

ESTERLINE TECHNOLOGIES CORP

Form PREM14A

November 07, 2018

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

ESTERLINE TECHNOLOGIES CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

Common stock, par value \$0.20 per share, of Esterline Technologies Corporation

(2) Aggregate number of securities to which transaction applies:

As of November 1, 2018, (A) 29,488,510 shares of common stock issued and outstanding, (B) 1,159,780 shares of common stock underlying options to purchase common stock with exercise prices below the per-share merger consideration of \$122.50, (C) 128,040 shares of common stock underlying options to purchase common stock pursuant to the Company SAYE Scheme with exercise prices below the per-share merger consideration of \$122.50, (D) 100,627 shares of common stock subject to restricted stock units (vested and unvested) and (E) 38,108 shares of common stock subject to performance-based stock units (vested and unvested).

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

Solely for purposes of calculating the filing fee, the underlying value of the transaction was calculated based on the sum of: (A) 29,488,510 shares of common stock multiplied by \$122.50, (B) 1,159,780 shares of common stock underlying options to purchase common stock with exercise prices less than \$122.50 multiplied by \$41.22 (which is the difference between the merger consideration and the weighted average exercise price of \$81.28 per share), (C) 128,040 shares of common stock underlying options to purchase common stock pursuant to the Company SAYE Scheme with exercise prices less than \$122.50 multiplied by \$48.82 (which is the difference between the merger consideration and the weighted average exercise price of \$73.68 per share), (D) 100,627 shares of common stock subject to restricted stock unit awards (vested and unvested) multiplied by \$122.50 and (E) 38,108 shares of common stock subject to performance-based stock unit awards (vested and unvested) multiplied by \$122.50.

(4) Proposed maximum aggregate value of transaction:

\$3,683,394,557.

(5) Total fee paid:

\$446,427.42. In accordance with Section 14(g) of the Securities Exchange Act of 1934, as amended, the filing fee was calculated by multiplying 0.0001212 by the proposed maximum aggregate value of the transaction of \$3,683,394,557.

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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PRELIMINARY PROXY STATEMENT SUBJECT TO COMPLETION

DATED NOVEMBER 7, 2018

MERGER PROPOSAL YOUR VOTE IS VERY IMPORTANT

[], 2018

To the Shareholders of Esterline Technologies Corporation:

You are cordially invited to attend a Special Meeting of Shareholders (the Special Meeting) of Esterline Technologies Corporation, a Delaware corporation (ESL), which is scheduled to be held at [] on [], 2018, at [] time.

At the Special Meeting, you will be asked to consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of October 9, 2018 and amended on October 10, 2018 (as it may be further amended from time to time, the Merger Agreement), by and among ESL, TransDigm Group Incorporated, a Delaware corporation (TransDigm), and Thunderbird Merger Sub Inc., a Delaware corporation and wholly owned subsidiary of TransDigm (Merger Sub). Pursuant to the terms of the Merger Agreement, Merger Sub will merge with and into ESL, with ESL surviving the merger as a wholly owned subsidiary of TransDigm (the Merger). You also will be asked to consider and vote on (i) a non-binding advisory proposal to approve compensation that will or may become payable by ESL to its named executive officers in connection with the merger and (ii) a proposal to approve one or more adjournments of the Special Meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the Merger Agreement at the time of the Special Meeting.

If the Merger is completed, you will be entitled to receive \$122.50 in cash, without interest and subject to any withholding taxes, for each share of our common stock, par value \$0.20, which we refer to as ESL common stock, you own (unless you have properly exercised and perfected your appraisal rights with respect to such shares), which represents a premium of approximately (i) 62% to the closing stock price of ESL common stock on July 19, 2018, the last trading day prior to market rumors regarding a potential sale of ESL, (ii) 22% to the highest stock price of ESL common stock during the fifty-two (52) week period ended July 19, 2018, the last trading day prior to market rumors regarding a potential sale of ESL, (iii) 67% to the volume weighted average stock price of ESL common stock during the thirty (30) days ended July 19, 2018, the last trading day prior to market rumors regarding a potential sale of ESL, (iv) 38% to the closing stock price on October 8, 2018, the last trading day prior to the announcement of the execution of the Merger Agreement and (v) 57% to the broker median price per share as of October 8, 2018, per IBES consensus.

The receipt of cash in exchange for shares of ESL common stock pursuant to the Merger will generally be a taxable transaction to U.S. holders (as defined in Proposal 1: Adoption of the Merger Agreement The Merger U.S. Federal Income Tax Consequences of the Merger) for United States federal income tax purposes. See Proposal 1: Adoption of the Merger Agreement The Merger U.S. Federal Income Tax Consequences of the Merger beginning on page 60 of the accompanying proxy statement.

