TransDigm Group INC
Form 10-Q
August 10, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q
ýQuarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the quarterly period ended July 2, 2016.
¨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)
41-2101738
(I.R.S. Employer Identification No.)
1301 East 9th Street, Suite 3000, Cleveland, Ohio 44114
(Address of principal executive offices) (Zip Code)
(216) 706-2960
(Registrant's 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 ý NO ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ý NO ¨
Indicate by check mark whether the registrant is a large accelerated filer, accelerated filer, non-accelerated filer, or smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.
LARGE ACCELERATED FILER ý ACCELERATED FILER ¨
NON-ACCELERATED FILER ¨ SMALLER REPORTING COMPANY ¨
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ¨ NO ý
The number of shares outstanding of TransDigm Group Incorporated's common stock, par value $.01 per share, was 53,265,437 as of July 28, 2016.

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

	July 2, 2016	September 30, 2015
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$1,666,695	$714,033
Trade accounts receivable - Net	525,815	444,072
Inventories - Net	706,069	591,401
Prepaid expenses and other	33,555	37,081
Total current assets	2,932,134	1,786,587
PROPERTY, PLANT AND EQUIPMENT - Net	283,906	260,684
GOODWILL	5,536,768	4,686,220
OTHER INTANGIBLE ASSETS - Net	1,778,054	1,539,851
OTHER	39,607	30,593
TOTAL ASSETS	$10,570,469	$8,303,935
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Current portion of long-term debt	$52,630	$43,427
Short-term borrowings - trade receivable securitization facility	199,973	199,792
Accounts payable	135,078	142,822
Accrued liabilities	339,640	271,553
Total current liabilities	727,321	657,594
LONG-TERM DEBT	9,953,094	8,106,383
DEFERRED INCOME TAXES	513,742	404,997
OTHER NON-CURRENT LIABILITIES	184,560	173,267
Total liabilities	11,378,717	9,342,241
STOCKHOLDERS' DEFICIT:		
Common stock - $.01 par value; authorized 224,400,000 shares; issued 55,695,924 and 55,100,094 at July 2, 2016 and September 30, 2015, respectively	557	551
Additional paid-in capital	1,047,203	950,324
Accumulated deficit	(1,334,773)	(1,717,232)
Accumulated other comprehensive loss	(137,540)	(96,009)
Treasury stock, at cost; 2,430,487 and 1,415,100 shares at July 2, 2016 and September 30, 2015, respectively	(383,695)	(175,940)
Total stockholders' deficit	(808,248)	(1,038,306)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$10,570,469	$8,303,935

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
JULY 2, 2016 AND JUNE 27, 2015
(Amounts in thousands, except per share amounts)
(Unaudited)

	Thirteen Week Periods Ended		Thirty-Nine Week Periods Ended	
	July 2, 2016	June 27, 2015	July 2, 2016	June 27, 2015
NET SALES	$ 797,692	$ 691,395	$2,296,188	$1,897,323
COST OF SALES	354,177	331,940	1,052,444	875,078
GROSS PROFIT	443,515	359,455	1,243,744	1,022,245
SELLING AND ADMINISTRATIVE EXPENSES	94,244	81,849	271,511	223,354
AMORTIZATION OF INTANGIBLE ASSETS	18,629	13,910	53,474	37,966
INCOME FROM OPERATIONS	330,642	263,696	918,759	760,925
INTEREST EXPENSE - Net	120,812	106,796	344,083	305,623
REFINANCING COSTS	15,654	18,159	15,654	18,159
INCOME BEFORE INCOME TAXES	194,176	138,741	559,022	437,143
INCOME TAX PROVISION	53,579	39,629	164,896	131,604
NET INCOME	$ 140,597	$ 99,112	$394,126	$305,539
NET INCOME APPLICABLE TO COMMON STOCK	$ 140,597	$ 99,112	$391,126	$302,174
Net earnings per share - see Note 5:				
Basic and diluted	$ 2.52	$ 1.75	$6.95	$5.34
Weighted-average shares outstanding:				
Basic and diluted	55,832	56,608	56,263	56,605

See notes to condensed consolidated financial statements.

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TRANSDIGM GROUP INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRTEEN AND THIRTY-NINE WEEK PERIODS ENDED
JULY 2, 2016 AND JUNE 27, 2015
(Amounts in thousands)
(Unaudited)

	Thirteen Week Periods Ended		Thirty-Nine Week Periods Ended	
	July 2, 2016	June 27, 2015	July 2, 2016	June 27, 2015
Net income	$ 140,597	$ 99,112	$394,126	$305,539
Other comprehensive loss, net of tax:				
Foreign currency translation adjustments	(20,257)	17,042	(24,571)	(21,838)
Interest rate swap and cap agreements	(7,435)	8,774	(16,960)	(11,583)
Other comprehensive loss, net of tax	(27,692)	25,816	(41,531)	(33,421)
TOTAL COMPREHENSIVE INCOME	$ 112,905	$ 124,928	$352,595	$272,118

See notes to condensed consolidated financial statements.

