

TransDigm Non-Deal Roadshow

June 2023

TRANSDIGM
GROUP INC.

Forward Looking Statements & Special Notice Regarding Pro Forma and Non-GAAP Information

TRANSDIGM
GROUP INC.

FORWARD LOOKING STATEMENTS

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including information regarding our guidance for future periods. These forward-looking statements are based on management's current expectations and beliefs, as well as a number of assumptions concerning future events, many of which are outside of our control. Consequently, such forward looking statements should be regarded solely as our current plans, estimates and beliefs. These statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statement. 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. All forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. These risks and uncertainties include but are not limited to: the impact that the COVID-19 pandemic has on our business, results of operations, financial condition and liquidity; the sensitivity of our business to the number of flight hours that our customers' planes spend aloft and our customers' profitability, both of which are affected by general economic conditions; current and future geopolitical or other worldwide events; cyber-security threats, natural disasters and climate change-related events; our reliance on certain customers; the U.S. defense budget and risks associated with being a government supplier, including government audits and investigations; failure to maintain government or industry approvals; failure to complete or successfully integrate acquisitions; our indebtedness; potential environmental liabilities; liabilities arising in connection with litigation; climate-related regulations; increases in raw material costs, taxes and labor costs that cannot be recovered in product pricing; risks and costs associated with our international sales and operations; and other risk factors. Further information regarding the important factors that could cause actual results to differ materially from projected results can be found in TransDigm Group's Annual Report on Form 10-K for the fiscal year ended September 30, 2022 and other reports that TransDigm Group or its subsidiaries have filed with the Securities and Exchange Commission.

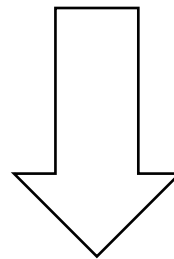
You are cautioned not to place undue reliance on our forward-looking statements. TransDigm Group Incorporated assumes no obligation to, and expressly disclaims any obligation to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

SPECIAL NOTICE REGARDING PRO FORMA AND NON-GAAP INFORMATION

This presentation sets forth certain pro forma financial information. This pro forma financial information gives effect to certain recently completed acquisitions. Such pro forma information is based on certain assumptions and adjustments and does not purport to present TransDigm's actual results of operations or financial condition had the transactions reflected in such pro forma financial information occurred at the beginning of the relevant period, in the case of income statement information, or at the end of such period, in the case of balance sheet information, nor is it necessarily indicative of the results of operations that may be achieved in the future.

This presentation also sets forth certain non-GAAP financial measures. A presentation of the most directly comparable GAAP measures and a reconciliation to such measures are set forth in the appendix.

**“Private Equity-Like Growth in Value
with Liquidity of a Public Market”**



+ 15% - 20% / Year on Average

Unique & Consistent Business Strategy

Private & Public

TRANSDIGM
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TransDigm's Consistent Goal – “Private Equity-Like” Returns to Shareholders

- Proprietary Aerospace Products with Significant Aftermarket
- 3-Part Value-Based Operating Strategy
- Decentralized Organization/ Aligned with Shareholders
- Focused Disciplined Acquisition Strategy
- “Private Equity-Like” Capital Structure & Culture

Company Overview

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Financial Snapshot




























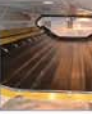






































































	FY 2023 Guidance Mid-Point ⁽²⁾
(\$ in millions)	
Revenue	\$ 6,455
EBITDA as Defined ⁽¹⁾	\$ 3,260
EBITDA as Defined Margin	51%
Formed	1993
Public	2006

Enterprise Value ⁽³⁾ ≈ \$67 Billion

- (1) EBITDA as Defined is a non-GAAP financial measure. For a historical reconciliation of EBITDA as Defined to Income from Continuing Operations, please see the appendix.
- (2) Revenue and EBITDA As Defined information under FY23 Guidance Mid-point reflects the mid-point of the range for the fiscal year ending 9/30/23 that was issued on 5/9/23. The Company only updates guidance quarterly and this presentation does not confirm or update guidance now.
- (3) Enterprise value calculated as of 5/18/23 equals equity value (shares outstanding as of 4/1/23 multiplied by the TDG closing stock price on 5/18/23 plus pro forma total net debt (total debt less cash)). For a reconciliation of the pro forma total net debt, please see the pro forma capital structure reconciliation on slide 40 of this presentation.

Diverse Products, Platforms and Markets

TRANSDIGM
GROUP INC.

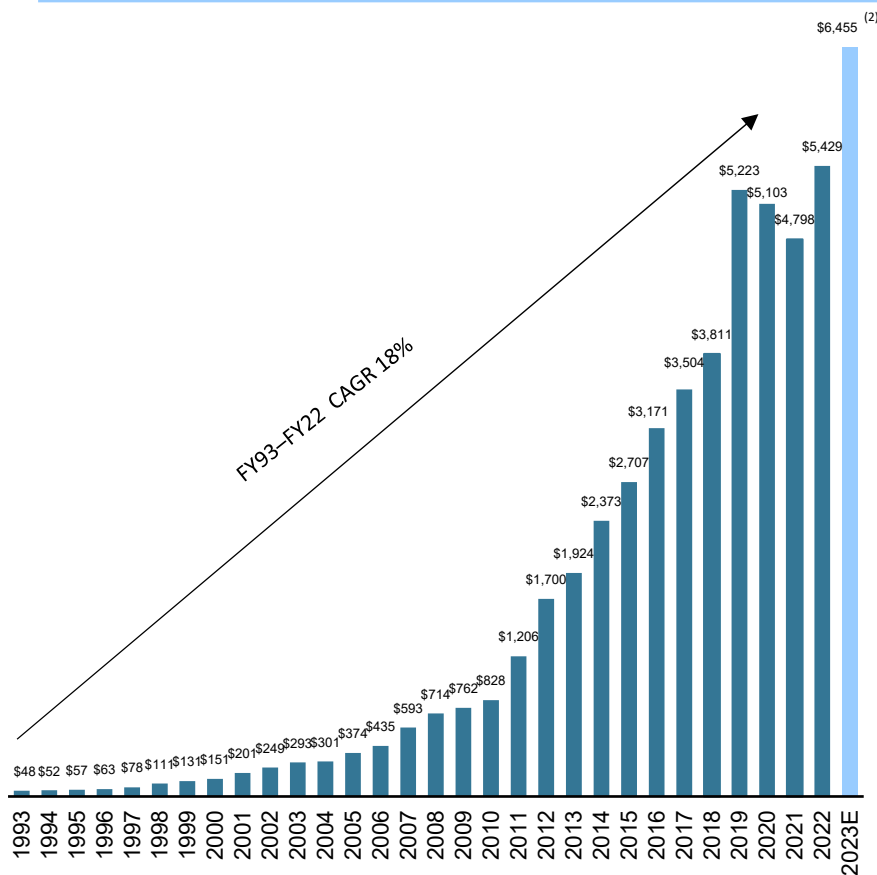
Ignition Systems & Aircraft Sensors	Pumps	Valves	Motors, Actuators & Controls	Water Faucets & Systems	Quick Disconnects, Couplings & Rods	Batteries, Chargers & Power Conditioning	Aircraft Hardware & Cockpit Security Systems	Engineered Composites, Elastomers, Thermal Protection & Laminates	Switches & Relay Panels	Audio, Radio & Antenna Systems	Lighting, Instrumentation & Cockpit Displays	Safety Restraints & Parachutes	Lifting Devices & Cargo Handling Systems
													
													
													
													
													
													
													

Consistent Record of Growth and Margin Expansion



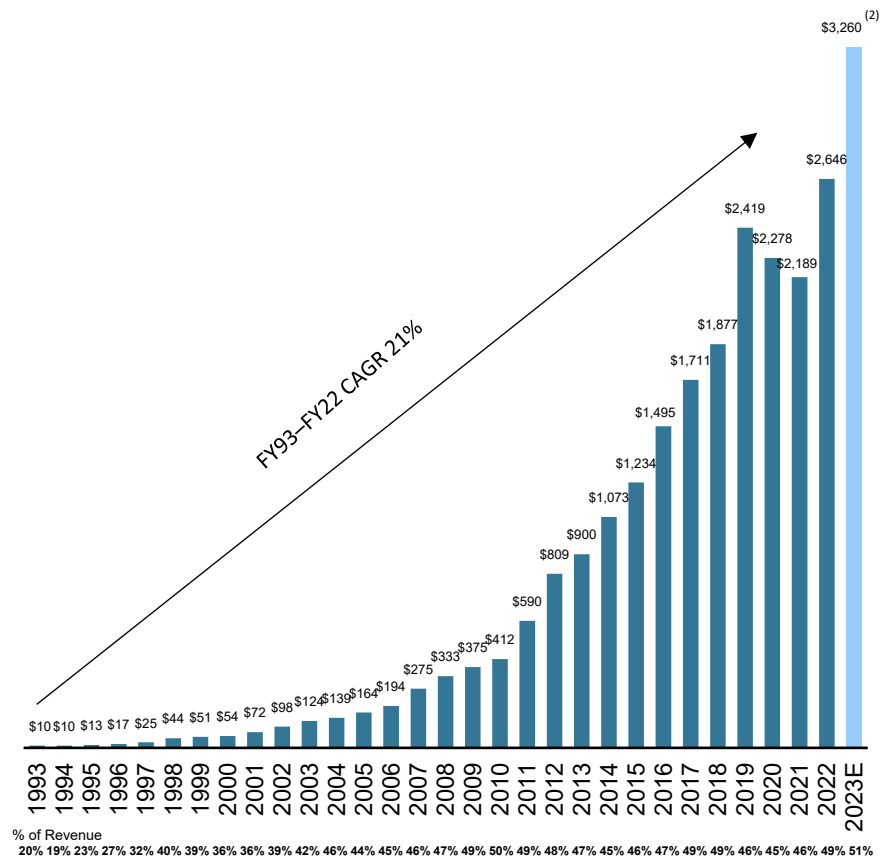
(\$ in millions)

Revenue



(\$ in millions)

EBITDA as Defined and Margin (1)