Shareholders who do not vote in favor of the proposal to adopt the Merger Agreement will have the right to seek appraisal of the fair value of their shares of ESL common stock if they deliver a demand for appraisal before the vote is taken on the Merger Agreement and comply with all applicable requirements under Delaware law, which are summarized and reproduced in their entirety in Annex C to the accompanying proxy statement.

ESL's Board of Directors, after considering the reasons more fully described in this proxy statement and after consultation with outside legal and financial advisors, unanimously (1) determined that it is in the best interests of ESL and its shareholders and declared it advisable for ESL to enter into the Merger Agreement, (2) approved the execution, delivery and performance by ESL of the Merger Agreement and the consummation of the Merger and the other transactions contemplated by the Merger Agreement, (3) directed that the adoption of the Merger Agreement be submitted to a vote of ESL's shareholders at the Special Meeting and (4) resolved to recommend that the ESL shareholders approve the adoption of the

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Merger Agreement and the transactions contemplated therein, including the Merger. The Board of Directors recommends that you vote:

- (i) FOR the proposal to adopt the Merger Agreement, thereby approving the transactions contemplated by the Merger Agreement, including the Merger;**
- (ii) FOR the proposal to approve, by a non-binding, advisory vote, compensation that will or may become payable by ESL to its named executive officers in connection with the Merger; and**
- (iii) FOR the proposal to approve one or more adjournments of the Special Meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the Merger Agreement at the time of the Special Meeting.**

The enclosed proxy statement provides detailed information about the Special Meeting, the Merger Agreement and the Merger. A copy of the Merger Agreement is attached as Annex A to the proxy statement. The proxy statement also describes the actions and determinations of our Board of Directors in connection with its evaluation of the Merger Agreement and the Merger. We encourage you to read the proxy statement and its annexes, including the Merger Agreement, carefully and in their entirety. You may also obtain more information about ESL from documents we file with the Securities and Exchange Commission from time to time.

Whether or not you plan to attend the Special Meeting in person, please complete, sign, date and return, as promptly as possible, the enclosed proxy card in the accompanying prepaid reply envelope or grant your proxy electronically over the Internet or by telephone. If you attend the Special Meeting and vote in person by ballot, your vote will revoke any proxy that you have previously submitted. If you hold your shares in street name, you should instruct your broker, bank or other nominee how to vote in accordance with the voting instruction form you will receive from your broker, bank or other nominee.

Your vote is very important, regardless of the number of shares that you own. We cannot complete the Merger unless the proposal to adopt the Merger Agreement is approved by the affirmative vote of the holders of a majority of the outstanding shares of ESL common stock. The failure of any shareholder to vote in person by ballot at the Special Meeting, to submit a signed proxy card or to grant a proxy electronically over the Internet or by telephone will have the same effect as a vote AGAINST the proposal to adopt the Merger Agreement. If you hold your shares in street name, the failure to instruct your broker, bank or other nominee on how to vote your shares will have the same effect as a vote AGAINST the proposal to adopt the Merger Agreement.

If you have any questions or need assistance voting your shares of ESL common stock, please contact MacKenzie Partners, Inc., our proxy solicitor, by calling toll-free at (800) 322-2885 or collect at (212) 929-5500.

On behalf of our Board of Directors, I thank you for your support and appreciate your consideration of this matter.

Sincerely,

Curtis C. Reusser
Chairman, President and Chief Executive Officer

Neither the U.S. Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved of the transactions described in this document, including the Merger, or determined if the information contained in this document is accurate or adequate. Any representation to the contrary is a criminal offense.

The accompanying proxy statement is dated [], 2018 and, together with the enclosed form of proxy card, is first being mailed to shareholders of ESL on or about [], 2018.

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PRELIMINARY PROXY STATEMENT SUBJECT TO COMPLETION

DATED NOVEMBER 7, 2018

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON [], 2018

Notice is hereby given that a special meeting of shareholders (the "Special Meeting") of Esterline Technologies Corporation, a Delaware corporation ("ESL"), is scheduled to be held at [] on [], 2018, at [] time for the following purposes:

1. To consider and vote on the proposal to adopt the Agreement and Plan of Merger, dated as of October 9, 2018 and amended on October 10, 2018 (as it may be further amended from time to time, the "Merger Agreement"), by and among ESL, TransDigm Group Incorporated, a Delaware corporation ("TransDigm"), and Thunderbird Merger Sub Inc., a Delaware corporation and wholly owned subsidiary of TransDigm ("Merger Sub"), a copy of which is attached as Annex A to the proxy statement accompanying this notice (the "Merger Proposal");
2. To consider and vote on the proposal to approve, by means of a non-binding, advisory vote, compensation that will or may become payable by ESL to its named executive officers in connection with the Merger contemplated by the Merger Agreement (the "Merger-Related Compensation Proposal"); and
3. To consider and vote on the proposal to approve one or more adjournments of the Special Meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the Merger Agreement at the time of the Special Meeting (the "ESL Adjournment Proposal").