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TRANSDIGM GROUP INCORPORATED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIT
FOR THE THIRTY-NINE WEEK PERIOD ENDED JULY 2, 2016
(Amounts in thousands, except share amounts)
(Unaudited)

	Common Stock		Additional		Accumulated	Treasury Stock		
	Number of Shares	Par Value	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Number of Shares	Value	Total
BALANCE, OCTOBER 1, 2015	55,100,094	$551	$950,324	$(1,717,232)	$(96,009)	(1,415,100)	$(175,940)	$(1,038,306)
Unvested dividend equivalents	—	—	—	(11,667)	—	—	—	(11,667)
Compensation expense recognized for employee stock options	—	—	33,819	—	—	—	—	33,819
Excess tax benefits related to share-based payment arrangements	—	—	37,740	—	—	—	—	37,740
Exercise of employee stock options	595,830	6	25,320	—	—	—	—	25,326
Treasury stock purchased	—	—	—	—	—	(1,015,387)	(207,755)	(207,755)
Net income	—	—	—	394,126	—	—	—	394,126
Foreign currency translation adjustments	—	—	—	—	(24,571)	—	—	(24,571)
Interest rate swaps and caps, net of tax	—	—	—	—	(16,960)	—	—	(16,960)
BALANCE, JULY 2, 2016	55,695,924	$557	$1,047,203	$(1,334,773)	$(137,540)	(2,430,487)	$(383,695)	$(808,248)

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	
	July 2, 2016	June 27, 2015
OPERATING ACTIVITIES:		
Net income	$394,126	$305,539
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	31,059	25,919
Amortization of intangible assets and product certification costs	54,042	41,848
Amortization of debt issuance costs and original issue discount	11,711	11,989
Refinancing costs	15,654	18,159
Non-cash equity compensation	33,819	23,435
Excess tax benefits related to share-based payment arrangements	(37,740)	(50,580)
Deferred income taxes	4,489	3,884
Changes in assets/liabilities, net of effects from acquisitions of businesses:		
Trade accounts receivable	(37,348)	(7,044)
Inventories	(15,689)	(27,997)
Income taxes receivable/payable	(3,982)	8,866
Other assets	1,778	153
Accounts payable	(27,103)	(648)
Accrued interest	34,918	47,426
Accrued and other liabilities	(15,298)	(27,522)
Net cash provided by operating activities	444,436	373,427
INVESTING ACTIVITIES:		
Capital expenditures	(30,007)	(40,299)
Acquisition of businesses, net of cash acquired	(1,143,006)	(1,293,498)
Net cash used in investing activities	(1,173,013)	(1,333,797)
FINANCING ACTIVITIES:		
Excess tax benefits related to share-based payment arrangements	37,740	50,580
Proceeds from exercise of stock options	25,320	52,982
Dividends paid	(3,000)	(3,365)
Treasury stock purchased	(207,755)	—
Proceeds from 2016 term loans, net	1,712,244	—
Proceeds from 2015 term loans, net	—	1,516,653
Proceeds from revolving commitments	—	75,250
Repayment on term loans	(821,140)	(1,003,398)
Repayment on revolving commitments	—	(75,250)
Proceeds from senior subordinated notes due 2026, net	939,935	—
Proceeds from senior subordinated notes due 2025, net	—	445,746
Other	(2,309)	(949)
Net cash provided by financing activities	1,681,035	1,058,249
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	204	(2,077)
NET INCREASE IN CASH AND CASH EQUIVALENTS	952,662	95,802
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	714,033	819,548
CASH AND CASH EQUIVALENTS, END OF PERIOD	$1,666,695	$915,350

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for interest	$295,374	$229,627
Cash paid during the period for income taxes	$145,074	$130,735

See notes to condensed consolidated financial statements.

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TRANSDIGM GROUP INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
THIRTY-NINE WEEK PERIODS ENDED JULY 2, 2016 AND JUNE 27, 2015
(UNAUDITED)

1. DESCRIPTION OF THE BUSINESS

Description of the Business – TransDigm Group Incorporated (“TD Group”), through its wholly-owned subsidiary, TransDigm Inc., is a leading global designer, producer and supplier of highly engineered aircraft components for use on nearly all commercial and military aircraft in service today. TransDigm Inc., along with TransDigm Inc.’s direct and indirect wholly-owned operating subsidiaries (collectively, with TD Group, the “Company” or “TransDigm”), offers a broad range of proprietary aerospace components. TD Group has no significant assets or operations other than its 100% ownership of TransDigm Inc. TD Group’s common stock is listed on the New York Stock Exchange, or the NYSE, under the trading symbol “TDG.”

Major product offerings, substantially all of which are ultimately provided to end-users in the aerospace industry, include mechanical/electro-mechanical actuators and controls, ignition systems and engine technology, specialized pumps and valves, power conditioning devices, specialized AC/DC electric motors and generators, NiCad batteries and chargers, engineered latching and locking devices, rods and locking devices, engineered connectors and elastomers, databus and power controls, cockpit security components and systems, specialized cockpit displays, aircraft audio systems, specialized lavatory components, seat belts and safety restraints, engineered interior surfaces and related components, lighting and control technology, military personnel parachutes, high performance hoists, winches and lifting devices, and cargo loading, handling and delivery systems.

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, 2015 included in TD Group’s Form 10-K filed on November 13, 2015. As disclosed therein, the Company’s annual consolidated financial statements were prepared in conformity with generally accepted accounting principles in the United States (“GAAP”). The September 30, 2015 condensed consolidated balance sheet was derived from TD Group’s audited financial statements. The results of operations for the thirty-nine week period ended July 2, 2016 are not necessarily indicative of the results to be expected for the full year.

Certain reclassifications have been made to the prior year financial statements to conform to current year classifications related to the adoption of new accounting pronouncements during the thirty-nine week period ended July 2, 2016 impacting the classification of both debt issuance costs and deferred income taxes in the condensed consolidated balance sheets. The accounting pronouncements and impact of the adoption of the pronouncements are summarized in Note 4, "Recent Accounting Pronouncements" and Note 8, "Debt."