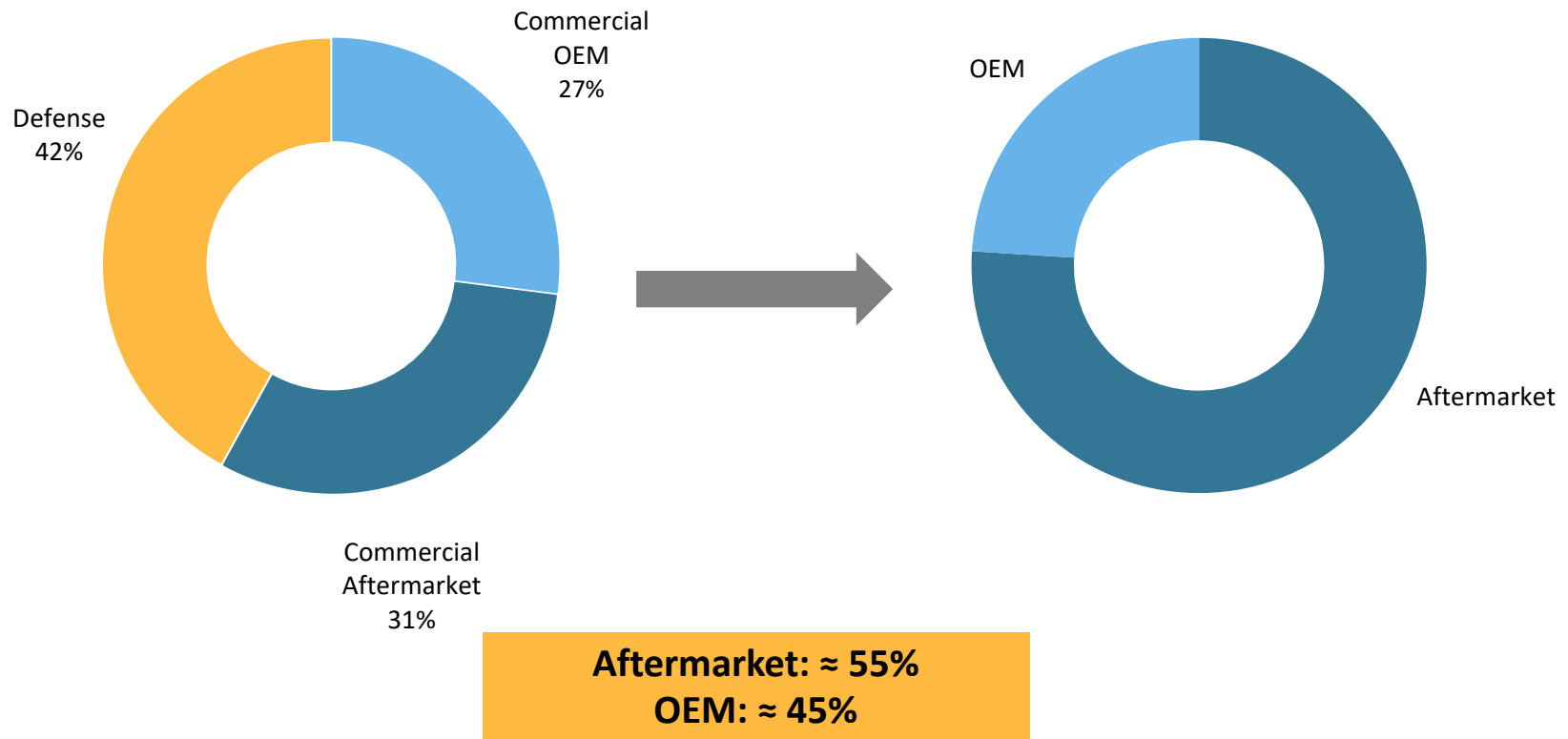


- (1) EBITDA as Defined is a non-GAAP financial measure. For a historical reconciliation of EBITDA as Defined to Income from Continuing Operations, please see the appendix.
- (2) Revenue and EBITDA As Defined information for FY23 reflects the mid-point of the guidance range for the fiscal year ending 9/30/23 that was issued on 5/9/23. The Company only updates guidance quarterly and this presentation does not confirm or update guidance now.

Strong Focus on High-Margin Aftermarket

FY 22 Pro Forma Revenues ⁽¹⁾

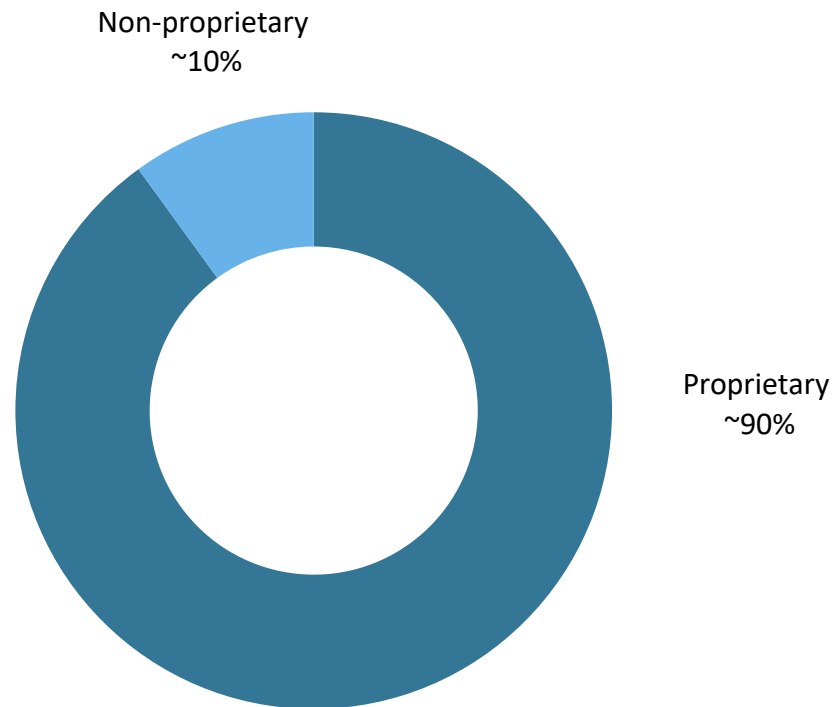
EBITDA As Defined ⁽²⁾



- (1) Pro forma revenue is for the fiscal year ended 9/30/2022. Excludes impact of the Calspan Corporation acquisition completed May 2023. Includes full year impact of the DART Aerospace acquisition completed May 2022. Please see the Special Notice Regarding Pro Forma and Non-GAAP Information.
- (2) EBITDA As Defined is the primary measurement used by management to review and assess the operating performance of each segment is EBITDA As Defined.