Your vote is very important to us. The Merger is conditioned on the receipt of, and we cannot consummate the Merger unless the Merger Proposal receives, the affirmative vote of a majority of the outstanding shares of ESL common stock entitled to vote at the Special Meeting.

ESL will transact no other business at the Special Meeting.

The affirmative vote of a majority of the shares of ESL common stock outstanding and entitled to vote is required to approve the Merger Proposal. The affirmative vote of a majority of the votes cast at the Special Meeting is required to approve the Merger-Related Compensation Proposal, provided a quorum is present. The affirmative vote of a majority of the votes cast at the Special Meeting is required to approve the ESL Adjournment Proposal, whether or not a quorum is present.

The failure of any shareholder of record to submit a signed proxy card, grant a proxy electronically over the Internet or by telephone or to vote in person by ballot at the Special Meeting will have the same effect as a vote **AGAINST** the Merger Proposal, but will not have any effect on the ESL Adjournment Proposal or the Merger-Related Compensation

Proposal. If you hold your shares in street name, the failure to instruct your broker, bank or other nominee on how to vote your shares will have the same effect as a vote **AGAINST** the Merger Proposal, but will not have any effect on the Merger-Related Compensation Proposal or the ESL Adjournment Proposal. Abstentions will have the same effect as a vote **AGAINST** the Merger Proposal, the ESL Adjournment Proposal and the Merger-Related Compensation Proposal.

Only shareholders of record as of the close of business on [] are entitled to notice of the Special Meeting and to vote at the Special Meeting or at any adjournment or postponement thereof. A list of shareholders entitled to vote at the Special Meeting will be available in our offices located at 500 108th Avenue N.E., Bellevue, Washington 98004 during regular business hours for a period of at least ten (10) days before the Special Meeting and at the place of the Special Meeting during the meeting.

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Shareholders who do not vote in favor of the proposal to adopt the Merger Agreement will have the right to seek appraisal of the fair value of their shares of ESL common stock if they deliver a demand for appraisal before the vote is taken on the Merger Agreement and comply with all applicable requirements under Delaware law, which are summarized herein and reproduced in their entirety in Annex C to the accompanying proxy statement.

The Board of Directors recommends that you vote (i) FOR the Merger Proposal, (ii) FOR the Merger-Related Compensation Proposal and (iii) FOR the ESL Adjournment Proposal.

By Order of the Board of Directors,

Amy L. Watson
*Deputy General Counsel and Corporate
Secretary*

Dated: [], 2018

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YOUR VOTE IS IMPORTANT

WHETHER OR NOT YOU EXPECT TO ATTEND THE SPECIAL MEETING IN PERSON, WE ENCOURAGE YOU TO SUBMIT YOUR PROXY AS PROMPTLY AS POSSIBLE (1) BY TELEPHONE, (2) THROUGH THE INTERNET OR (3) BY MARKING, SIGNING AND DATING THE ENCLOSED PROXY CARD AND RETURNING IT IN THE POSTAGE-PAID ENVELOPE PROVIDED. You may revoke your proxy or change your vote at any time before the special meeting. If your shares are held in the name of a broker, bank or other nominee, please follow the instructions on the voting instruction card furnished to you by such broker, bank or other nominee, which is considered the shareholder of record, in order to vote. As a beneficial owner, you have the right to direct your broker, bank or other nominee on how to vote the shares in your account. Your broker, bank or other nominee cannot vote on any of the proposals, including the proposal to adopt the Merger Agreement, without your instructions.

If you fail to return your proxy card, to grant your proxy electronically over the Internet or by telephone, or to vote by ballot in person at the special meeting, your shares will not be counted for purposes of determining whether a quorum is present at the special meeting. If you are a shareholder of record, voting in person by ballot at the special meeting will revoke any proxy that you previously submitted. If you hold your shares through a broker, bank or other nominee, you must obtain from the record holder a valid proxy issued in your name in order to vote in person at the special meeting.

We encourage you to read the accompanying proxy statement, including all documents incorporated by reference into the accompanying proxy statement, and annexes to the accompanying proxy statement, carefully and in their entirety. If you have any questions concerning the merger, the special meeting or the accompanying proxy statement, would like additional copies of the accompanying proxy statement or need help voting your shares of common stock, please contact our proxy solicitor:

MacKenzie Partners, Inc.

