This presentation may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “potential,” “predict,” “should” or “will,” or the negative of such terms, or other comparable terminology. These forward-looking statements are only predictions based on the current intent and expectations of the management of Esterline, are not guarantees of future performance or actions, and involve risks and uncertainties that are difficult to predict and may cause Esterline’s or its industry’s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Esterline's actual results and the timing and outcome of events may differ materially from those expressed in or implied by the forward-looking statements due to risks detailed in Esterline's public filings with the Securities and Exchange Commission including its most recent Annual Report on Form 10-K. This presentation may also contain references to non-GAAP financial information subject to Regulation G. See Appendix A of this document for more information.
Esterline is…

...a high-performing aerospace & defense company delivering mission-critical, world-class products, services, and technologies.

FY13 Snapshot
Revenue: $2B
EBIT: $238M
EBITDA¹: $348M
Cash Flow: $251M

As of June 18, 2014
Enterprise Value**: $4B+
Equity Market Cap: $3.7B

¹See Appendix A
**Equity Market Cap plus Long-term Debt less Cash
Core Market Breakout

- Commercial Aerospace: 45%
- Defense: 35%
- Adjacent: 20%
### Common Product/Market Characteristics

<table>
<thead>
<tr>
<th>Aerospace</th>
<th>Defense</th>
<th>Adjacent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulated businesses with high barriers to entry</td>
<td>Highly reliable products for harsh environments</td>
<td>Mission-critical subsystems and components</td>
</tr>
<tr>
<td>Highly reliable products for harsh environments</td>
<td>Critical human-machine interface capabilities</td>
<td></td>
</tr>
<tr>
<td>Critical human-machine interface capabilities</td>
<td>Precision machine-machine system interfaces</td>
<td></td>
</tr>
<tr>
<td>Precision machine-machine system interfaces</td>
<td>More electric / “smart” systems</td>
<td></td>
</tr>
<tr>
<td>More electric / “smart” systems</td>
<td>Mission-critical subsystems and components</td>
<td></td>
</tr>
</tbody>
</table>
3 Strategic Business Segments…

Advanced Materials
~$500M Annual Revenue

Avionics & Controls
~$800M Annual Revenue

Sensors & Systems
~$700M Annual Revenue
...8 Core Capabilities

Advanced Materials
~$500M Annual Revenue

Avionics & Controls
~$800M Annual Revenue

Sensors & Systems
~$700M Annual Revenue

Defense Technologies

Avionics Systems

Advanced Sensors

Engineered Materials

Control & Communication Systems

Connection Technologies

Advanced Materials

Interface Technologies

Power Systems
The Esterline Team – Today’s Presenters

Bob George
Vice President, CFO, & Corp. Development
17 years

Frank Houston
Avionics & Controls Segment Pres.
30 years

Al Yost
Advanced Materials Segment Pres.
15 years

Alain Durand
Sensors & Systems Segment Pres.
12 years
Investment Highlights

• Driving to Key 3- to 5-Year Financial Metrics

• Strong Organic Growth Opportunity

• Accelerating Consistent Companywide Performance Initiatives

• Capital Deployment Focused on Total Shareholder Return
Goal-Directed Drive to the Future

Organic Sales

~5% CAGR

Key Growth Drivers

- Leverage program investments for increased platform content
- Ongoing benefits of strong commercial market cycle
- Well positioned for current defense market opportunities

TTM 2Q14

$2B

3-5 Year Target

Esterline Analyst & Investor Day – June 2014
Goal-Directed Drive to the Future

Sales Incl. Acquisitions

~10% CAGR

$2B

TTM 2Q14

3-5 Year Target

Key Growth Drivers

- Leverage program investments for increased platform content
- Ongoing benefits of strong commercial market cycle
- Well positioned for current defense market opportunities
- Strategic M&A
  - Revised focus on bolt-on fit, capability and synergies
Goal-Directed Drive to the Future