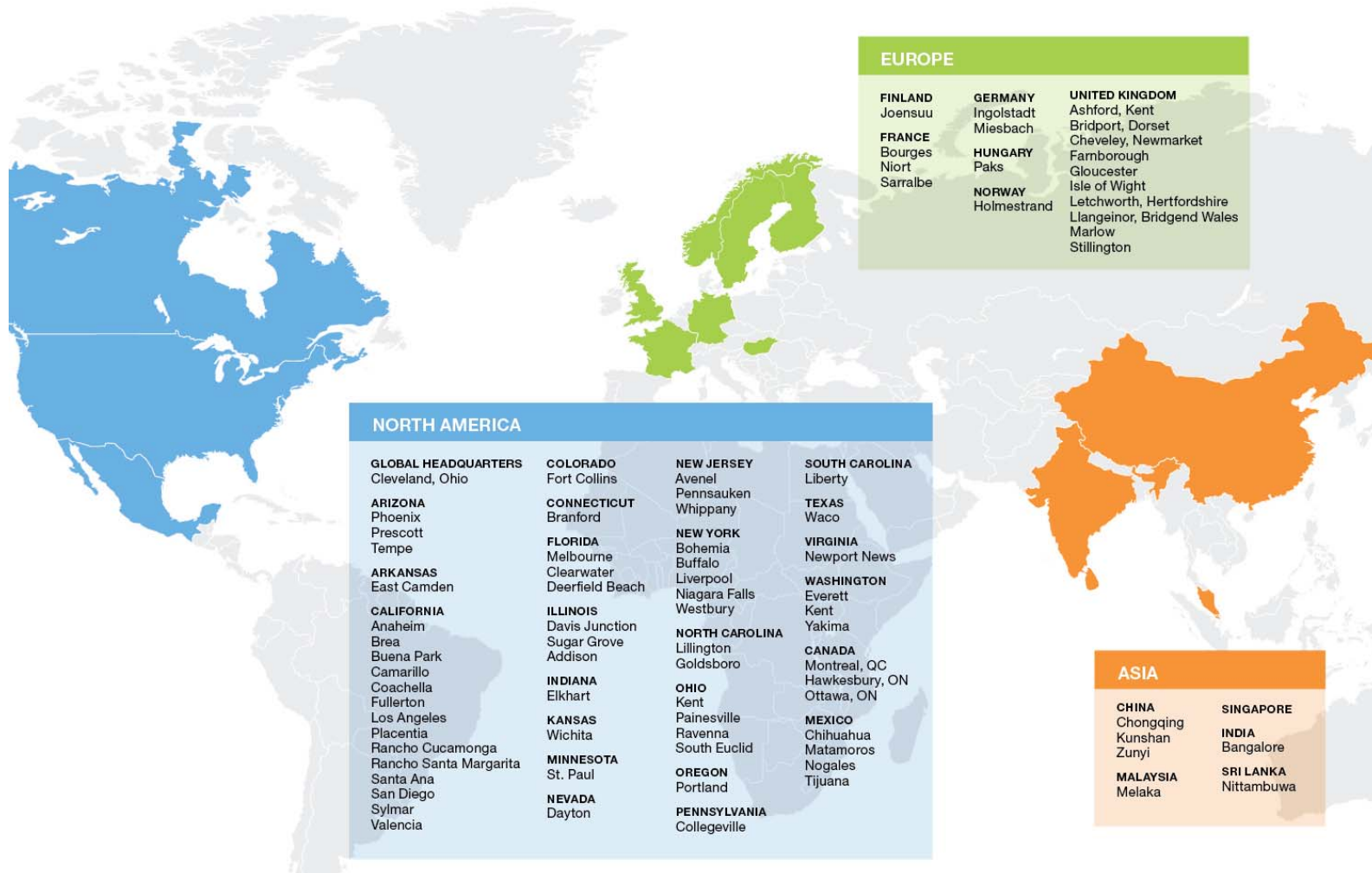
Significant Proprietary Revenue Base

Proprietary Revenue

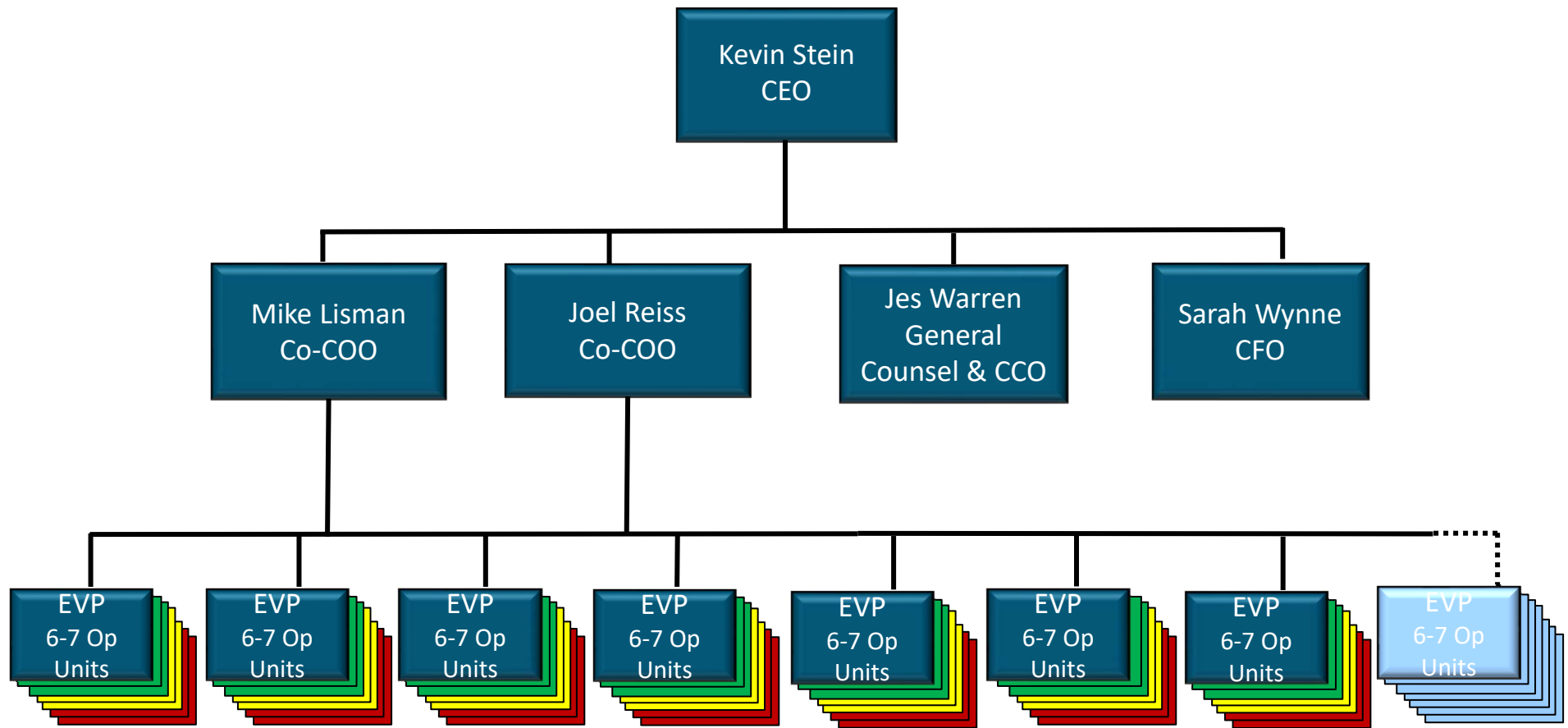


Results in strong market positions and a stable, recurring revenue stream

TransDigm – Expanding Global Footprint



49 Operating Units; 114 Manufacturing Locations



Structure Scalable With Future Growth

Consistent Operating Model



Profitable New
Business



Productivity and
Cost
Improvements



Value Based
Pricing

3 Value Drivers

Organizational Philosophy

TRANSDIGM
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CORPORATE

Corporate
Control



Local
Autonomy

Value Generation Strategy

OPERATING UNIT

Economy
of Scale



Mgmt
Resources

Central
Control



Local
Autonomy

Emp-
loyees



Owners

Structure

Execution

Motivation

Organizational Philosophy

Structure

Small Operating Units

Focus on Products
and Customers

Few Management Layers

Business Unit Discipline

Price
Productivity
New Business



VALUE CREATION

Execution

Significant Local
Autonomy

Local Decisions

Front Line Value
Generation



Motivation

Think Like Owner

Create Value

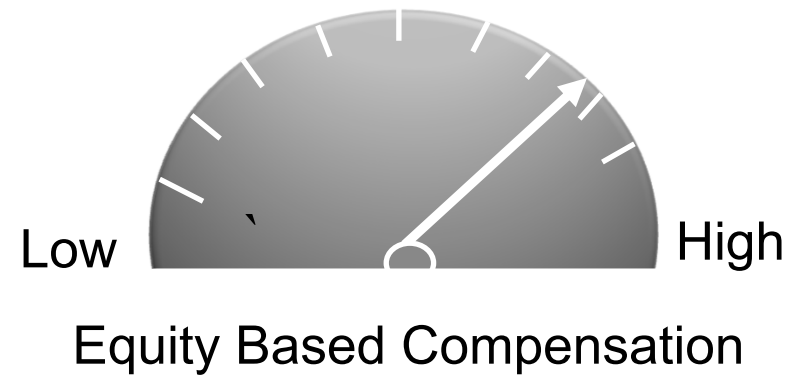
Lower Cash Comp &
Higher Equity



Unique Compensation Concept – “Think/act like an owner”

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TDG Ownership



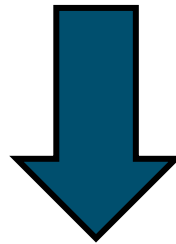
100% Performance Vesting

Very High Shareholder Alignment

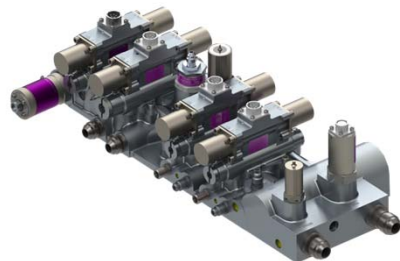
Customer Value Proposition

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Provide Reliable, Well Engineered
Products & Deliver Them On-Time



Highest Value to Customers



Investment

- Highly Engineered Products Require Resourcing
 - ≈ 8-10% of total cost spent on Engineering/R&D

■ Organization

- Decentralized Execution
- Business Unit Team Concept
- Succession Planning

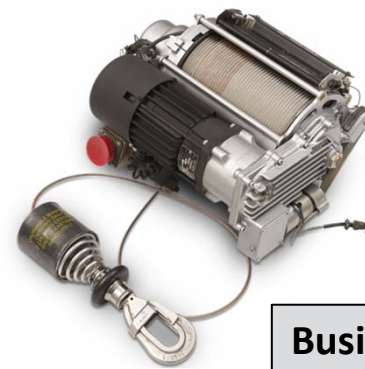
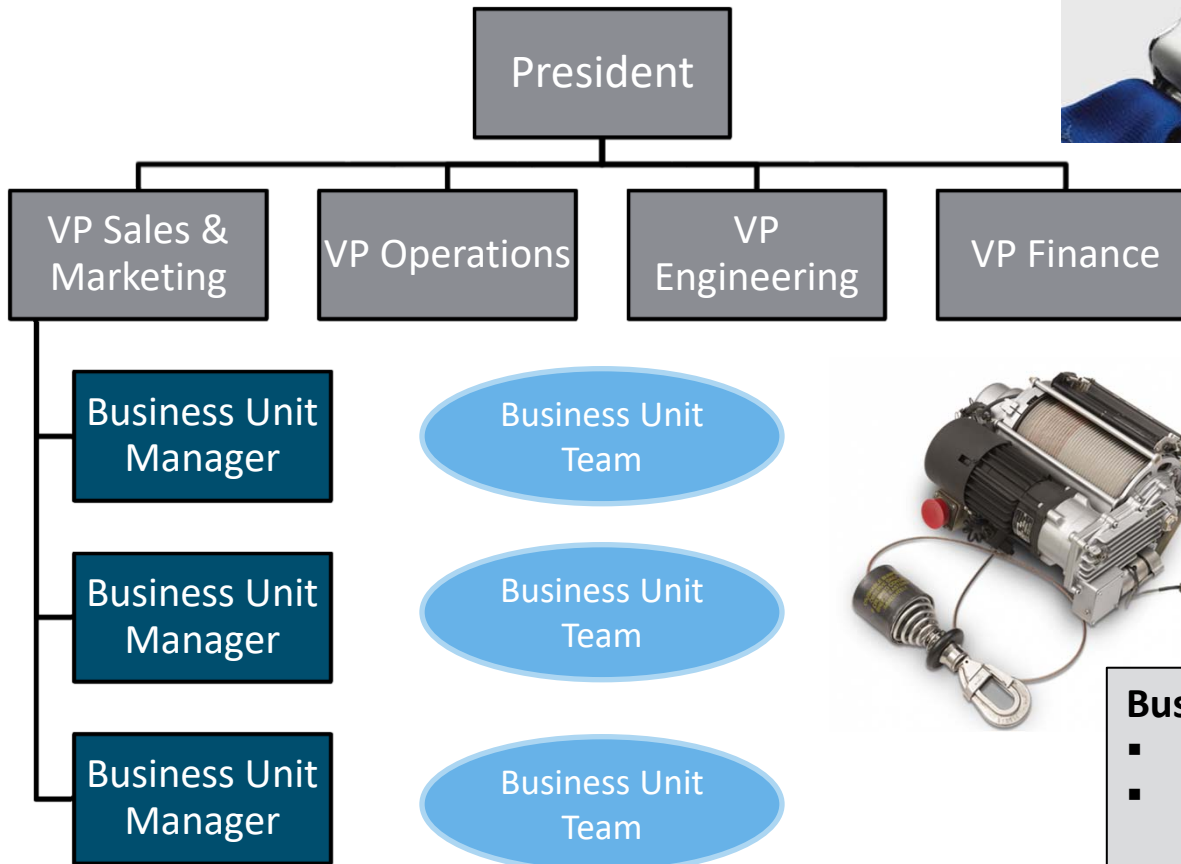


■ Execution

- Relentless Drive to Create Value



Operating Unit Organization



Business Unit Value Focus

- Business Unit Teams**
- Co-Located
 - Detail Value Focused
 - New Business Development
 - Pricing and Contracting
 - Productivity

Business Unit Value Creation

Business Unit Teams

- Grouping of Related Products
- Integrated Cross Functional Team
- Business Unit Manager Drives Performance

Value Driver Focus

- Profitable New Business
- Productivity and Cost Improvement
- Value-based Pricing