1407 Broadway

New York, NY 10018

(800) 322-2885 (toll-free)

(212) 929-5500 (collect)

proxy@mackenziepartners.com

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SUMMARY

*This summary highlights selected information from this proxy statement related to the merger. This summary may not contain all of the information that is important to you. To understand the merger more fully and for a more complete description of the legal terms of the merger, you should read carefully this entire proxy statement, the annexes to this proxy statement, including the merger agreement, and the documents incorporated by reference in this proxy statement. You may obtain the documents and information incorporated by reference in this proxy statement without charge by following the instructions under the section entitled *Where You Can Find More Information* beginning on page 101. The merger agreement is attached as Annex A to this proxy statement. Information about appraisal rights is attached as Annex C to this proxy statement.*

*Except as otherwise specifically noted in this proxy statement or as the context otherwise requires, *ESL*, the Company or we, our, us and similar words in this proxy statement refer to Esterline Technologies Corporation including, in certain cases, its subsidiaries. Throughout this proxy statement we refer to TransDigm Group Incorporated as *TransDigm* and to Thunderbird Merger Sub Inc. as *Merger Sub*. In addition, throughout this proxy statement we refer to the Agreement and Plan of Merger, dated as of October 9, 2018 and amended on October 10, 2018, as it may be further amended from time to time, among *ESL*, *TransDigm* and *Merger Sub*, as the merger agreement. All references to the merger refer to the merger of *Merger Sub* with and into *ESL* with *ESL* surviving as a wholly owned subsidiary of *TransDigm*. *ESL*, following completion of the merger, is sometimes referred to in this proxy statement as the surviving corporation.*

Parties Involved in the Merger (page 30)

Esterline Technologies Corporation

Esterline Technologies Corporation is a leading specialized manufacturing company principally serving aerospace and defense customers. We are technologically focused, and design, manufacture and market highly engineered products and systems for application within the industries we serve. *ESL* operates in three segments structured around our technical capabilities: Avionics & Controls, Sensors & Systems, and Advanced Materials. Our Avionics & Controls business segment produces avionics systems, control and communication systems, and human-machine interface products and technologies. Our Sensors & Systems business segment produces power distribution products and systems, connection technologies and advanced sensors. Our Advanced Materials business segment produces engineered materials and defense technologies.

ESL's principal executive offices are located at 500 10th Avenue N.E., Bellevue, Washington 98004, and its telephone number is (425) 453-9400.

ESL was formed in 1967 and is organized in the State of Delaware. *ESL*'s common stock, par value \$0.20 per share, which we refer to as *ESL* common stock or our common stock, is currently listed on the New York Stock Exchange, which we refer to as the NYSE, under the symbol *ESL*.

Additional information about *ESL* and its subsidiaries is included in documents incorporated by reference in this proxy statement (see *Where You Can Find More Information* beginning on page 101) and on its website: www.esterline.com. The information provided or accessible through *ESL*'s website is not part of, or incorporated by reference in, this proxy statement.

TransDigm Group Incorporated

Through its wholly-owned subsidiaries, TransDigm Group Incorporated is a leading global designer, producer and supplier of highly engineered aircraft components for use on nearly all commercial and military

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aircraft in service today. 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, cockpit security components and systems, specialized cockpit displays, aircraft audio systems, specialized lavatory components, seatbelts 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.

TransDigm's principal executive offices are located at 1301 East 9th Street, Suite 3000, Cleveland, Ohio 44114, and its telephone number is (216) 706-2960.

TransDigm is incorporated in the State of Delaware. TransDigm's common stock is currently listed on the NYSE under the symbol TDG.

Additional information about TransDigm and its subsidiaries is included on its website: www.transdigm.com. The information provided or accessible through TransDigm's website is not part of, or incorporated by reference in, this proxy statement.

Thunderbird Merger Sub Inc.

Thunderbird Merger Sub Inc. is incorporated in the State of Delaware and is a wholly owned subsidiary of TransDigm that was formed solely for the purpose of entering into the merger agreement and consummating the transactions contemplated by the merger agreement. Merger Sub's principal executive offices are located at 1301 East 9th Street, Suite 3000, Cleveland, Ohio 44114, and its telephone number is (216) 706-2960. Upon completion of the merger, Merger Sub will cease to exist.

Certain Effects of the Merger on ESL (page 31)

Upon the terms and subject to the conditions of the merger agreement, Merger Sub will merge with and into ESL, with ESL continuing as the surviving corporation in the merger and as a wholly owned subsidiary of TransDigm.

