

## **Accounts From Former Executives and Employees**

New accounts from four former executives and employees at TransDigm subsidiaries detail TransDigm's aggressive pricing practices and the company's negative reputation within the aerospace industry.

TransDigm's negative reputation within the industry is in part based on the company's abusive pricing practices. One former executive at a TransDigm subsidiary shared that the perception within large circles of the aerospace and defense community is that TransDigm is "the cancer of the industry."

Similarly, a former director of a TransDigm subsidiary told Committee staff: "When TransDigm acquired [the director's company] it was disheartening since I had tried to do the right thing for the warfighter my whole career."

An executive at a former TransDigm subsidiary told Committee staff about the company's aggressive pricing practices: "TransDigm's acquisition strategy is known—strong M&A company—once 'products' are qualified on a program or platform there is little to no way to compete, strong sole-source or monopoly position." The executive also told the Committee staff: "TransDigm uses their market position on sole-source to get as much out of the pricing (margin) as they can, even when out of the norm. If you look after a company is acquired you would see a big jump in pricing."

Similarly, the former executive at a TransDigm subsidiary who shared TransDigm's negative perception within the aerospace and defense community also told Committee staff: "TransDigm had high and clear expectations relating to their processes. A 7% to 9% increase was the minimum expectation and at least a 3% price increase for inflation per year, so in total 10% to 12% price increase for the year." The former executive went on to say: "If I didn't implement price increases, I would have to promise to cut costs with the expectation that there would be layoffs. The KPI [key performance indicator] for TransDigm was sales per head."

Another former executive of a TransDigm subsidiary told Committee staff that TransDigm's direction to subsidiaries was "Almost like gaslighting." The executive explained: "Like many companies, they pride themselves on not micro-managing, but that's exactly what they do. They micro-manage by looking at topline numbers and tell you to go fix it. They look at every number, every quarter."