance at each meeting of the board. No such payment previously mentioned in this section shall preclude any director from serving the corporation in any other capacity and receiving compensation therefore.

SECTION 11. PRESUMPTION OF ASSENT. A director of the corporation who is present at a meeting of the board of directors at which action on any corporate matter is taken shall be conclusively presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the secretary of the corporation immediately

after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

SECTION 12. COMMITTEES OF DIRECTORS. The board of directors may, by resolution passed by a majority of the whole board, designate one or more committees, each committee to consist of two or more of the directors of the Corporation. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee, to the extent provided in the resolution, shall have and may exercise the powers of the board of directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; provided, however, that in the absence or disqualification of any member of such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any such absent or disqualified member. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the board of directors. But no such committee shall have the power or authority in reference to amending the certificate of incorporation (except that a committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the board of directors as provided in Section 151(a), fix any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the corporation or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of the same or any other class or classes of stock of the corporation) adopting an agreement of merger or consolidation, recommending to the shareholders the sale, lease or exchange of all or substantially all of the corporation's property and assets, recommending to the shareholders a dissolution of the corporation or a revocation of a dissolution, or amending the by-laws of the corporation; and, unless the resolution or the certificate of incorporation expressly so provide, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock or to adopt a certificate of ownership and merger.

SECTION 13. RECORD OF PROCEEDINGS. Each committee shall keep regular minutes of its meetings and report the same to the board of directors when required.

ARTICLE IV

OFFICERS

SECTION 1. NUMBER. The officers of the corporation shall be a chairman of the board of directors, a president, one or more executive vice presidents and vice presidents, a treasurer, assistant treasurers, a secretary, assistant secretaries and such other officers as may be elected or appointed by the board of directors. Any two or more offices may be held by the same person, except the offices of president, and secretary; provided, however, that in cases where all of the shares of a corporation are owned of record by one shareholder and the articles of incorporation or bylaws provide that the number of directors shall be one, the offices of president and secretary may be held by the same person.

SECTION 2. ELECTION AND TERM OF OFFICE. The officers of the corporation shall be elected annually by the board of directors at the first meeting of the board of directors held after each annual meeting of shareholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Vacancies may be filled or new offices created and filled at any meeting of the board of directors. Each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall resign or shall have been removed in the manner hereinafter provided. Election of an officer shall not of itself create contract rights.

SECTION 3. REMOVAL. Any officer elected or appointed by the board of directors may be removed by the board of directors whenever in its judgment the best interests of the corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

SECTION 4. CHAIRMAN OF THE BOARD. The chairman of the board of directors shall preside at all meetings of the shareholders and of the board of directors and, in his absence, the president shall so preside. The chairman shall be the principal executive officer of the corporation. Subject to the direction and control of the board of directors, he shall be in charge of the business of the corporation; he shall see that the resolutions and directions of the board of directors are carried into effect except in those instances in which that responsibility is specifically assigned to some other person by the board of directors; and, in general, he shall discharge all duties incident to the office of chief executive officer and such other duties as may be prescribed by the board of directors from time to time. Except in those instances in which the authority to execute is expressly delegated to another officer

or agent of the corporation or a different mode of execution is expressly prescribed by the board of directors or these bylaws, he may execute for the corporation certificates for its shares, and any contracts, deeds, mortgages, bonds, or other instruments which the board of directors has authorized to be executed, and he may accomplish such execution either under or without the seal of the corporation and either individually or with the secretary, any assistant secretary, or any other officer thereunto authorized by the board of directors, according to the requirements of the form of the instrument. He may vote all securities which the corporation is entitled to vote except as and to the extent such authority shall be vested in a different officer or agent of the corporation by the board of directors.

SECTION 5. PRESIDENT. The president shall be the principal operating officer of the corporation performing all duties necessary or incident to the office of principal operating officer and he shall perform such other duties as from time to time may be assigned to him by the chairman or by the board of directors. He shall assist the chairman in the discharge of his duties and in the absence of the chairman or in the event of the chairman's inability or refusal to act, the president shall perform the duties of the chairman, and when so acting shall have all the powers of and be subject to all the restrictions upon the chairman. Except in those instances in which the authority to execute is expressly delegated to another officer or agent of the corporation or a different mode of execution is expressly prescribed by the board of directors or these bylaws, the president may execute for the corporation certificates for its shares and any contracts, deeds, mortgages, bonds or other instruments which the board of directors has authorized to be executed, and he may accomplish such execution either under or without the seal of the corporation and either individually or with the secretary, any assistant secretary, or any other officer thereunto authorized by the board of directors, according to the requirements of the form of the instrument.