Effect on ESL if the Merger is Not Completed (page 31)

If the merger agreement is not adopted by ESL shareholders or if the merger is not completed for any other reason, ESL shareholders will not receive any payment for their shares of ESL common stock. Instead, ESL will remain a public company, ESL's common stock will continue to be listed and traded on the NYSE and registered under the Securities Exchange Act of 1934, which we refer to as the Exchange Act, and ESL will continue to file periodic reports with the U.S. Securities and Exchange Commission, which we refer to as the SEC.

Under certain specified circumstances, ESL will be required to pay TransDigm a termination fee upon the termination of the merger agreement, as described under the section entitled "Proposal 1: Adoption of the Merger Agreement" Terms of the Merger Agreement Termination of the Merger Agreement Termination Fee beginning on page 82.

Merger Consideration (page 65)

If the merger is completed, at the time at which the merger will become effective, which we refer to as the effective time of the merger, and without any action on the part of TransDigm, Merger Sub, ESL or any ESL

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shareholder, each share of ESL common stock issued and outstanding immediately prior to the effective time of the merger (other than (A) shares held (i) in ESL's treasury, (ii) by ESL or any wholly owned subsidiary of ESL or (iii) by TransDigm, Merger Sub or any other direct or indirect wholly owned subsidiary of TransDigm, (B) certain equity awards, the treatment of which is described under the section entitled **Proposal 1: Adoption of the Merger Agreement** **The Merger** **Interests of the Directors and Executive Officers of ESL in the Merger** **Treatment of Company Awards**, beginning on page 53, or (C) shares owned by shareholders who are entitled to demand and have properly exercised and perfected appraisal rights under the General Corporation Law of the State of Delaware, which refer to as the DGCL, and have not failed to perfect, nor effectively withdrawn or lost rights to appraisal under the DGCL, which, in the case of clauses (A) through (C) we refer to collectively as excluded shares), will be converted into the right to receive \$122.50 per share in cash, which we refer to as the merger consideration, without interest and subject to any withholding taxes. All shares, when so converted into the right to receive the merger consideration, will automatically be cancelled and retired and will cease to exist.

As described under the section entitled **Proposal 1: Adoption of the Merger Agreement** **Terms of the Merger Agreement** **Merger Consideration** **Exchange Procedures** beginning on page 66, prior to the effective time of the merger, TransDigm shall deposit, or cause to be deposited, with the designated paying agent, as needed, cash sufficient to pay the merger consideration.

After the merger is completed, under the terms of the merger agreement, you will have the right to receive the merger consideration, but you no longer will have any rights as a ESL shareholder as a result of the merger (except for the right to receive the merger consideration and except that shareholders who properly exercise and perfect their demand for appraisal will instead have such rights as granted by Section 262 of the DGCL, as described under the section entitled **Appraisal Rights** beginning on page 94).

The Special Meeting (page 25)

Date, Time and Place

The special meeting of our shareholders is scheduled to be held at [] on [], 2018, at [] time.

Purpose

At the special meeting, we will ask our shareholders of record as of the close of business on [], which we refer to as the record date, to vote on proposals (i) to adopt the merger agreement, thereby approving the transactions contemplated by the merger agreement, including the merger, which we refer to as the merger proposal, (ii) in accordance with Section 14A of the Exchange Act and the applicable SEC rules issued thereunder, to approve, by means of a non-binding, advisory vote, certain compensation that will or may become payable by ESL to its named executive officers in connection with the completion of the merger, which we refer to as the merger-related compensation proposal, and (iii) to approve one or more adjournments of the special meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the merger agreement at the time of the special meeting, which we refer to as the adjournment proposal.

Record Date; Shares Entitled to Vote

You are entitled to vote at the special meeting if you owned shares of ESL common stock as of the close of business on the record date. You will have one vote at the special meeting for each share of ESL common stock you owned at the close of business on the record date.

Quorum

As of the record date, there were approximately [] shares of ESL common stock outstanding and entitled to be voted at the special meeting. A quorum of shareholders is necessary to hold a vote for the merger proposal and

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the merger-related compensation proposal at the special meeting. The holders of a majority of the outstanding shares of our common stock entitled to vote at the special meeting, either present in person or represented by proxy, will constitute a quorum at the special meeting. As a result, [] shares must be represented by proxy or by shareholders present and entitled to vote at the special meeting to have a quorum.

Required Vote

The affirmative vote of the holders of a majority of the outstanding shares of our common stock entitled to vote is required to approve the merger proposal. Approval of the merger-related compensation proposal requires the affirmative vote of a majority of the votes cast at the special meeting, at which a quorum is present. Approval of the adjournment proposal, whether or not a quorum is present, requires the affirmative vote of a majority of the votes cast at the special meeting.