Accountability

- Standardized Business Metrics Across Operating Units
- Quarterly Reviews and Mid-Year Reviews
- Ownership of Results



Business Unit Structure – Driving Value Creation



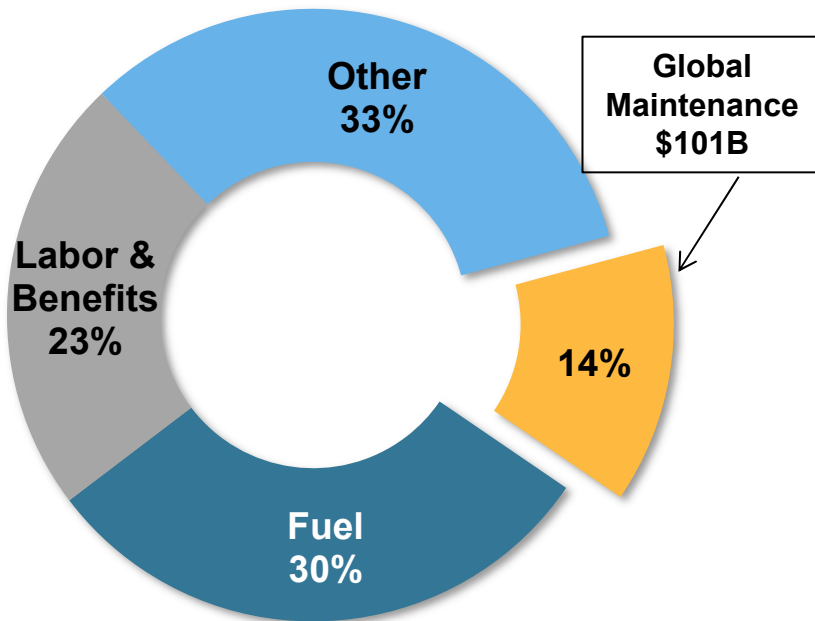
Consistent
Value Generation



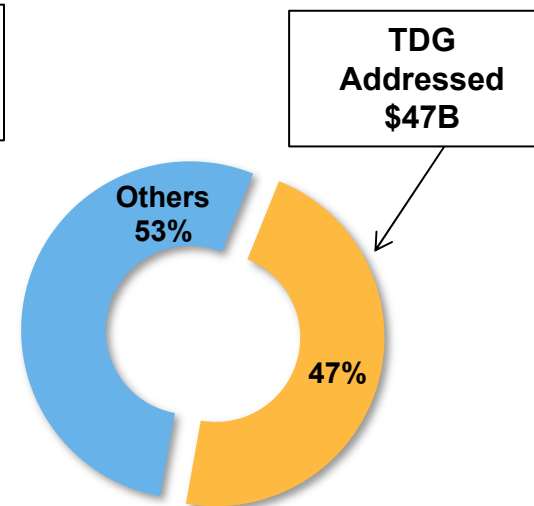
Commercial Aerospace & Defense Market Updates

TransDigm's Addressed Market for Commercial Aftermarket

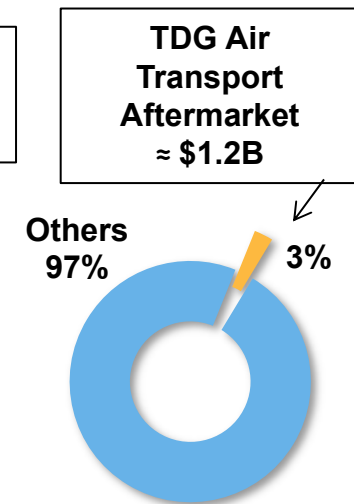
Global Airline Operating Expenses
2022 Total = \$737B



Global Maintenance Spend
2022 Total = \$101B



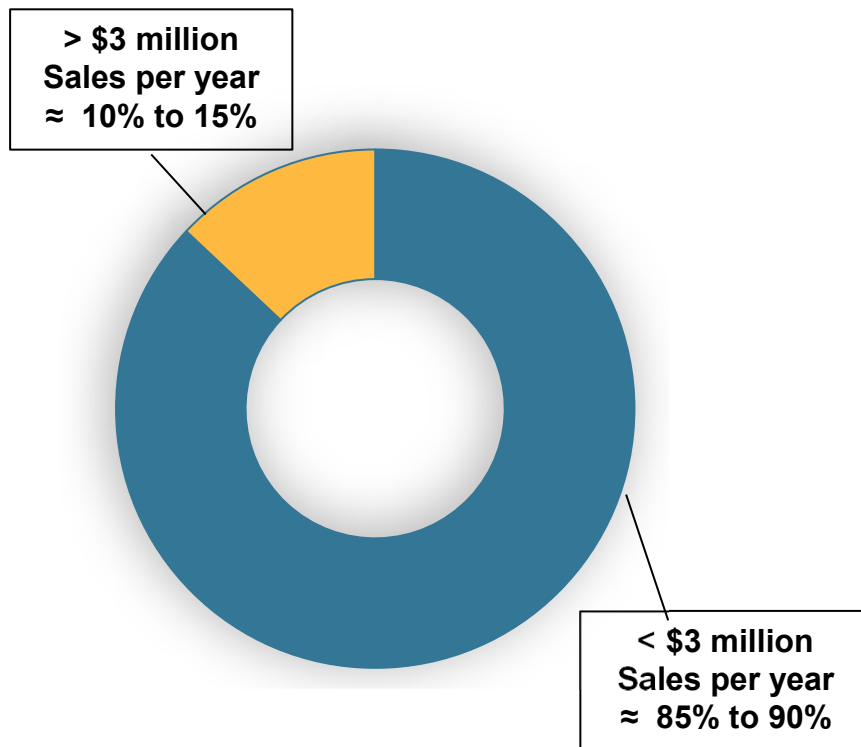
TDG Addressed Market
2022 Total = \$47B



**TransDigm's Addressed Market for Air Transport Aftermarket is \$47B
of Which We Hold a ≈ 3% Market Share**

TransDigm's Diverse Commercial Aftermarket Revenue Base

Total FY 2022 Commercial Aftermarket Worldwide Revenue by Annual Sales \$ Per Part



Top 15 Airlines

- American Airlines
- United Airlines
- Delta Airlines
- Lufthansa
- IAG
- AF-KLM
- Ryanair
- Emirates
- Southwest
- Turkish Airlines
- Qatar Airways
- Air Canada
- Singapore Airlines
- China Southern
- LATAM Air