3. ACQUISITIONS

During the thirty-nine week period ended July 2, 2016, the Company completed the acquisitions of Data Device Corporation ("DDC") and Breeze-Eastern Corporation ("Breeze-Eastern"). During the fiscal year ended September 30, 2015, the Company completed the acquisitions of PneuDraulics, Inc. ("PneuDraulics"), the assets of the aerospace business of Pexco LLC (“Pexco Aerospace”), the aerospace business of Franke Aquarotter GmbH (now named Adams Rite Aerospace GmbH) and the Telair Cargo Group (“Telair”). The Company accounted for the acquisitions using the acquisition method and included the results of operations of the acquisitions in its consolidated financial statements from the effective date of each acquisition. As of July 2, 2016, the purchase price allocations for DDC, Breeze-Eastern and PneuDraulics remain preliminary as the Company completes its assessments under the acquisition method during the measurement period. Pro forma net sales and results of operations for the acquisitions had they occurred at the beginning of the applicable thirty-nine week periods ended July 2, 2016 or June 27, 2015 are not material and, accordingly, are not provided.

The acquisitions strengthen and expand the Company's position to design, produce and supply highly engineered proprietary aerospace components in niche markets with significant aftermarket content and provide opportunities to create value through the application of our three core value-driven operating strategies (obtaining profitable new business, improving our cost structure, and providing highly engineered value-added products to customers). The purchase price paid for each acquisition reflects the current earnings before interest, taxes, depreciation and amortization (EBITDA) and cash flows, as well as, the future EBITDA and cash flows expected to be generated by the

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business, which are driven in most cases by the recurring aftermarket consumption over the life of a particular aircraft, estimated to be approximately 25 to 30 years.

Data Device Corporation – On June 23, 2016, the Company acquired all of the outstanding stock of ILC Holdings, Inc., the parent company of DDC, from Behrman Capital for a total purchase price of approximately $1.0 billion in cash, subject to a working capital adjustment. TransDigm financed the acquisition of DDC with cash proceeds from the issuance of senior subordinated notes due in June 2026 and recently completed term loans. DDC is a supplier of databus and power controls and related products that are used primarily in military avionics, commercial aerospace and space applications. These products fit well with TransDigm's overall business direction. DDC is included in TransDigm's Power & Control segment.

The total purchase price of DDC was allocated to the underlying assets acquired and liabilities assumed based upon management's estimated fair values at the date of acquisition. To the extent the purchase price exceeded the estimated fair value of the net identifiable tangible and intangible assets acquired, such excess was allocated to goodwill. The following table summarizes the purchase price allocation of the estimated fair values of the assets acquired and liabilities assumed at the transaction date (in thousands).

Assets acquired:	
Current assets, excluding cash acquired	$102,640
Property, plant, and equipment	12,828
Intangible assets	285,000
Goodwill	731,654
Other	2,036
Total assets acquired	$1,134,158
Liabilities assumed:	
Current liabilities	$16,645
Other noncurrent liabilities	118,453
Total liabilities assumed	$135,098
Net assets acquired	$999,060

The Company expects that all of the approximately $731.7 million of goodwill recognized for the acquisition will not be deductible for tax purposes.

Breeze-Eastern – On January 4, 2016, the Company completed the tender offer for all of the outstanding stock of Breeze-Eastern for $19.61 per share in cash. The purchase price was approximately $205.9 million, of which $146.4 million (net of cash acquired of $30.8 million) was paid at closing and $28.7 million is accrued for payment to dissenting stockholders. Breeze-Eastern manufactures high performance lifting and pulling devices for military and civilian aircraft, including rescue hoists, winches and cargo hooks, and weapons-lifting systems. These products fit well with TransDigm's overall business direction. Breeze-Eastern is included in TransDigm's Power & Control segment. The Company expects that all of the approximately $132.2 million of goodwill recognized for the acquisition will not be deductible for tax purposes.

The Breeze-Eastern acquisition includes environmental reserves recorded at a fair value of approximately $26.1 million. Of the $26.1 million in environmental reserves, $3.3 million is included in Accrued liabilities and $22.8 million is included in Other non-current liabilities in the condensed consolidated balance sheet. The estimated $26.1 million fair value of the environmental reserves for Breeze-Eastern is preliminary and recorded at the respective probable and estimable amount. The reserve is subject to change upon completion of the final valuation. The environmental matters relate to soil and groundwater contamination and other environmental matters at several former facilities unrelated to Breeze-Eastern's current operations.

PneuDraulics – On August 19, 2015, the Company acquired all of the outstanding stock of PneuDraulics for approximately $321.5 million in cash. PneuDraulics manufactures proprietary, highly engineered aerospace pneumatic and hydraulic components and subsystems for commercial transport, regional, business jet and military applications. These products fit well with TransDigm's overall business direction. PneuDraulics is included in TransDigm's Power & Control segment. The purchase price includes approximately $100.7 million of tax benefits being realized by the Company over a 15-year period that began in the fourth quarter of fiscal 2015, and the Company expects that all of the approximately $222.6 million of goodwill recognized for the acquisition will be deductible for tax purposes.

Pexco Aerospace – On May 14, 2015, the Company acquired the assets of the aerospace business of Pexco LLC (“Pexco Aerospace”) for a total purchase price of approximately $496.4 million in cash. Pexco Aerospace

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manufactures extruded plastic interior parts for use in the commercial aerospace industry. These products fit well with TransDigm's overall business direction. Pexco Aerospace is included in TransDigm's Airframe segment. The purchase price includes approximately $166.4 million of tax benefits being realized by TransDigm over a 15-year period that began in the third quarter of fiscal 2015. All of the approximately $405.7 million of goodwill recognized for the acquisition is deductible for tax purposes.

Adams Rite Aerospace GmbH – On March 31, 2015, the Company acquired the aerospace business of Franke Aquarotter GmbH (now known as Adams Rite Aerospace GmbH) for approximately $75.3 million in cash. Adams Rite Aerospace GmbH manufactures proprietary faucets and related products for use on commercial transports and regional jets. These products fit well with TransDigm's overall business direction. Adams Rite Aerospace GmbH is included in TransDigm's Airframe segment. All of the approximately $63.9 million of goodwill recognized for the acquisition is not deductible for tax purposes.