Share Ownership of ESL Directors and Executive Officers

At the close of business on [], the record date, ESL directors and executive officers beneficially owned and were entitled to vote, in the aggregate, [] shares of ESL common stock (excluding any shares of ESL common stock that would be delivered upon exercise or conversion of stock options or other equity-based awards), which represented approximately []% of the outstanding shares of ESL common stock on that date. It is expected that ESL's directors and executive officers will vote their shares **FOR** the adoption of the merger agreement, although none of them has entered into any agreement requiring them to do so.

Voting of Proxies

Any ESL shareholder of record entitled to vote at the special meeting may submit a proxy by returning a signed proxy card by mail or voting electronically over the Internet or by telephone, or may vote in person by appearing at the special meeting. If your shares are held in a brokerage account at a brokerage firm, bank, broker-dealer, or similar organization, then you are the beneficial owner of shares held in street name, and you should instruct your broker, bank or other nominee on how you wish to vote your shares of ESL common stock using the instructions provided by your broker, bank or other nominee. Under applicable stock exchange rules, if you fail to instruct your broker, bank or other nominee on how to vote your shares, your broker, bank or other nominee only has discretion to vote your shares on routine matters. Proposals 1, 2 and 3 in this proxy statement are non-routine matters, and brokers, banks and other nominees therefore cannot vote on these proposals without your instructions. Therefore, it is important that you cast your vote or instruct your broker, bank or other nominee on how you wish to vote your shares.

If you are a shareholder of record, you may change your vote or revoke your proxy at any time before it is voted at the special meeting by submitting a new proxy electronically over the Internet or by telephone after the date of the earlier submitted proxy, signing another proxy card with a later date and returning it to us prior to the special meeting or attending the special meeting and voting in person. If you hold your shares of ESL common stock in street name, you should contact your broker, bank or other nominee for instructions regarding how to change your vote.

Recommendation of Our Board of Directors and Reasons for the Merger (page 40)

The board of directors of ESL, which we refer to as the Board of Directors, after considering various factors described herein and after consultation with outside legal and financial advisors, unanimously (1) determined that it is in the best interests of ESL and its shareholders, and declared it advisable, for ESL to enter into the merger agreement, (2) approved the execution, delivery and performance by ESL of the merger agreement and the consummation of the merger and the other transactions contemplated by the merger agreement, (3) directed that

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the adoption of the merger agreement be submitted to a vote at the special meeting and (4) resolved to recommend that the ESL shareholders approve the adoption of the merger agreement and the transactions contemplated therein, including the merger.

The Board of Directors unanimously recommends that you vote (i) FOR the merger proposal, (ii) FOR the merger-related compensation proposal and (iii) FOR the adjournment proposal.

Opinion of ESL's Financial Advisor (page 43)

At the meeting at which the Board of Directors voted to approve the proposed merger, Goldman Sachs & Co. LLC, which we refer to as Goldman Sachs, rendered to the Board of Directors its oral opinion, subsequently confirmed in writing, to the effect that, as of October 9, 2018, and based upon and subject to the factors and assumptions set forth in Goldman Sachs' written opinion, the \$122.50 in cash per share to be paid to the holders (other than TransDigm and its affiliates) of shares of ESL common stock pursuant to the merger agreement was fair from a financial point of view to such holders.

The full text of the written opinion of Goldman Sachs, dated October 9, 2018, which sets forth the assumptions made, procedures followed, matters considered, qualifications and limitations on the review undertaken in connection with the opinion, is attached to this proxy statement as Annex B. Goldman Sachs' advisory services and opinion were provided for the information and assistance of the Board of Directors in connection with its consideration of the proposed merger and the opinion does not constitute a recommendation as to how any holder of shares of ESL common stock should vote with respect to the proposed merger or any other matter.

Pursuant to an engagement letter between ESL and Goldman Sachs, ESL has agreed to pay Goldman Sachs a transaction fee of approximately \$38 million, all of which is contingent upon consummation of the proposed merger.

For more information, see the section of this proxy statement entitled "Proposal 1: Adoption of the Merger Agreement" "The Merger" "Opinion of ESL's Financial Advisor" beginning on page 43 and Annex B to this proxy statement.

Financing of the Merger and Treatment of Existing Debt (page 59)

In connection with entering into the merger agreement, TransDigm entered into a commitment letter, dated as of October 9, 2018, with Morgan Stanley Senior Funding, Inc., Credit Suisse Loan Funding LLC and Credit Suisse AG, that provided for a \$3.7 billion senior secured term facility. TransDigm expects to finance the merger through proceeds from such debt financing and cash on hand. However, the merger is not conditioned on TransDigm's ability to obtain any financing.