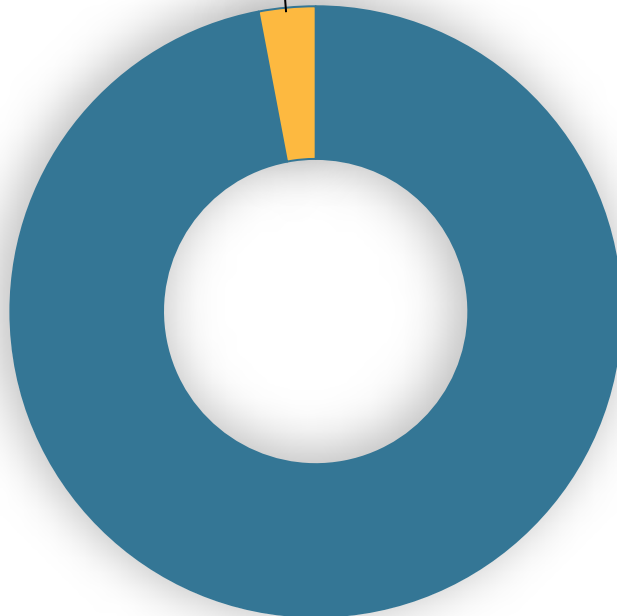
≈ 50%
Worldwide RPM's⁽¹⁾

High SKU Count being Sold Across a Diverse Customer Base

(1) Source: AeroDynamic Advisory

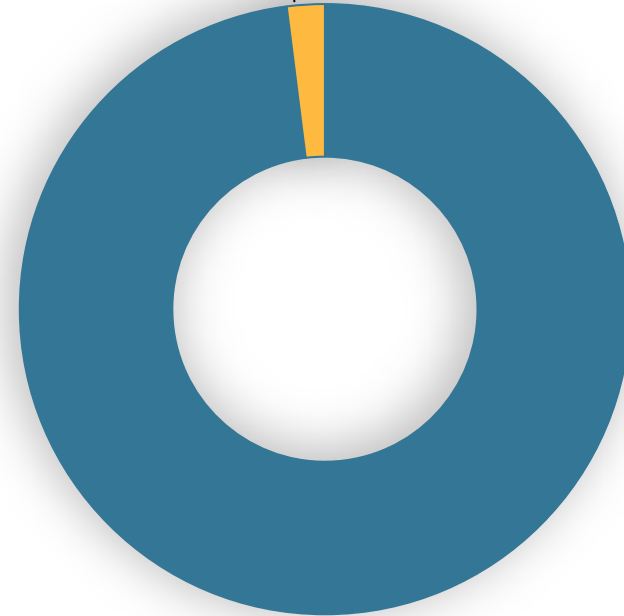
PMA Market Penetration

**3rd Party PMA
≈ 1½% to 2½%**



**Total INDUSTRY
Commercial Aftermarket \$**

**3rd Party PMA
Less than 2%**



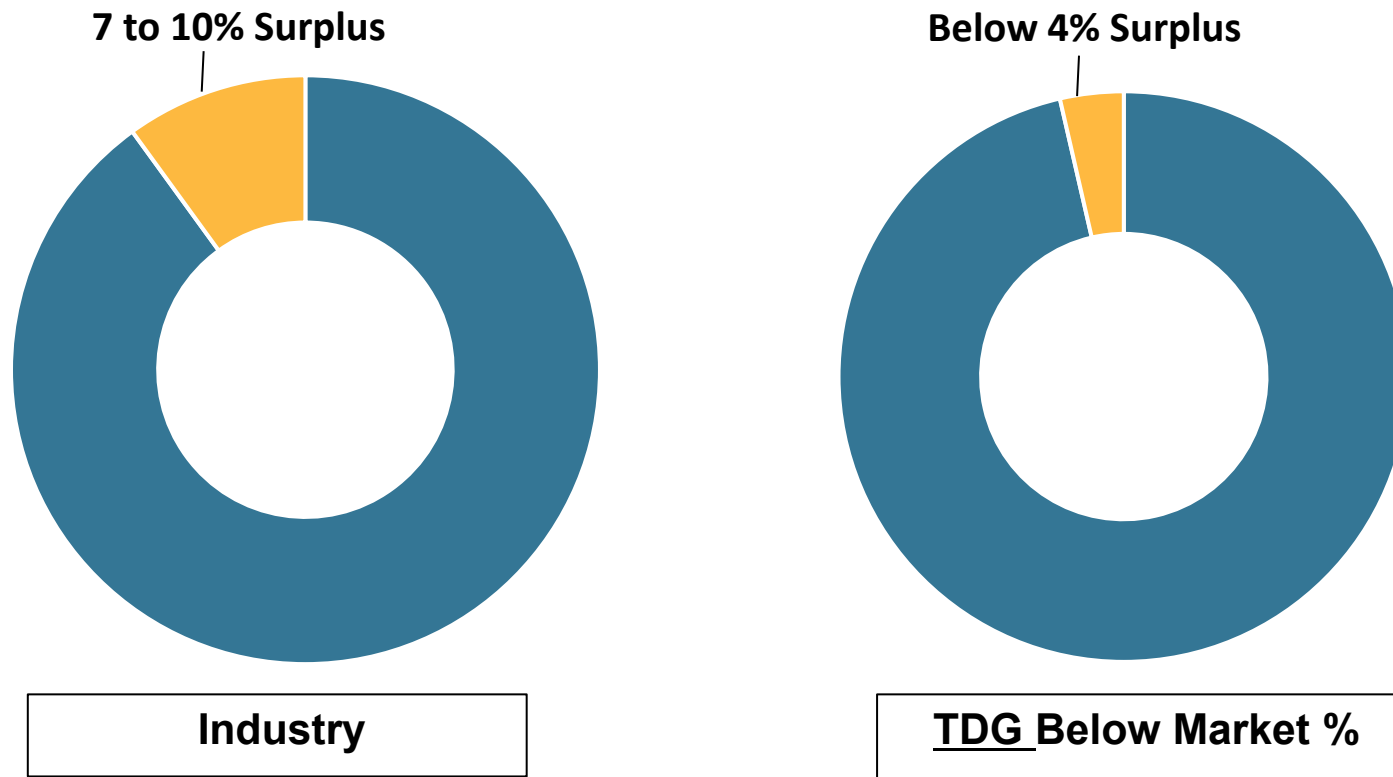
**Total TDG Commercial
Aftermarket \$**

No Significant PMA Threat – At or Below Market Exposure Levels

Surplus Parts → Minimal TDG Impact

TDG Parts Tend to be Consumables, Below \$10K Average Sale Price and Away from the Engine – These are Not Typical Surplus Parts Targets

Surplus Sales Market Penetration



No Significant Surplus Market Threat – Though Continue to Monitor

Strong Positions on Diverse and Growing Platforms

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 Lufthansa

 **AIRBUS**

TOP PLATFORMS

UNITED 

 **BOEING**[®]

Top 5 Commercial Platforms ≈ 17% Sales

A320	B737	B747
B757/767	B777	

American Airlines 

LOCKHEED MARTIN 

Top 5 Defense Platforms ≈ 8% Sales

Blackhawk	C130	F35
F16	A400M	

 Delta Air Lines

 **Raytheon**
Technologies

 Emirates[®]

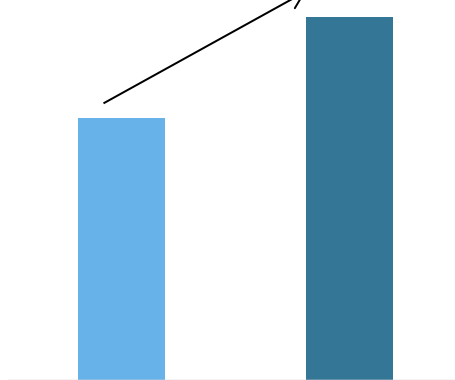
TEXTRON

Major New Business Content: Commercial Aircraft “New Designs”

Strong “New Design” \$ / Shipset Growth Over Prior Platforms – “Same Store Basis”

B787

+ Over 35%



Prior Platforms

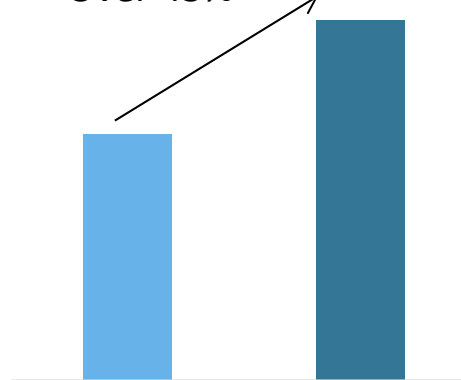
B787

Representative Products:

- Composite Components
- Clamps & Fasteners
- Audio System/Software
- CPA/Module for Utility Control Systems
- Interior Thermo Plastics
- Nacelle & Other Latches
- Numerous Others

A350

+ Over 45%



Prior Platforms

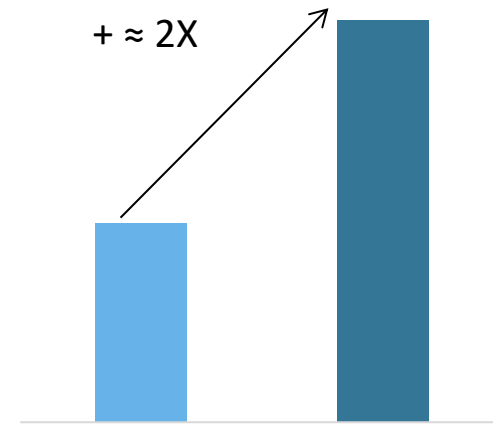
A350

Representative Products:

- Onboard Cargo System
- Cockpit Security System
- Cabin/APU Electrical System Interconnect
- Decorative Laminates
- Engine sensors & GSP Indicators
- Numerous Others

A220

+ ≈ 2X



Prior Platforms

A220

Representative Products:

- Air System Valving
- Composite Components
- Switches & Controls
- Nacelle & Other Latches
- Decorative Laminates
- Numerous Others

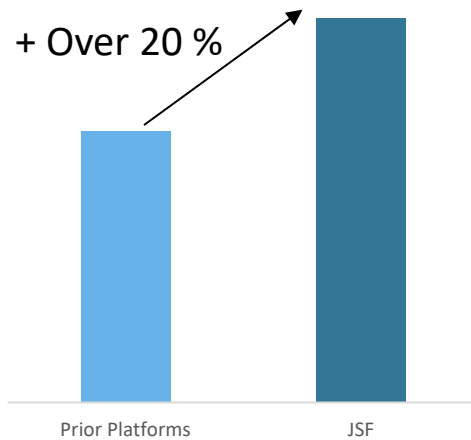
Modest Content Changes for Non “New Design” Commercial Aircraft (i.e., B777X, B737Max, A320neo); A Modest Design Change Typically Equates to a Modest Content Change Given the Majority of the Aircraft is Carryover Design.

New Defense Platforms – New Designs – “Same Store Basis”

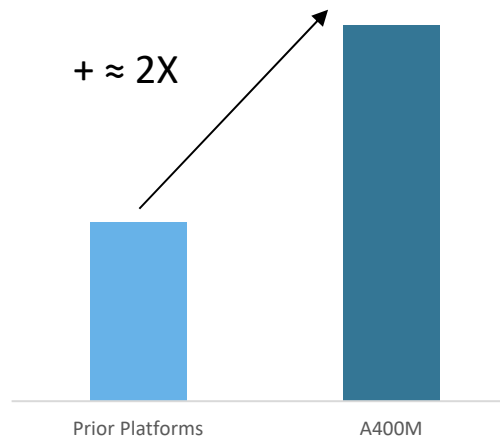
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\$ / Shipset Growth Over Prior Platforms – “Same Store Basis”

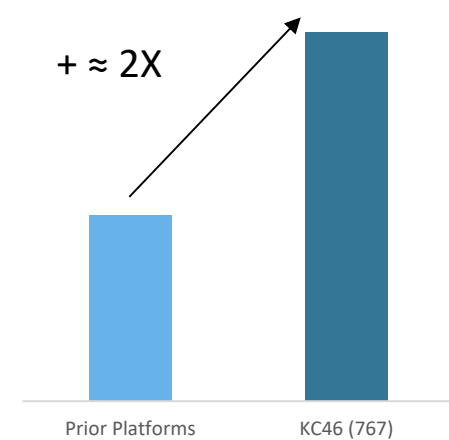
JSF



A400M



KC46 (767)



Representative Products:

- Airframe Seals
- Hydraulic Actuators/Valves
- Engine Clamps
- Grommets & Line Supports
- Data Management Processing Boards/Software
- Electric Motors
- Elastomers
- Numerous Others

Representative Products:

- Cargo Loading System
- Composite Components
- Winch/Retrieval System
- Power Distribution Contactors & Relays
- Main Barrier Nets
- Engine Sensors
- Control Panels & Displays
- Numerous Others

Representative Products:

- Refueling Connectors
- Main Deck Barrier Nets
- Nacelle & Other Latches
- Power Distribution Contactors & Relays
- Ram Air Actuator
- Numerous Others