Telair Cargo Group – On March 26, 2015, the Company acquired all of the outstanding stock of Telair International GmbH ("Telair International"), all of the outstanding stock of Nordisk Aviation Products ("Nordisk") and the assets of the AAR Cargo business (collectively, "Telair Cargo Group"). The total purchase price was approximately $730.9 million in cash. Telair Cargo Group manufactures aerospace on-board cargo loading and handling, restraint systems and unit load devices for a variety of commercial and military platforms with positions on a wide range of new and existing aircraft. These products fit well with TransDigm's overall business direction. The business consists of three major operating units: Telair International, Nordisk and Telair US. Telair International and Telair US are included in TransDigm's Power & Control segment and Nordisk is included in TransDigm's Airframe segment. Approximately $33.2 million of goodwill recognized for the acquisition is deductible for tax purposes and approximately $450.2 million of goodwill recognized for the acquisition is not deductible for tax purposes.

4. RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09 which creates a new topic in the Accounting Standards Codification ("ASC") 606, "Revenue From Contracts With Customers." In addition to superseding and replacing nearly all existing U.S. GAAP revenue recognition guidance, including industry-specific guidance, ASC 606 establishes a new control-based revenue recognition model; changes the basis for deciding when revenue is recognized over time or at a point in time; provides new and more detailed guidance on specific topics; and expands and improves disclosures about revenue. The guidance is effective for the Company for annual reporting periods, including interim periods therein, beginning October 1, 2018. The Company is currently evaluating the impact that adopting the new standard will have on its consolidated financial statements and disclosures.

In April 2015, the FASB issued ASU 2015-03, "Simplifying the Presentation of Debt Issuance Costs," which expands upon the guidance on the presentation of debt issuance costs. The guidance requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of the debt liability, consistent with debt discounts. The guidance does not change the requirements surrounding the recognition and measurement of debt issuance costs, and the amortization of debt issuance costs will continue to be reported as interest expense. The guidance is effective for the Company beginning October 1, 2016. However, as early adoption is permissible, the Company adopted the pronouncement effective October 1, 2015. The adoption of this pronouncement did not have a significant impact on our consolidated financial position and results of operations, although it did change the financial statement classification of debt issuance costs. In connection with adopting the pronouncement beginning October 1, 2015, the Company reclassified $77.7 million in debt issuance costs as of September 30, 2015, to Current portion of long-term debt and Long-term debt in the liabilities section of the condensed consolidated balance sheet.

In September 2015, the FASB issued ASU 2015-16, "Simplifying the Accounting for Measurement-Period Adjustments," a new standard intended to simplify the accounting for measurement period adjustments in a business combination. Measurement period adjustments are changes to provisional amounts recorded when the accounting for a business combination is incomplete as of the end of a reporting period. The measurement period can extend for up to a year following the transaction date. During the measurement period, companies may make adjustments to provisional

amounts when information necessary to complete the measurement is received. The new guidance requires companies to recognize these adjustments, including any related impacts to net income, in the reporting period in which the adjustments are determined. Companies are no longer required to retroactively apply measurement period adjustments to all periods presented. The guidance is effective for the Company on October 1, 2016. However, as early adoption is permissible, the Company adopted the pronouncement beginning October 1, 2015. The adoption of this pronouncement did not have a significant impact on the Company's consolidated financial statements and disclosures.
In November 2015, the FASB issued ASU 2015-17, “Balance Sheet Classification of Deferred Taxes,” which requires entities to present deferred tax assets and liabilities as noncurrent in a classified balance sheet. This guidance simplifies

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the current guidance, which requires entities to separately present deferred tax assets and liabilities as current and non-current in a classified balance sheet. ASU 2015-17 is effective for fiscal years beginning after December 15, 2016, and interim periods within those years, and may be applied either prospectively to all deferred tax assets and liabilities or retrospectively to all periods presented. As early adoption is permissible, the Company adopted this pronouncement beginning October 1, 2015 and applied this pronouncement retrospectively. In connection with adopting the pronouncement beginning October 1, 2015, the Company reclassified $45.4 million from current deferred income tax assets in the condensed consolidated balance sheet as of September 30, 2015 to non-current deferred income tax liabilities.

In February 2016, the FASB issued ASU 2016-02, "Leases (ASC 842)," which will require that a lessee recognize assets and liabilities on the balance sheet for all leases with a lease term of more than twelve months, with the result being the recognition of a right of use asset and a lease liability. The guidance is effective for the Company for annual reporting periods, including interim periods therein, beginning October 1, 2019, with early adoption permitted. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, "Improvements to Employee Share-Based Payment Accounting." The guidance requires the recognition of the income tax effects of awards in the income statement when the awards vest or are settled, thus eliminating additional paid in capital pools. The guidance also allows for the employer to repurchase more of an employee's shares for tax withholding purposes without triggering liability accounting. In addition, the guidance allows for a policy election to account for forfeitures as they occur rather than on an estimated basis. The guidance is effective for the Company for annual reporting periods, including interim periods therein, beginning October 1, 2017, with early adoption permitted. The Company is planning to adopt this standard in the fourth quarter of fiscal 2016. If the Company adopted ASU 2016-09 as of July 2, 2016, approximately $36.0 million in year-to-date excess tax benefits would be reclassified from Additional paid-in-capital to the Income tax provision with a year-to-date favorable impact to operating cash flows of approximately $36.0 million. In addition, the Company will continue to account for forfeitures on an estimated basis. The impact of adopting this standard on our consolidated financial statements will be dependent upon the intrinsic value of the share-based compensation award exercises occurring during the fourth quarter of fiscal 2016.

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments (ASU 2016-13)," which changes the impairment model for most financial assets. The new model uses a forward-looking expected loss method, which will generally result in earlier recognition of allowances for losses. ASU 2016-13 is effective for annual and interim periods beginning after December 15, 2019 and early adoption is permitted for annual and interim periods beginning after December 15, 2018. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements.