TransDigm will use, and shall cause its affiliates to use, their reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary or advisable to arrange and to obtain the proceeds of the debt financing on terms and conditions no less favorable to TransDigm than those contained in the commitment documents. ESL will use, and shall cause its subsidiaries to use, its and their reasonable best efforts to cooperate with TransDigm prior to closing, as reasonably requested by TransDigm and at TransDigm's sole expense, in connection with TransDigm's arrangement of its debt financing.

All obligations under ESL's existing credit facility with Wells Fargo Bank, National Association, will be repaid at closing by TransDigm. On or prior to the consummation of the merger and at the written request of TransDigm, ESL will send a notice of redemption in compliance with the indenture governing TA Mfg Limited's

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3.625% senior notes due 2023 and take other actions to redeem such notes, so long as such redemption is conditioned on the consummation of the merger and TransDigm has deposited the funds required to redeem such notes.

Treatment of Company Awards (page 53)

The merger agreement provides that ESL's equity awards that are outstanding immediately prior to the effective time of the merger will be subject to the following treatment at the effective time of the merger:

Treatment of Options

At the effective time of the merger, each stock option to purchase shares of ESL common stock (each of which we refer to as a "Company Option") granted under any of ESL's equity incentive plans (each of which we refer to as a "Company Stock Plan") that is outstanding immediately prior to the effective time, whether vested or unvested, will be cancelled and converted into the right to receive an amount in cash (without interest and subject to deduction for any required withholding tax) equal to the product obtained by multiplying (i) the amount by which \$122.50 exceeds the per-share exercise price of such Company Option, by (ii) the total number of shares of ESL common stock underlying such Company Option, which cash payment will be made within five (5) business days following the effective time. If the per-share exercise price of any such Company Option is equal to or greater than \$122.50, such Company Option will be cancelled as of the effective time without the payment of any consideration.

Treatment of Restricted Stock Units

At the effective time of the merger, each award of restricted stock units that vests solely on the basis of time (each of which we refer to as a "Company RSU") granted under a Company Stock Plan that is outstanding immediately prior to the effective time, whether vested or unvested, will be cancelled and converted into the right to receive an amount in cash (without interest and subject to deduction for any required withholding tax) equal to the product obtained by multiplying (i) \$122.50, by (ii) the total number of shares of ESL common stock underlying such Company RSU, which cash payment will be made within five (5) business days following the effective time.

Treatment of Performance Stock Units

At the effective time of the merger, each award of restricted stock units that vests in whole or in part on the basis of the achievement of performance targets (each of which we refer to as a "Company PSU") granted under a Company Stock Plan that is outstanding immediately prior to the effective time, whether vested or unvested (treating for this purpose any performance-based vesting condition to which such Company PSU is subject as having been attained at the "target level" with proration), will be cancelled and converted into the right to receive an amount in cash (without interest and subject to deduction for any required withholding tax) equal to the product obtained by multiplying (i) \$122.50, by (ii) the total number of shares of ESL common stock underlying such Company PSU, which cash payment will be made within five (5) business days following the effective time.

Employee Stock Purchase Plan

With respect to ESL's 2002 Employee Stock Purchase Plan (which we refer to as the "Company ESPP"), no new offering period will commence, no ESL employee or other person will be permitted to begin participating in the Company ESPP and no current participants will be permitted to increase payroll contributions or make separate non-payroll contributions to the Company ESPP in respect of the current offering period. The offering period in effect on October 9, 2018 will terminate upon the earlier of December 14, 2018 or five (5) trading days.

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prior to the effective time of the merger, and amounts credited to the accounts of participants will be used to purchase shares of ESL common stock in accordance with the terms of the Company ESPP, and such shares will be cancelled and converted into the right to receive the per share merger consideration. The Company ESPP will terminate effective immediately prior to the effective time.

Company SAYE Scheme

With respect to ESL's ShareSave Scheme (which we refer to as the Company SAYE Scheme), no new rights to purchase ESL common stock will be issued. Participants will be allowed to exercise their options to purchase ESL common stock (each of which we refer to as the Company SAYE Option) under the Company SAYE Scheme during the twenty (20)-day period leading up to the effective time of the merger in accordance with applicable law. To the extent not exercised, at the effective time of the merger, each Company SAYE Option that is outstanding immediately prior to the effective time, whether vested or unvested, will be cancelled and converted into the right to receive an amount in cash (without interest and subject to deduction for any required withholding tax) equal to the product obtained by multiplying (i) the amount by which \$122.50 exceeds the per-share exercise price of such Company SAYE Option, by (ii) the quotient of (x) the accumulated amount in the participant's Company SAYE Scheme savings account immediately prior to the effective time divided by (y) the per-share exercise price of such Company SAYE Option, which cash payment will be made within five (5) business days following the effective time. If the per-share exercise price of any such Company SAYE Option is equal to or greater than \$122.50, such Company SAYE Option will be cancelled as of the effective time without the payment of any consideration, other than a return of the savings made by the participant in respect of the Company SAYE Option.