Mergers & Acquisitions

Focused Acquisition Strategy



- Aerospace Products

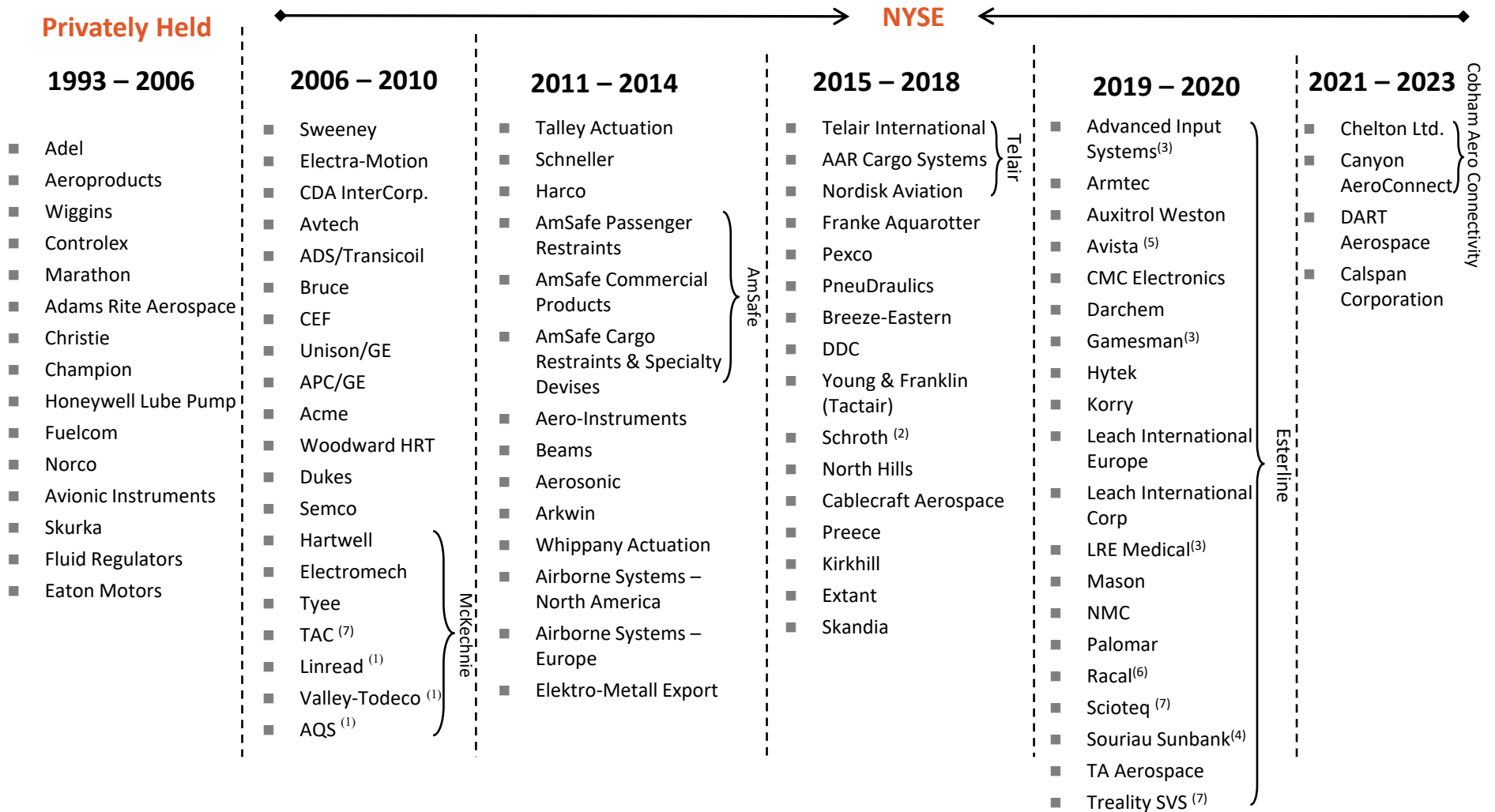


- Proprietary Engineered Products



- Significant Aftermarket Content

Proven Record of Acquisition and Integration



TransDigm has acquired 88 businesses since 1993, including 73 since its IPO.

(1) Divested in Q2 and Q3 of FY2011
(2) Divested in Q2 FY2018

(3) Divested in Q4 FY 2019
(4) Divested in Q1 FY 2020

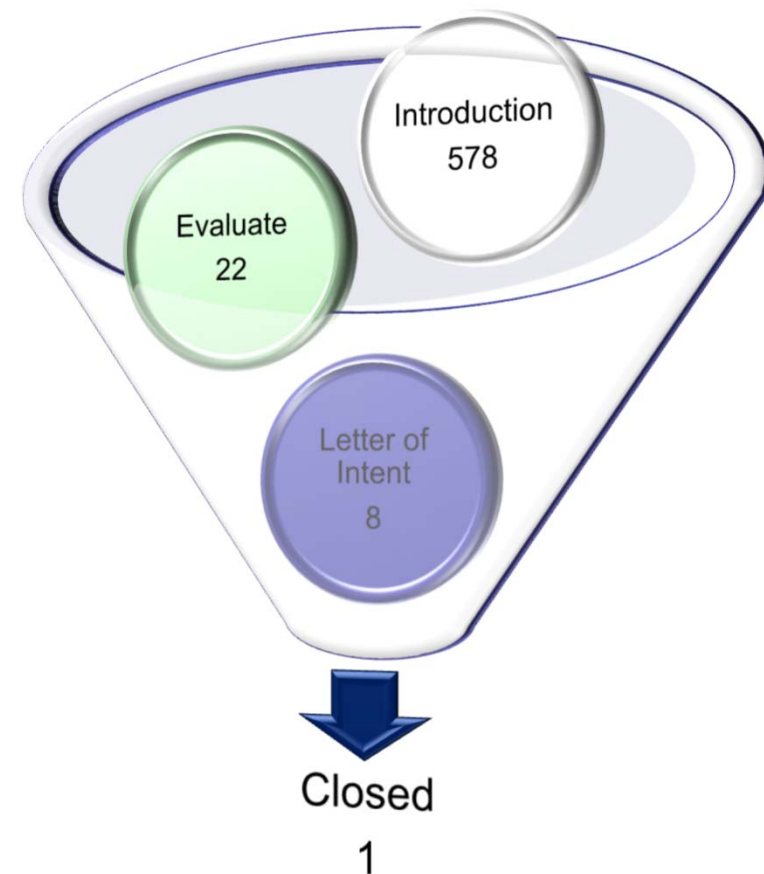
(5) Divested in Q1 FY2021
(6) Divested in Q2 FY2021

(7) Divested in Q3 FY 2021

FY2022 Results

Current Multiple(s):
12 – 15x EBITDA

Post Acquisition:
50%+ multiple reduction



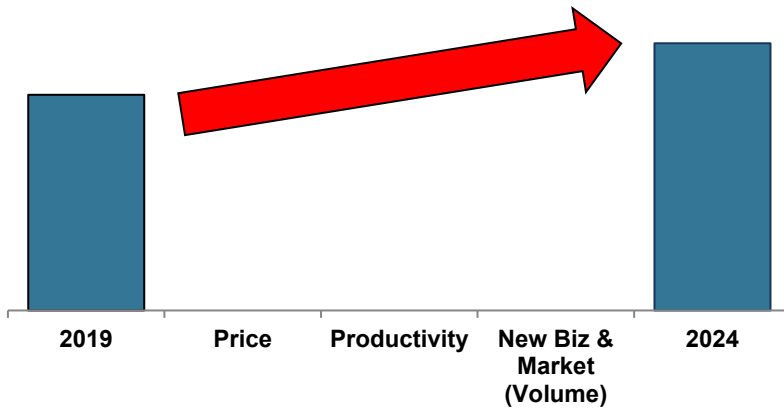
Acquisition of Esterline

- Acquisition Date: March 2019
- Purchase Price: ≈ \$4B
- Retained 12 Operating Units
 - ≈ 25% of Esterline was Sold Post-Acquisition
 - Sold 8 Operating Units for ≈ \$1.3B
 - Primarily Non-Aerospace Operating Units or Aerospace Operating Units that did not fit TDG Criteria
- EBITDA Margin Profile
 - As of Acquisition Date: ≈ 15% EBITDA Margin
 - Current: EBITDA Margins well into 30%'s

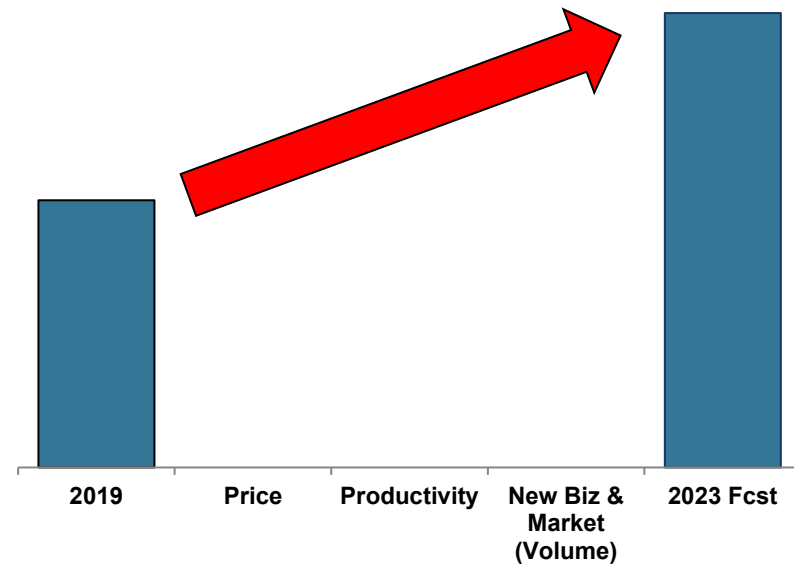


Actual Performance – Esterline

Acquisition Model EBITDA Bridge



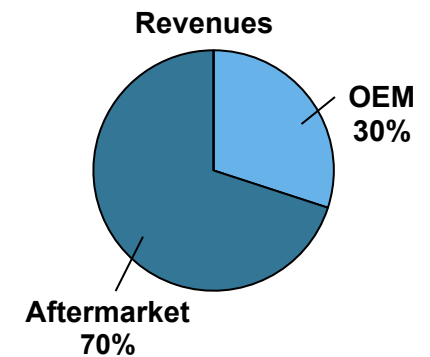
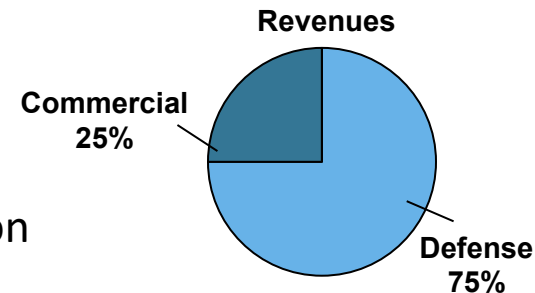
Actual / FCST EBITDA Bridge



EBITDA hit Year 5 model target in only 1 year of ownership
EBITDA continues to be well ahead of model (despite pandemic impact)

Acquisition of Cobham Aero Connectivity

- Acquisition Date: January 2021
- Purchase Price: \approx \$945M
- Split into Two Operating Units Post-Acquisition
 - Chelton Ltd (Marlow, UK)
 - Canyon AeroConnect (Prescott, AZ)
- EBITDA Margin Profile
 - As of Acquisition Date: \approx 25% EBITDA Margin
 - Current: EBITDA Margins Nearing 40%
 - EBITDA One Year Ahead of Acquisition Model



Products – Highly Engineered Antennas & Radios



ESG Initiatives

■ Greenhouse Gas Emissions

- In March 2022, TransDigm Established Greenhouse Gas Emissions Reduction Goal of 50% Reduction in Scope 1 and Scope 2 Emissions by 2031