5. EARNINGS PER SHARE (TWO-CLASS METHOD)

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	
	July 2, 2016	June 27, 2015	July 2, 2016	June 27, 2015
Numerator for earnings per share:				
Net income	$ 140,597	$ 99,112	$394,126	$305,539
Less dividends paid on participating securities	—	—	(3,000)	(3,365)
Net income applicable to common stock - basic and diluted	$ 140,597	$ 99,112	$391,126	$302,174
Denominator for basic and diluted earnings per share under the two-class method:				
Weighted average common shares outstanding	53,076	53,361	53,339	52,937
Vested options deemed participating securities	2,756	3,247	2,924	3,668
Total shares for basic and diluted earnings per share	55,832	56,608	56,263	56,605

Basic and diluted earnings per share	$ 2.52	$ 1.75	$6.95	$5.34

6. INVENTORIES

Inventories are stated at the lower of cost or market. Cost of inventories is generally determined by the average cost and the first-in, first-out (FIFO) methods and includes material, labor and overhead related to the manufacturing process.

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Inventories consist of the following (in thousands):

	July 2, 2016	September 30, 2015
Raw materials and purchased component parts	$452,667	$371,073
Work-in-progress	178,986	164,793
Finished goods	160,268	122,956
Total	791,921	658,822
Reserves for excess and obsolete inventory	(85,852)	(67,421)
Inventories - Net	$706,069	$591,401

7. INTANGIBLE ASSETS

Other Intangible Assets - Net in the Condensed Consolidated Balance Sheets consist of the following (in thousands):

	July 2, 2016			September 30, 2015		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Trademarks and trade names	$735,782	$ —	$735,782	$634,504	$ —	$634,504
Technology	1,273,191	273,115	1,000,076	1,100,317	233,434	866,883
Order backlog	36,085	21,903	14,182	19,501	10,709	8,792
Other	43,296	15,282	28,014	43,229	13,557	29,672
Total	$2,088,354	$ 310,300	$1,778,054	$1,797,551	$ 257,700	$1,539,851

Intangible assets acquired during the thirty-nine week period ended July 2, 2016 were as follows (in thousands):

	Cost	Amortization Period
Intangible assets not subject to amortization:		
Goodwill	$863,854	
Trademarks and trade names	116,600	
	980,454	
Intangible assets subject to amortization:		
Technology	$199,900	20 years
Order backlog	17,000	1 year
	216,900	18.5 years
Total	$1,197,354	

The aggregate amortization expense on identifiable intangible assets for the thirty-nine week periods ended July 2, 2016 and June 27, 2015 was approximately $53.5 million and $38.0 million, respectively. The estimated amortization expense is $75.7 million for fiscal year 2016, $73.4 million for fiscal year 2017 and $64.2 million for each of the four succeeding fiscal years 2018 through 2021.

The following is a summary of changes in the carrying value of goodwill by segment from September 30, 2015 through July 2, 2016 (in thousands):

	Power & Control	Airframe	Non-aviation	Total
Balance, September 30, 2015	$2,238,443	$2,392,408	$55,369	$4,686,220
Goodwill acquired during the year	863,854	—	—	863,854
Purchase price allocation adjustments	408	(790)	—	(382)
Currency translation adjustment	119	(13,043)	—	(12,924)
Balance, July 2, 2016	$3,102,824	$2,378,575	$55,369	$5,536,768

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8. DEBT

The Company's debt consists of the following (in thousands):

	July 2, 2016			
	Gross Amount	Debt Issuance Costs	Original Issue Discount	Net Amount
Short-term borrowings—trade receivable securitization facility	$200,000	$(27)	$—	$199,973
Term loans	$5,301,977	$(44,094)	$(11,896)	$5,245,987
5 1/2% senior subordinated notes due 2020 (2020 Notes)	550,000	(4,563)	—	545,437
7 1/2% senior subordinated notes due 2021 (2021 Notes)	500,000	(3,303)	—	496,697
6% senior subordinated notes due 2022 (2022 Notes)	1,150,000	(8,741)	—	1,141,259
6 1/2% senior subordinated notes due 2024 (2024 Notes)	1,200,000	(9,512)	—	1,190,488
6 1/2% senior subordinated notes due 2025 (2025 Notes)	450,000	(4,162)	—	445,838
6 3/8% senior subordinated notes due 2026 (2026 Notes)	950,000	(9,982)	—	940,018
	10,101,977	(84,357)	(11,896)	10,005,724
Less current portion	53,074	(444)	—	52,630
Long-term debt	$10,048,903	$(83,913)	$(11,896)	$9,953,094

	September 30, 2015			
	Gross Amount	Debt Issuance Costs	Original Issue Discount	Net Amount
Short-term borrowings—trade receivable securitization facility	$200,000	$(208)	$—	$199,792
Term loans	$4,382,813	$(43,660)	$(5,471)	$4,333,682
2020 Notes	550,000	(5,355)	—	544,645
2021 Notes	500,000	(3,789)	—	496,211
2022 Notes	1,150,000	(9,821)	—	1,140,179
2024 Notes	1,200,000	(10,394)	—	1,189,606
2025 Notes	450,000	(4,513)	—	445,487
	8,232,813	(77,532)	(5,471)	8,149,810
Less current portion	43,840	(413)	—	43,427
Long-term debt	$8,188,973	$(77,119)	$(5,471)	$8,106,383