Interests of the Directors and Executive Officers of ESL in the Merger (page 53)

When considering the recommendation of the Board of Directors that you vote to approve the proposal to adopt the merger agreement, you should be aware that our directors and executive officers may have interests in the merger that may be different from, or in addition to, your interests as a shareholder. The Board of Directors was aware of and considered these interests to the extent such interests existed at the time, among other matters, in evaluating and overseeing the negotiation of the merger agreement, in approving the merger agreement and the merger and in recommending that the merger agreement be adopted by the shareholders of ESL. These interests generally include, among others, the following:

the treatment of outstanding equity awards described above under the section entitled Summary Treatment of Company Awards beginning on page 6;

the entitlement of ESL's executive officers to receive potential payments and benefits in connection with a qualifying termination of employment on or following the closing date of the merger pursuant to their respective termination protection agreements; and

continued indemnification and directors' and officers' liability insurance to be provided by the surviving corporation for a period of six (6) years from the effective time of the merger.

These interests are described in more detail under Proposal 1: Adoption of the Merger Agreement The Merger Interests of the Directors and Executive Officers of ESL in the Merger beginning on page 53 and Proposal 2: Advisory Vote on Merger-Related Executive Compensation Arrangements beginning on page 85.

If the proposal to adopt the merger agreement is approved by our shareholders and the merger closes, under the terms of the merger agreement, any shares of ESL common stock held by our directors and executive officers, including such shares held following the exercise, vesting or settlement of equity and equity-based awards, will be treated in the same manner as outstanding shares of ESL common stock held by all other shareholders of ESL entitled to receive the merger consideration.

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Appraisal Rights (page 94)

Any shares of ESL common stock that are issued and outstanding immediately prior to the effective time of the merger and as to which the holders thereof do not vote in favor of the adoption of the merger agreement, continuously hold such shares through the effective time of the merger, and properly exercise and perfect appraisal of their shares, which we refer to as dissenting shares, will not be converted into the right to receive the merger consideration. Each holder of dissenting shares will only be entitled to such consideration as may be due with respect to such dissenting shares pursuant to Section 262 of the DGCL. However, if such holder will have effectively withdrawn or lost such holder's right to appraisal under the DGCL, then such shares of ESL common stock will be treated as if they had been converted into and become exchangeable for the right to receive, as of the effective time of the merger, the merger consideration and such shares will not be deemed dissenting shares.

To exercise your appraisal rights, you must (1) not vote in favor of the merger proposal, (2) continuously be the record holder of such shares through the effective time of the merger and (3) otherwise follow the procedures set forth in Section 262 of the DGCL. Your failure to follow the procedures specified under the DGCL will result in the loss of your appraisal rights. The DGCL requirements for exercising appraisal rights are described in further detail in this proxy statement, and the relevant section of the DGCL regarding appraisal rights is reproduced and attached as Annex C to this proxy statement. If you hold your shares of ESL common stock through a broker, bank or other nominee and you wish to exercise appraisal rights, you should consult with your broker, bank or other nominee to determine the appropriate procedures for the making of a demand for appraisal by such broker, bank or other nominee. Shareholders should refer to the discussion under the section entitled Appraisal Rights beginning on page 94 and the DGCL requirements for exercising appraisal rights reproduced and attached as Annex C to this proxy statement.

U.S. Federal Income Tax Consequences of the Merger (page 60)

The exchange of ESL common stock for cash pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes. Accordingly, a U.S. holder (as defined in Proposal 1: Adoption of the Merger Agreement The Merger U.S. Federal Income Tax Consequences of the Merger beginning on page 60) of ESL common stock who exchanges shares of ESL common stock for cash in the merger generally will recognize gain or loss in an amount equal to the difference, if any, between the amount of cash received with respect to such shares and the U.S. holder's adjusted tax basis in such shares. If you are a non-U.S. holder (as defined in Proposal 1: Adoption of the Merger Agreement The Merger U.S. Federal Income Tax Consequences of the Merger beginning on page 60), the merger generally will not result in tax to you under U.S. federal income tax laws unless you have certain connections with the United States.

This proxy statement contains a general discussion of U.S. federal income tax consequences of the merger. This description does not address any non-U.S. tax consequences, nor does it pertain to state, local or other tax consequences. Consequently, you are urged to contact your tax advisor to determine the particular tax consequences to you of the merger.

Regulatory Approvals (page 62)

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