SECTION 6. EXECUTIVE VICE PRESIDENTS AND VICE PRESIDENTS. The executive vice president and vice president (or in the event there be more than one, each of the executive vice presidents and vice presidents) shall assist the chairman and the president in the discharge of their duties as the chairman or president may direct and shall perform such other duties as from time to time may be assigned to him by the chairman or the president or by the board of directors. In the absence of both the chairman and the president or in the event of the inability or refusal to act of both, the executive vice president (or in the event there be more than one executive vice president, the executive vice presidents in the order designated by the board of directors, or by the chairman if the board of directors has not made such a designation, or in the absence of any designation, then in the order of seniority of tenure as

executive vice president) shall perform the duties of the chairman, and when so acting, shall have all the powers of and be subject to all the restrictions upon the chairman. Except in those instances in which the authority to execute is expressly delegated to another officer or agent of the corporation or a different mode of execution is expressly prescribed by the board of directors or these bylaws, the executive vice president (or each of them if there are more than one) may execute for the corporation certificates for its shares and any contracts, deeds, mortgages, bonds or other instruments which the board of directors has authorized to be executed, and he may accomplish such execution either under or without the seal of the corporation and either individually or with the secretary, any assistant secretary, or any other officer thereunto authorized by the board of directors, according to the requirements of the form of the instrument.

SECTION 7. THE TREASURER. The treasurer shall be the principal accounting and financial officer of the corporation. He shall: (a) have charge of and be responsible for the maintenance of adequate books of account for the corporation; (b) have charge and custody of all funds and securities of the corporation, and be responsible therefore and for the receipt and disbursement thereof; and (c) perform all the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the president or by the board of directors. If required by the board of directors, the treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the board of directors may determine.

SECTION 8. THE SECRETARY. The secretary shall: (a) record the minutes of the shareholders' and of the board of directors' meetings in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the corporation; (d) keep a register of the post office address of each shareholder which shall be furnished to the secretary by such shareholder; (e) sign with the chairman, or the president, or vice president, or any other officer thereunto authorized by the board of directors, certificates for shares of the corporation, the issue of which shall have been authorized by the board of directors, and any contracts, deeds, mortgages, bonds, or other instruments which the board of directors has authorized to be executed, according to the requirements of the form of the instrument, except when a different mode of execution is expressly prescribed by the board of directors or these bylaws; (f) have general charge of the stock transfer books of the corporation; (g) perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the president or by the board of directors.

SECTION 9. ASSISTANT TREASURERS AND ASSISTANT SECRETARIES. The assistant treasurers and assistant secretaries shall perform such duties as shall be assigned to them by the treasurer or the secretary, respectively, or by the president or the board of directors. The assistant secretaries may sign with the chairman, or the president, or a vice president, or any other officer thereunto authorized by the board of directors, certificates for shares of the corporation, the issue of which shall have been authorized by the board of directors, and any contracts, deeds, mortgages, bonds, or other instruments which the board of directors has authorized to be executed, according to the requirements of the form of the instrument, except when a different mode of execution is expressly prescribed by the board of directors or these bylaws. The assistant treasurers shall respectively, if required by the board of directors, give bonds for the faithful discharge of their duties in such sums and with such sureties as the board of directors shall determine.

SECTION 10. SALARIES. The salaries of the officers, except the chairman, shall be fixed from time to time by the chairman and reported to the Board of Directors and the salary of the chairman shall be fixed by the Board of Directors. No officer shall be prevented from receiving such salary by reason of the fact that he is also a director of the corporation.

ARTICLE V

CONTRACTS, LOANS, CHECKS AND DEPOSITS

SECTION 1. CONTRACTS. The board of directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

SECTION 2. LOANS. No loans shall be contracted on behalf of the corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the board of directors. Such authority may be general or confined to specific instances.

SECTION 3. CHECKS, DRAFTS, ETC. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation, shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the board of directors.

SECTION 4. DEPOSITS. All funds of the corporation not otherwise employed shall be deposited from time to time to

the credit of the corporation in such banks, trust companies or other depositories as the board of directors may select.