Amendment to the Restated Credit Agreement – On June 9, 2016, TransDigm Inc., TD Group and certain subsidiaries of TransDigm entered into Amendment No. 1 to the Second Amended and Restated Credit Agreement (the "Amendment to the Credit Agreement") with Credit Suisse AG, as administrative agent and collateral agent (the "Agent"), and the other agents and lenders named therein. Pursuant to the Amendment to the Credit Agreement, TransDigm, among other things, incurred new tranche F term loans (the "New Tranche F Term Loans") in an aggregate principal amount equal to $500 million, received commitments in respect of delayed draw tranche F term loans (the "Delayed Draw Tranche F Term Loans") in an aggregate amount equal to $450 million, converted approximately $790 million of existing tranche C term loans into additional tranche F term loans (the "Converted Tranche F Term Loans" and together with the New Tranche F Term Loans and the Delayed Draw Tranche F Term Loans, the "Tranche F Term Loans") and increased the margin applicable to the existing tranche E term loans to LIBO rate plus 3.0% per annum. The New Tranche F Term Loans and the Converted Tranche F Term Loans were fully drawn on June 9, 2016. Borrowing under the Delayed Draw Tranche F Term Loans was contingent upon the completion of the acquisition of DDC, which was completed on June 23, 2016, and the Delayed Draw Tranche F Term Loans were fully drawn thereafter. The Tranche F Term Loans mature on June 9, 2023. The terms and conditions (other than maturity date) that apply to the Tranche F Term Loans, including pricing, are substantially the same as the terms and conditions that apply to the tranche C term loans immediately prior to the Amendment to the Credit Agreement.

Under the terms of the Amendment to the Credit Agreement, certain existing revolving lenders increased the revolving commitments in an aggregate principal amount of $50 million (the "Extended Revolving Commitments"). The terms and conditions that apply to the Extended Revolving Commitments are the same as those of the existing US Dollar revolving credit commitments under the credit agreement. The Extended Revolving Commitments and existing revolving commitments consist of two tranches, of which approximately $53 million matures on February 28, 2018

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and approximately $547 million matures on February 28, 2020. At July 2, 2016, the Company had $17 million in letters of credit outstanding and $583 million of borrowings available under the revolving commitments. During the thirteen week period ended July 2, 2016, the Company recorded refinancing costs of $15.7 million representing debt issuance costs expensed in conjunction with the refinancing of the term loans and revolving commitments.

Pursuant to the Amendment to the Credit Agreement and subject to certain conditions, TransDigm may make certain additional restricted payments, including to declare or pay dividends or repurchase stock, in an aggregate amount not to exceed $1,500 million on or prior to December 31, 2016. Subsequent to December 31, 2016, the aggregate amount of restricted payments remaining, not to exceed $500 million, may be made solely to the extent that the proceeds are used to repurchase stock.

Under the terms of the Amendment to the Credit Agreement, TransDigm is entitled, on one or more occasions, to request additional term loans to the extent that the existing or new lenders agree to provide such incremental term loans provided that, among other conditions, our consolidated net leverage ratio would be no greater than 7.25 to 1.00 and the consolidated secured net debt ratio would be no greater than 4.25 to 1.00, in each case, after giving effect to such incremental term loans.

Issuance of Senior Subordinated Notes – On June 9, 2016, TransDigm Inc. issued $950 million in aggregate principal amount of its 2026 Notes at an issue price of 100% of the principal amount. The 2026 Notes bear interest at the rate of 6.375% per annum, which accrues from June 9, 2016 and is payable semiannually in arrears on June 15 and December 15 of each year, commencing on December 15, 2016. The 2026 Notes mature on June 15, 2026, unless earlier redeemed or repurchased, and are subject to the terms and conditions set forth in the indentures governing the 2026 Notes (the “2026 Indentures”).

The 2026 Notes are subordinated to all of TransDigm’s existing and future senior debt, rank equally with all of its existing and future senior subordinated debt and rank senior to all of its future debt that is expressly subordinated to the 2026 Notes. The 2026 Notes are guaranteed on a senior subordinated unsecured basis by TD Group and its 100% owned domestic subsidiaries named in the 2026 Indentures. The guarantees of the 2026 Notes are subordinated to all of the guarantors’ existing and future senior debt, rank equally with all of their existing and future senior subordinated debt and rank senior to all of their future debt that is expressly subordinated to the guarantees of the 2026 Notes. The 2026 Notes are structurally subordinated to all of the liabilities of TD Group’s non-guarantor subsidiaries.

The 2026 Indentures contain certain covenants that, among other things, limit the incurrence of additional indebtedness, the payment of dividends, transactions with affiliates, asset sales, acquisitions, mergers, and consolidations, liens and encumbrances, and prepayments of certain other indebtedness. The 2026 Indentures contain events of default customary for agreements of their type (with customary grace periods, as applicable) and provide that, upon the occurrence of an event of default arising from certain events of bankruptcy or insolvency, all outstanding 2026 Notes of each series will become due and payable immediately without further action or notice. If any other type of event of default occurs and is continuing, then the trustee or the holders of at least 25% in principal amount of the then outstanding 2026 Notes of a particular series may declare all such notes to be due and payable immediately.

9. INCOME TAXES

At the end of each reporting period, TD Group makes an estimate of its annual effective income tax rate. The estimate used in the year-to-date period may change in subsequent periods. During the thirteen week periods ended July 2, 2016 and June 27, 2015, the effective income tax rate was 27.6% and 28.6%, respectively. During the thirty-nine week periods ended July 2, 2016 and June 27, 2015, the effective income tax rate was 29.5% and 30.1%, respectively. The Company’s lower effective tax rate for the thirteen week period ended July 2, 2016 was primarily due to foreign earnings taxed at rates lower than the U.S. statutory rate. The Company’s lower effective tax rate for the thirty-nine week period was primarily due to foreign earnings taxed at rates lower than the U.S. statutory rate partially offset by the prior year discrete adjustment related to the IRS examination results. The Company’s effective tax rate for these periods was less than the Federal statutory tax rate primarily due to the domestic manufacturing deduction and foreign earnings taxed at rates lower than the U.S. statutory rate.