■ Diversity Initiatives

- BOD Diversity improved to 33% in 2023 versus 9% in 2017
- Executive Diversity (includes Officers & EVPs) improved to 42% in 2023 versus 10% in 2017
- Continued efforts at Operating Units to Recruit and Hire Diverse Candidates
- Implemented Unconscious Bias Training in 2022 for our Board of Directors and Management

■ Community Outreach

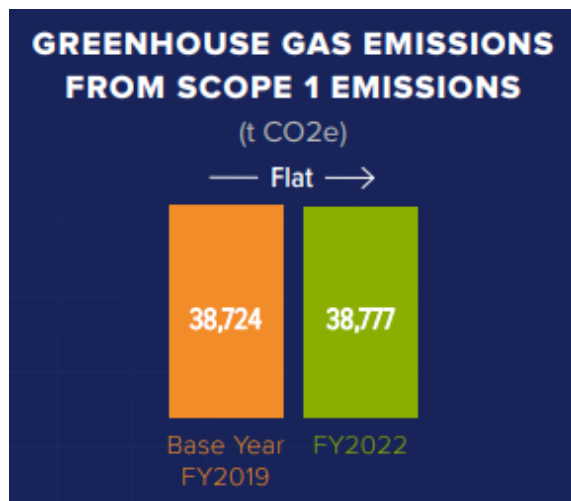
- Doug Peacock Scholarship Program
 - Focuses on providing scholarships to female and minority high school and college students
- Sponsorship of a New STEM Classroom at the Great Lakes Science Center
- Supporting the Manufacturing Advocacy and Growth Network (MAGNET)
 - MAGNET creates pathways to careers in high-tech manufacturing & helps small to mid-size firms thrive in manufacturing

■ TransDigm Stakeholder Report

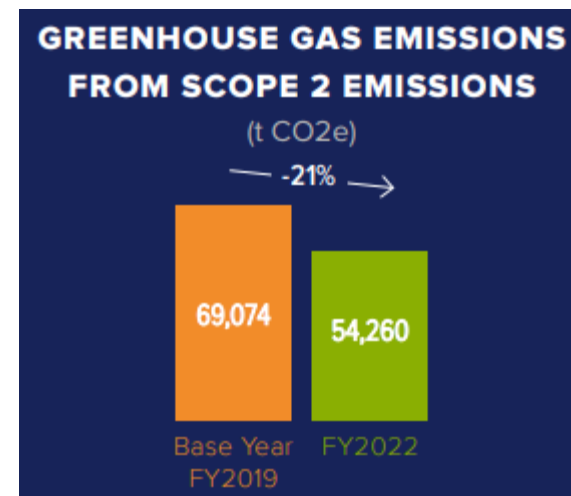
- A full summary of our ESG initiatives can be found in our 2022 Stakeholder Report (see the TransDigm website)

TransDigm Greenhouse Gas Emissions

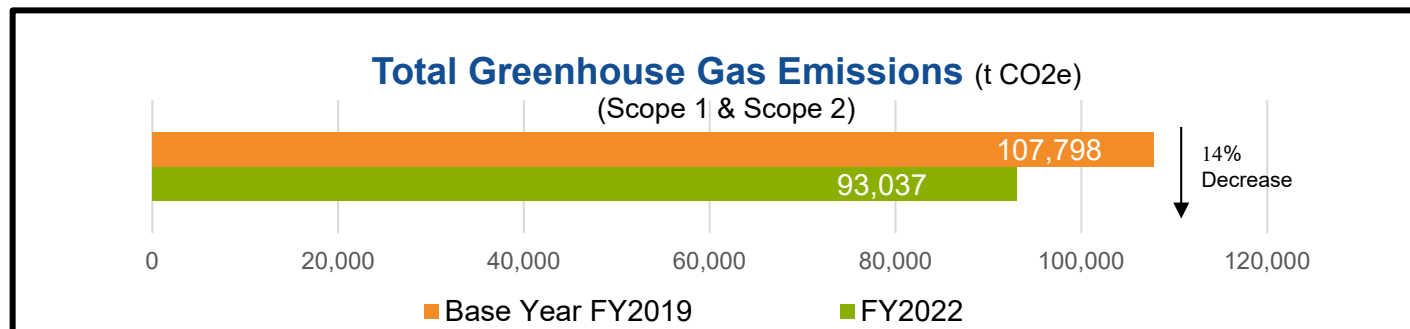
TransDigm is actively investigating options for pursuing the implementation of additional energy efficiency projects at our operations, considering sourcing renewable energy and other solutions that would lower our emissions footprint and achieve our goal of 50% reduction in Scope 1 and Scope 2 greenhouse gas emissions by 2031



Scope 1 includes natural gas and other fuel combustion



Scope 2 includes purchased electricity



Financial Topics

Capital Structure

Pro Forma Capital Structure

(\$ in millions)

	Actual 4/1/23	Adj.	Pro forma (1) 4/1/23	Rate
Cash	\$3,418	–	\$3,418	
Restricted Cash ⁽¹⁾	<u>1,100</u>	(1,100)	<u>–</u>	
Total Cash	<u>\$4,518</u>		<u>\$3,418</u>	
\$810mm revolver ⁽²⁾	–	–	–	L + 2.50%
\$350mm AR securitization facility	350	–	350	S + 1.30%
First lien term loan H due 2027	1,719	–	1,719	S + 3.25%
First lien term loan I due 2028	4,559	–	4,559	S + 3.25%
Senior secured notes due 2025 ⁽¹⁾	1,100	(1,100)	–	8.000%
Senior secured notes due 2026	4,400	–	4,400	6.250%
Senior secured notes due 2028	2,100	–	2,100	6.750%
Total secured debt	\$14,228		\$13,128	4.4x
Total net secured debt	\$10,810		\$9,710	3.3x
Senior subordinated notes due 2026	950	–	950	6.375%
Senior subordinated notes due 2026	500	–	500	6.875%
Senior subordinated notes due 2027	550	–	550	7.500%
Senior subordinated notes due 2027	2,650	–	2,650	5.500%
Senior subordinated notes due 2029	1,200	–	1,200	4.625%
Senior subordinated notes due 2029	750	–	750	4.875%
Finance Lease Obligations (Gross)	195	–	195	
Total debt	\$21,023		\$19,923	6.7x
Total net debt	\$17,605		\$16,505	5.6x

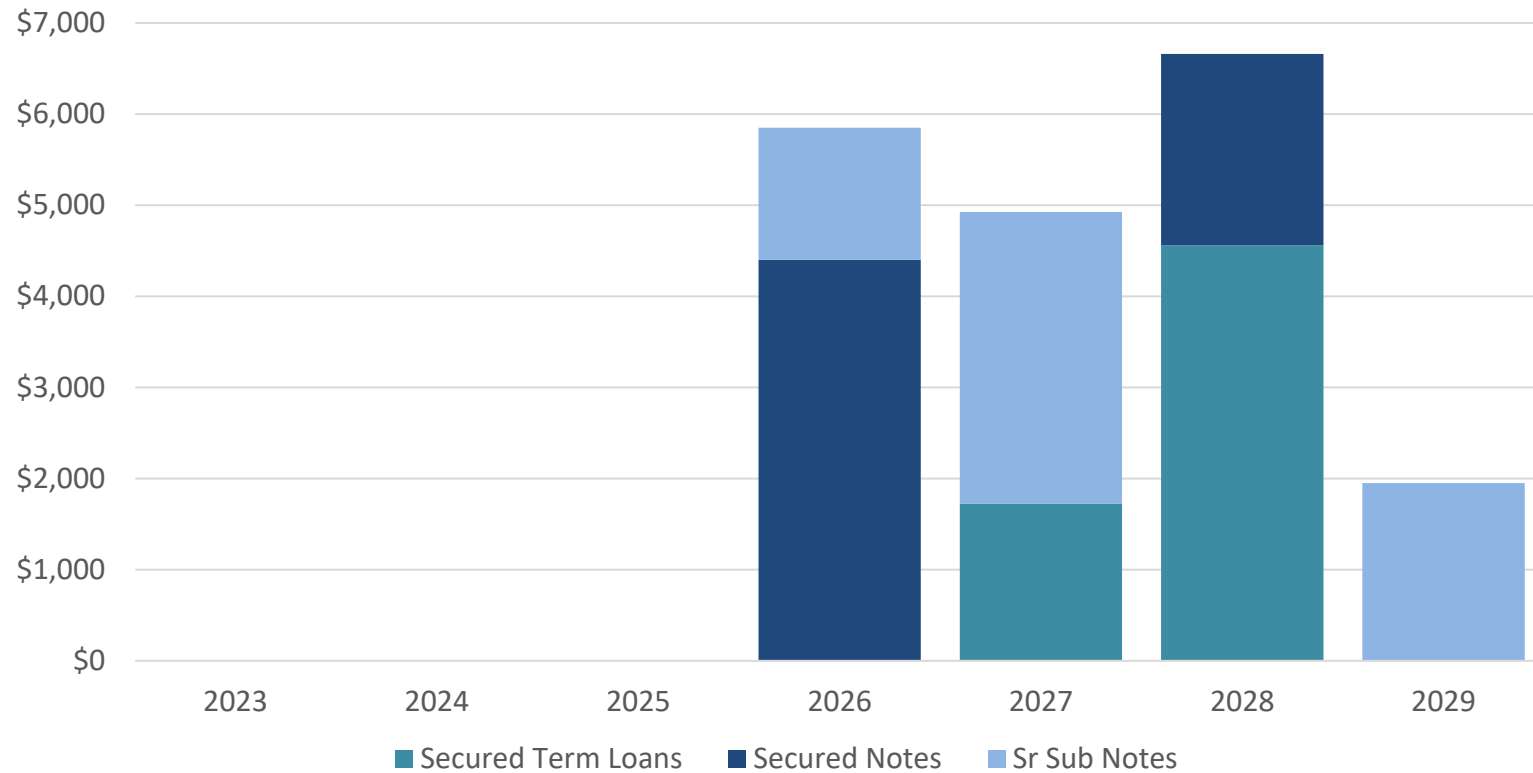
**FY23 Weighted
Average Interest Rate
6.0%**

(1) Pro forma capital structure reflects the April 2023 repayment of the \$1,100 billion of 8.0% Senior Secured Notes due 2025. Restricted cash at period ended April 1, 2023, represents the cash committed from the issuance of the \$1,100 million in 6.75% Senior Secured Notes due August 15, 2028, to redeem the outstanding \$1,100 million in 8.00% Senior Secured Notes due 2025. The notification of the redemption of the \$1,100 million 8.00% Secured Notes due 2025 occurred on March 9, 2023, and the redemption occurred on April 10, 2023.