ARTICLE VI

CERTIFICATES FOR SHARES AND THEIR TRANSFER

SECTION 1. CERTIFICATES FOR SHARES. Certificates representing shares of the corporation shall be signed by the chairman or the president or a vice president or by such officer as shall be designated by resolution of the board of directors and by the secretary or an assistant secretary, and shall be sealed with the seal or a facsimile of the seal of the corporation. If both of the signatures of the officers be by facsimile, the certificate shall be manually signed by or on behalf of a duly authorized transfer agent or clerk. Each certificate representing shares shall be consecutively numbered or otherwise identified, and shall also state the name of the person to whom issued, the number and class of shares (with designation of series, if any), the date of issue, that the corporation is organized under Delaware law, and the par value or a statement that the shares are without par value. If the corporation is authorized and does issue shares of more than one class or of series within a class, the certificate shall also contain such information or statement as may be required by law.

The name and address of each shareholder, the number and class of shares held and the date on which the certificates for the shares were issued shall be entered on the books of the corporation. The person in whose name shares stand on the books of the corporation shall be deemed the owner thereof for all purposes as regards the corporation.

SECTION 2. LOST CERTIFICATES. If a certificate representing shares has allegedly been lost or destroyed, the board of directors may in its discretion, except as may be required by law, direct that a new certificate be issued upon such indemnification and other reasonable requirements as it may impose.

SECTION 3. TRANSFERS OF SHARES. Transfers of shares of the corporation shall be recorded on the books of the corporation and, except in the case of a lost or destroyed certificate, shall be made on surrender for cancellation of the certificate for such shares. A certificate presented for transfer must be duly endorsed and accompanied by proper guaranty of signature and other appropriate assurances that the endorsement is effective.

ARTICLE VII

FISCAL YEAR

The fiscal year of the corporation shall be fixed by resolution of the board of directors.

ARTICLE VIII

DIVIDENDS

The board of directors may from time to time declare, and the corporation may pay, dividends on its outstanding shares in the manner and upon the terms and conditions provided by law and its articles of incorporation.

ARTICLE IX

SEAL

The corporate seal shall have inscribed thereon the name of the corporation and the words "Corporate Seal, Delaware." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE X

WAIVER OF NOTICE

Whenever any notice is required to be given under any provision of this chapter or of the certificate of incorporation or by-laws, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the shareholders, directors, or members of a committee of directors need be specified in any written waiver of notice unless so required by the certificate of incorporation or the by-laws.

ARTICLE XI

INDEMNIFICATION OF OFFICERS, DIRECTORS AND EMPLOYEES

SECTION 1. A director of the corporation shall not be personally liable to the corporation or its shareholders for monetary damages for breach or fiduciary duty as a director,

except for liability: (a) for any breach of the director's duty of loyalty to the corporation or its shareholders; (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (c) under Section 174 of the Delaware General Corporation Law; or (d) for any transaction from which the director derived an improper personal benefit.

SECTION 2. The corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment or settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interest of the corporation, and with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

SECTION 3. The corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that despite the adjudication of liability but in view of all the

circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

SECTION 4. To the extent that a director, officer, employee or agent of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 1 and 2, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

SECTION 5. Any indemnification under Sections 1 and 2 (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Sections 1 and 2. Such determination shall be made (a) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (b) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (c) by the shareholders.

SECTION 6. Expenses incurred by an officer or director in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding as authorized by the board of directors in the specific case upon receipt of an undertaking by or on behalf of such director or officer to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the corporation as authorized in this section. Such expenses incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the board of directors deems appropriate.

SECTION 7. The indemnification provided by this article shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any statute, provision of the certificate of incorporation, by-law, contract, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

SECTION 8. The corporation shall have power to purchase and maintain insurance on behalf of itself or any person who is or was a director, officer, employee or agent of

the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this article.

SECTION 9. For purposes of this Section, references to “the corporation” shall include, in addition to the surviving corporation, any merging corporation (including any corporation having merged with a merging corporation) absorbed in a merger which, if its separate existence had continued, would have had the power and authority to indemnify its directors, officers, employees or agents, so that any person who was a director, officer, employee or agent of such merging corporation, or was serving at the request of such merging corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Section with respect to the surviving corporation as such person would have with respect to such merging corporation if its separate existence had continued.