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction, various state and local jurisdictions as well as foreign jurisdictions located in Belgium, Canada, China, France, Germany, Hong Kong, Hungary, Malaysia, Mexico, Norway, Singapore, Sri Lanka, Sweden and the United Kingdom. The Company is no longer subject to U.S. federal examinations for years before fiscal 2014. The Company is currently under U.S. federal examination for its fiscal 2014 and under examination in Belgium for its fiscal years of 2013 and 2014. In addition, the Company is subject to state income tax examinations for fiscal years 2009 and later.

At July 2, 2016 and September 30, 2015, TD Group had $7.7 million and $6.9 million in unrecognized tax benefits, the recognition of which would have an effect of approximately $7.5 million and $6.5 million on the effective tax rate at July 2, 2016 and September 30, 2015, respectively. The Company believes the tax positions that comprise the unrecognized tax benefits will be reduced by approximately $2.3 million over the next 12 months. The Company recognizes accrued interest and penalties related to unrecognized tax benefits in income tax expense.

10. FAIR VALUE MEASUREMENTS

The following table presents our assets and liabilities that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy. The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs (other than quoted prices) that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

The following summarizes the carrying amounts and fair values of financial instruments (in thousands):

		July 2, 2016		September 30, 2015	
	Level	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:					
Cash and cash equivalents	1	$1,666,695	$1,666,695	$714,033	$714,033
Interest rate cap agreements (1)	2	4,630	4,630	8,180	8,180
Liabilities:					
Interest rate swap agreements (2)	2	30,530	30,530	24,770	24,770
Interest rate swap agreements (3)	2	63,060	63,060	49,730	49,730
Short-term borrowings - trade receivable securitization facility (4)	1	199,973	199,973	199,792	199,792
Long-term debt, including current portion:					
Term loans (4)	2	5,245,987	5,219,000	4,333,682	4,344,000
2020 Notes (4)	1	545,437	558,250	544,645	520,000
2021 Notes (4)	1	496,697	526,250	496,211	524,000
2022 Notes (4)	1	1,141,259	1,161,500	1,140,179	1,081,000
2024 Notes (4)	1	1,190,488	1,221,000	1,189,606	1,119,000
2025 Notes (4)	1	445,838	454,500	445,487	417,000
2026 Notes (4)	1	940,018	947,625	—	—

(1) Included in Other non-current assets on the Condensed Consolidated Balance Sheet.
(2) Included in Accrued liabilities on the Condensed Consolidated Balance Sheet.
(3) Included in Other non-current liabilities on the Condensed Consolidated Balance Sheet.
(4) The carrying amount of the debt instrument is presented net of the debt issuance costs in connection with the Company's adoption of ASU 2015-03. Refer to Note 8, "Debt," for gross carrying amounts.

The Company values its financial instruments using an industry standard market approach, in which prices and other relevant information is generated by market transactions involving identical or comparable assets or liabilities. No financial instruments were recognized using unobservable inputs.

Interest rate swaps were measured at fair value using quoted market prices for the swap interest rate indexes over the term of the swap discounted to present value versus the fixed rate of the contract. The interest rate caps were measured at fair value using implied volatility rates of each individual caplet and the yield curve for the related periods. The estimated fair value of the Company's term loans was based on information provided by the agent under the Company's senior secured credit facility. The estimated fair values of the Company's notes were based upon quoted market prices. There has not been any impact to the fair value of derivative liabilities due to the Company's own credit risk. Similarly, there has not been any impact to the fair value of derivative assets based on the Company's evaluation of counterparties' credit risks.

The fair value of Cash and cash equivalents, Trade accounts receivable-net and Accounts payable approximated book value due to the short-term nature of these instruments at July 2, 2016 and September 30, 2015.

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11. DERIVATIVES AND HEDGING ACTIVITIES

The Company is exposed to, among other things, the impact of changes in interest rates in the normal course of business. The Company's risk management program is designed to manage the exposure and volatility arising from these risks, and utilizes derivative financial instruments to offset a portion of these risks. The Company uses derivative financial instruments only to the extent necessary to hedge identified business risks and does not enter into such transactions for trading purposes. The Company generally does not require collateral or other security with counterparties to these financial instruments and is therefore subject to credit risk in the event of nonperformance; however, the Company monitors credit risk and currently does not anticipate nonperformance by other parties. The Company has agreements with each of its swap and cap counterparties that contain a provision whereby if the Company defaults on the credit facility the Company could also be declared in default on its swaps and caps, resulting in an acceleration of payment under the swaps and caps.

Interest rate swap and cap agreements are used to manage interest rate risk associated with floating-rate borrowings under our credit facility. The interest rate swap and cap agreements utilized by the Company effectively modify the Company's exposure to interest rate risk by converting a portion of the Company's floating-rate debt to a fixed rate basis through the expiration date of the interest rate swap and cap agreements, thereby reducing the impact of interest rate changes on future interest expense. These agreements involve the receipt of floating rate amounts in exchange for fixed rate interest payments over the term of the agreements without an exchange of the underlying principal amount. These derivative instruments qualify as effective cash flow hedges under GAAP. For these cash flow hedges, the effective portion of the gain or loss from the financial instruments was initially reported as a component of accumulated other comprehensive loss in stockholders' deficit and subsequently reclassified into earnings in the same line as the hedged item in the same period or periods during which the hedged item affected earnings.