(2) In June 2023, the reference rate on the existing Revolver will automatically convert from LIBOR to Term SOFR.

Debt Maturity Profile

Debt Maturity Profile (\$MM)



Note: \$350M AR Securitization renews annually in July

Interest Rate Sensitivity

- Interest rates on TDG's \$20Bn of gross Debt is over 75% hedged/fixed rate through fiscal year 2026
- Achieved via a combination of interest rate caps, swaps and collars
- Significantly reduces near-term exposure to any variable rate increases

\$ in millions

Current FY 23
Assumptions ⁽³⁾

AVERAGE VARIABLE RATE % ⁽¹⁾	~ 4.8%	6.0%	7.0%
Interest Expense - Pre-Tax ⁽²⁾	\$1,185	\$1,215	\$1,235
Interest Rate - Pre-Tax	6.0%	6.1%	6.2%

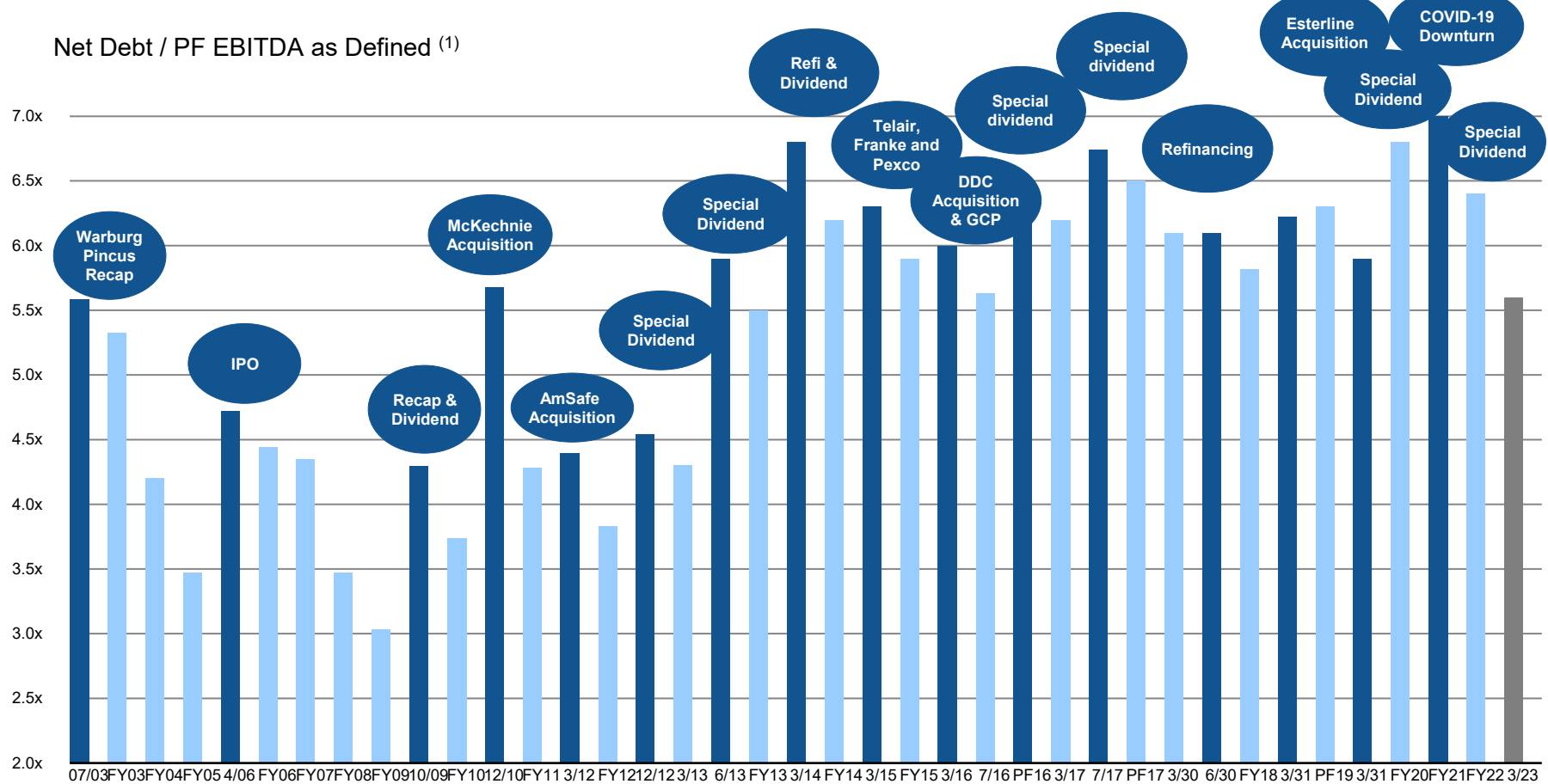
(1) FY Weighted Average Variable Rate % is the average LIBOR and Term SOFR for TDG's 2023 fiscal year based on current consensus and management forward estimates.

(2) Interest expense shown includes \$40M amortization of debt issuance costs and fees and approximately \$85M of Interest income.

(3) Current FY 23 Assumptions reflects the Net Interest Expense guidance for the fiscal year ending 9/30/23 that was issued on 5/9/23. The Company only updates guidance quarterly and this presentation does not confirm or update guidance now.

TransDigm Deleverage Profile

Net Debt / PF EBITDA as Defined ⁽¹⁾



(1) PF EBITDA as Defined is a non-GAAP financial measure. For a historical reconciliation of PF EBITDA as Defined to Income from Continuing Operations, please see the appendix.

APPENDIX: Reconciliation of EBITDA and EBITDA As Defined to Income from Continuing Operations

TRANSDIGM
GROUP INC.

(\$ in millions)	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Income (loss) from continuing ops.	(\$5)	\$0	\$1	\$3	\$14	(\$17)	\$11	\$14	\$31	(\$76)	\$14	\$35	\$25	\$89	\$133
Depreciation and amortization	7	7	7	6	7	6	7	9	13	10	18	17	16	24	25
Interest expense, net	5	5	5	3	3	23	28	32	37	43	75	80	77	92	93
Income tax provision (benefit)	(2)	-	2	5	13	(2)	8	9	17	(45)	6	23	16	53	74
Warrant put value adjustment	1	1	2	5	7	-	-	-	-	-	-	-	-	-	-
Extraordinary item	-	-	-	2	-	-	-	-	-	-	-	-	-	-	-
EBITDA	6	13	17	24	44	10	54	64	98	(68)	113	155	134	258	325
Merger expense	-	-	-	-	-	40	-	-	-	176	-	-	-	-	-
Refinancing costs	-	-	-	-	-	-	-	-	-	-	-	-	49	-	-
Acquisition-related costs	4	-	-	1	-	1	-	8	-	15	20	2	1	9	2
Non-cash comp and def comp costs	-	-	-	-	-	-	-	-	-	1	6	7	1	6	6
One-time special bonus	-	-	-	-	-	-	-	-	-	-	-	-	6	-	-
Public offering costs	-	-	-	-	-	-	-	-	-	-	-	-	3	2	-
EBITDA As Defined	\$10	\$13	\$17	\$25	\$44	\$51	\$54	\$72	\$98	\$124	\$139	\$164	\$194	\$275	\$333

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Income from continuing ops.	\$163	\$163	\$152	\$325	\$303	\$307	\$447	\$586	\$629	\$962	\$841	\$653	\$681	\$866
Depreciation and amortization	28	30	61	68	73	96	94	122	141	129	226	283	253	253
Interest expense, net	84	112	185	212	271	348	419	484	602	663	859	1,029	1,059	1,076
Income tax provision	88	88	77	163	146	142	189	182	209	24	222	87	34	261
EBITDA	\$363	\$393	\$475	\$768	\$793	\$893	\$1,149	\$1,374	\$1,581	\$1,778	\$2,148	\$2,052	\$2,027	\$2,456
Refinancing costs	-	-	72	-	30	132	18	16	40	6	3	28	37	1
Acquisition-related costs/other	6	12	30	19	26	21	37	57	31	29	169	31	35	18
Non-cash comp and deferred comp costs	6	7	13	22	49	26	32	48	46	59	93	93	129	184
COVID-19 pandemic restructuring costs	-	-	-	-	-	-	-	-	-	-	-	54	40	0
Gain on sale of businesses	-	-	-	-	-	-	-	-	-	-	-	-	(69)	(7)
Other	-	-	-	-	2	1	(2)	-	13	5	6	20	(10)	(6)
EBITDA As Defined	\$375	\$412	\$590	\$809	\$900	\$1,073	\$1,234	\$1,495	\$1,711	\$1,877	\$2,419	\$2,278	\$2,189	\$2,646

Note: Please see the Special Notice Regarding Pro Forma and Non – GAAP Information.

APPENDIX: Reconciliation of Fiscal 2023 Outlook

(\$ in millions)	FY 2023 Guidance Midpoint
Income from continuing operations	\$ 1,166
Adjustments:	
Depreciation and amortization expense	277
Interest expense - net	1,185
Income tax provision	388
EBITDA	<u>3,016</u>
Adjustments:	
Acquisition-related expenses and adjustments ⁽¹⁾	18
Non-cash stock and deferred compensation expense ⁽²⁾	165
Refinancing costs ⁽³⁾	36
Other, net ⁽⁴⁾	25
Gross Adjustments to EBITDA	<u>244</u>
EBITDA As Defined	<u>\$3,260</u>
<i>EBITDA As Defined, Margin</i> ⁽⁵⁾	<u>50.5%</u>

- (1) Represents accounting adjustments to inventory associated with acquisitions of businesses and product lines that were charged to cost of sales when inventory was sold; costs incurred to Integrate acquired businesses and product lines into TD Group's operations, facility relocation costs and other acquisition-related costs; transaction-related costs for both acquisitions and divestitures comprising deal fees, legal, financial and tax due diligence expenses, and valuation costs that are required to be expensed as incurred.
- (2) Represents the compensation expense recognized by TD Group under our stock incentive plans and deferred compensation plans.
- (3) Represents costs expensed related to debt financing activities, including new issuances, extinguishments, refinancings and amendments to existing agreements.
- (4) Primarily represents foreign currency transaction (gains) or losses, payroll withholding taxes related to dividend equivalent payments and stock option exercises, non-service related pension costs and deferred compensation payments.
- (5) The EBITDA As Defined margin represents the amount of EBITDA As Defined as a percentage of net sales.