SECTION 10. For purposes of this Section, references to “other enterprises” shall include employee benefit plans; references to “fines” shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to “serving at the request of the corporation” shall include any service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries. A person who acted in good faith and in a manner he or she reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “not opposed to the best interest of the corporation” as referred to in this Section.

ARTICLE XII

AMENDMENTS

The power to make, alter, amend, or repeal the bylaws of the corporation shall be vested in the board of directors, unless reserved to the shareholders by the articles of incorporation. The bylaws may contain any provisions for the regulation and management of the affairs of the corporation not inconsistent with law or the articles of incorporation.

**AMENDMENT NO. 2
TO THE
TRANSDIGM GROUP INCORPORATED
FOURTH AMENDED AND RESTATED 2003 STOCK OPTION PLAN**

WHEREAS, TransDigm Group Incorporated (the "Company") currently maintains and sponsors the TransDigm Group Incorporated Fourth Amended and Restated 2003 Stock Option Plan (the "Plan"); and

WHEREAS, the Board of Directors of the Company (the "Board") wishes to amend the Plan in accordance with the provisions of Sections 2(c), 2(j) and 17.

NOW, THEREFORE, the Plan is hereby amended as follows:

1. By replacing Section 2(c) of the Plan in its entirety as follows:

“(c) ‘Annual EBITDA Target’ means:

- (i) for fiscal year 2004 (ending September 30, 2004), \$134.7 million;
- (ii) for fiscal year 2005, \$163 million;
- (iii) for fiscal year 2006, \$190.1 million;
- (iv) for fiscal year 2007, \$250.0 million; and
- (v) for fiscal year 2008, \$305.7 million;

provided, however, the Annual EBITDA Target shall be appropriately adjusted in good faith by the Board for any acquisitions, dispositions or other similar events that effect the determination of Annual EBITDA.”

2. By replacing Section 2(j) of the Plan in its entirety as follows:

“(j) ‘Cumulative EBITDA Target’ means

- (i) for fiscal year 2004, \$134.7 million;
- (ii) for fiscal year 2005, \$297.7 million;
- (iii) for fiscal year 2006, \$487.8 million;
- (iv) for fiscal year 2007, \$737.7 million; and
- (v) for fiscal year 2008, \$1,043.4 million;

provided, however, the Cumulative EBITDA Target shall be appropriately adjusted in good faith by the Board for any acquisitions, dispositions or other similar events that effect the determination of Cumulative EBITDA.”

3. This Amendment No. 1 shall be effective as of July 18, 2008.

4. Except as modified by this Amendment No. 2, all of the terms and conditions of the Plan shall remain valid and in full force and effect.

IN WITNESS WHEREOF, this Amendment No. 2 was duly adopted by the Board of Directors as of July 18, 2008.

TRANSDIGM GROUP INCORPORATED

By /s/ Gregory Rufus

Gregory Rufus, Executive Vice President, Chief
Financial Officer and Secretary

CERTIFICATION

I, W. Nicholas Howley, certify that:

1. I have reviewed this quarterly report on Form 10-Q of TransDigm Group Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2008

/s/ W. Nicholas Howley

Name: W. Nicholas Howley

Title: Chairman of the Board of Directors and
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Gregory Rufus, certify that:

1. I have reviewed this quarterly report on Form 10-Q of TransDigm Group Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - (b) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2008

/s/ Gregory Rufus

Name: Gregory Rufus

Title: Executive Vice President and
Chief Financial Officer
(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of TransDigm Group Incorporated (the "Company") for the period ended June 28, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, W. Nicholas Howley, Chairman of the Board of Directors and Chief Executive Officer (Principal Executive Officer), certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition of the Company.

Date: August 7, 2008

/s/ W. Nicholas Howley

Name: W. Nicholas Howley

Title: Chairman of the Board of Directors and Chief
Executive Officer (Principal Executive Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of TransDigm Group Incorporated (the "Company") for the period ended June 28, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gregory Rufus, Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer) certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and
2. The information contained in the Report fairly presents in all material respects, the financial condition of the Company.

Date: August 7, 2008

/s/ Gregory Rufus

Name: Gregory Rufus
Title: Executive Vice President and
Chief Financial Officer
(Principal Financial and Accounting Officer)