The following table summarizes the Company's interest rate swap agreements:

Aggregate Notional Amount (in millions)	Start Date	End Date	Related Debt	Conversion of Related Variable Rate Debt to Fixed Rate of:
$1,000	6/28/2019	6/30/2021	2016 Term Loans	4.8% (1.8% plus the 3% margin percentage)
$750	3/31/2016	6/30/2020	2014 Term Loans	5.8% (2.8% plus the 3% margin percentage)
$1,000	9/30/2014	6/30/2019	2013 Term Loans	5.4% (2.4% plus the 3% margin percentage)

The following table summarizes the Company's interest rate cap agreements:

Aggregate Notional Amount (in millions)	Start Date	End Date	Related Debt	Offsets Variable Rate Debt Attributable to Fluctuations Above:
$400	6/30/2016	6/30/2021	2016 Term Loans	Three month LIBO rate of 2.0%
$750	9/30/2015	6/30/2020	2015 Term Loans	Three month LIBO rate of 2.5%

In connection with the refinancing of the 2011 Term Loans, the Company no longer designated the interest rate swap agreements relating to the $353 million aggregate notional amount as cash flow hedges for accounting purposes. Accordingly, amounts previously recorded as a component of accumulated other comprehensive loss in stockholder's deficit amortized into earnings totaled $2.1 million for the thirty-nine week period ended June 27, 2015. There was no remaining amortization for these dedesignated swap agreements as of September 30, 2015.

Based on the fair value amounts of the interest rate swap agreements determined as of July 2, 2016, the estimated net amount of existing gains and losses expected to be reclassified into interest expense within the next twelve months is approximately $33.1 million.

12. SEGMENTS

The Company's businesses are organized and managed in three reporting segments: Power & Control, Airframe and Non-aviation.

The Power & Control segment includes operations that primarily develop, produce and market systems and components that predominately provide power to or control power of the aircraft utilizing electronic, fluid, power and mechanical motion control technologies. Major product offerings include mechanical/electro-mechanical actuators and controls, ignition systems and engine technology, specialized pumps and valves, power conditioning devices, specialized AC/DC electric motors and generators, databus and power controls, high performance hoists, winches and lifting devices, and cargo loading and handling systems. Primary customers of this segment are engine and

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power system and subsystem suppliers, airlines, third party maintenance suppliers, military buying agencies and repair depots. Products are sold in the original equipment and aftermarket market channels.

The Airframe segment includes operations that primarily develop, produce and market systems and components that are used in non-power airframe applications utilizing airframe and cabin structure technologies. Major product offerings include engineered latching and locking devices, rods and locking devices, cockpit security components and systems, aircraft audio systems, specialized lavatory components, seat belts and safety restraints, engineered interior surfaces and related components, lighting and control technology, military personnel parachutes, and cargo delivery systems. Primary customers of this segment are airframe manufacturers and cabin system suppliers and subsystem suppliers, airlines, third party maintenance suppliers, military buying agencies and repair depots. Products are sold in the original equipment and aftermarket market channels.

The Non-aviation segment includes operations that primarily develop, produce and market products for non-aviation markets. Major product offerings include seat belts and safety restraints for ground transportation applications, mechanical/electro-mechanical actuators and controls for space applications, and refueling systems for heavy equipment used in mining, construction and other industries. Primary customers of this segment are off-road vehicle suppliers and subsystem suppliers, child restraint system suppliers, satellite and space system suppliers and manufacturers of heavy equipment used in mining, construction and other industries.

The primary measurement used by management to review and assess the operating performance of each segment is EBITDA As Defined. The Company defines EBITDA As Defined as earnings before interest, taxes, depreciation and amortization plus certain non-operating items including refinancing costs, acquisition-related costs, transaction-related costs and non-cash compensation charges incurred in connection with the Company’s stock incentive plans. Acquisition-related costs represent accounting adjustments to inventory associated with acquisitions of businesses and product lines that were charged to cost of sales when the inventory was sold; costs incurred to integrate acquired businesses and product lines into the Company’s operations, facility relocation costs and other acquisition-related costs; transaction related costs comprising deal fees; legal, financial and tax diligence expenses and valuation costs that are required to be expensed as incurred and other acquisition accounting adjustments.

EBITDA As Defined is not a measurement of financial performance under GAAP. Although the Company uses EBITDA As Defined to assess the performance of its business and for various other purposes, the use of this non-GAAP financial measure as an analytical tool has limitations, and it should not be considered in isolation or as a substitute for analysis of the Company’s results of operations as reported in accordance with GAAP.

The Company’s segments are reported on the same basis used internally for evaluating performance and for allocating resources. The accounting policies for each segment are the same as those described in the summary of significant accounting policies in the Company’s consolidated financial statements. Intersegment sales and transfers are recorded at values based on market prices, which creates intercompany profit on intersegment sales or transfers that is eliminated in consolidation. Intersegment sales were immaterial for the periods presented below. Certain corporate-level expenses are allocated to the operating segments.

The following table presents net sales by reportable segment (in thousands):

	Thirteen Week Periods Ended		Thirty-Nine Week Periods Ended	
	July 2, 2016	June 27, 2015	July 2, 2016	June 27, 2015
Net sales to external customers				
Power & Control	$402,137	$341,867	$1,154,837	$917,466
Airframe	370,414	325,250	1,067,301	909,820
Non-aviation	25,141	24,278	74,050	70,037
	$797,692	$691,395	$2,296,188	$1,897,323

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The following table reconciles EBITDA As Defined by segment to consolidated income before income taxes (in thousands):

	Thirteen Week Periods Ended		Thirty-Nine Week Periods Ended	
	July 2, 2016	June 27, 2015	July 2, 2016	June 27, 2015
EBITDA As Defined				
Power & Control	$197,912	$163,710	$552,558	$459,508
Airframe	185,333	150,200	520,878	415,293
Non-aviation	6,853	4,919	19,846	14,797
Total segment EBITDA As Defined	390,098	318,829	1,093,282	889,598
Unallocated corporate expenses	6,221	5,974	21,387	18,946
Total Company EBITDA As Defined	383,877	312,855	1,071,895	870,652
Depreciation and amortization expense	29,564	26,921	85,101	67,767
Interest expense - net	120,812	106,796	344,083	305,623
Acquisition-related costs	9,849	12,271	34,696	19,288
Stock compensation expense				