**EBIT Margin***

- **TTM 2Q14**: 11.9%
- **3-5 Year Target**: 16+%

**Key Margin Drivers**

- SG&A improvement
- Aggressive lean deployment
- Implement strategic sourcing
- Leverage organization and systems

*EBIT ÷ total sales
Goal-Directed Drive to the Future

Focus on Returns

- Disciplined portfolio assessment
- Accelerated integration projects
- Global footprint optimization
- Additional tools for capital allocation
- Improved working capital deployment

ROIC*

<table>
<thead>
<tr>
<th>2013**</th>
<th>3-5 Year Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.2%</td>
<td>15%+</td>
</tr>
</tbody>
</table>

*Return on Invested Capital. **See 2014 Proxy
Goal-Directed Drive to the Future

Consistent Cash Flow Generation
Above 100% of Net Income
Core Areas of Organizational Focus

- Profitable & Balanced Sales Growth
- Enterprise Excellence
- Leverage the Enterprise
- Strengthen Mission-Critical Culture
- Regulatory & Customer Compliance
Strengthening Mission-Critical Corporate Culture

Our Values and Principles

Excellent Quality
Respect
Integrity and Ethical Conduct
Lawful Conduct

“The Esterline Way”
Every Day

High Standards
Efficiency
Mutual Respect
Integrated autonomy
Looking Forward

Esterline Operating System
Policy Deployment
Toyota Production System
Fully Linked Operations, Supply Chain and Material Planning

Continuous Improvement
Our Operating Approach

“The Esterline Way”
Every Day
Growth Opportunities Across All Markets

Key Growth Drivers

- Single-aisle penetration
- Global strategy for interconnect solutions
- International defense opportunities
- Adjacent market strength
Growth Opportunities Across All Markets

Key Growth Drivers

- Single-aisle penetration
- Global strategy for interconnect solutions
- International defense opportunities
- Adjacent market strength
Growth Stability with Balanced Cycles

• Esterline’s business portfolio combines:
  • Long-cycle and short-cycle businesses
  • From key components to complex sub-systems and customized integrated cockpits
  • Capabilities include OEM production, aftermarket support, and design / installation of retrofits
• This balance helps create financial stability
Mixed Portfolio = Balanced Market Opportunity

### Portfolio Breakdown

- **Mixed Portfolio**
- **Short**
  - Parts
    - Build to print
- **Long**
  - Parts
    - Assemblies
      - Design & Build
    - (Sub) Systems
      - Design/Build/Support

#### Portfolio Categories

- **Sensors & Systems**
- **Advanced Materials**
- **Avionics & Controls**
- **Advanced Materials**
- **Avionics & Controls**
- **Sensors & Systems**
- **Sensors & Systems**

**Business Cycle**

- **Less Complex**
- **More Complex**
Market Leadership Supports Further Growth

<table>
<thead>
<tr>
<th>Segment</th>
<th>Aerospace/Defense</th>
<th>Market Position</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Advanced Materials</strong></td>
<td>• Seals &amp; ducts&lt;br&gt;• Wire Management&lt;br&gt;• Insulation &amp; Structures&lt;br&gt;• Countermeasure Flares&lt;br&gt;• Chaff &amp; Combustible Ordnance</td>
<td>#1 #1 #3 #1-2 #1</td>
</tr>
<tr>
<td><strong>Avionics &amp; Controls</strong></td>
<td>• Aerospace Switches&lt;br&gt;• Displays &amp; Panels&lt;br&gt;• Military Trainer Cockpits&lt;br&gt;• Enhanced Vision Systems</td>
<td>#1 #3 #1 #2</td>
</tr>
<tr>
<td><strong>Sensors &amp; Systems</strong></td>
<td>• Power Distribution &amp; Components&lt;br&gt;• Pressure &amp; Temperature Engine Sensors&lt;br&gt;• Commercial Aerospace Connectors</td>
<td>#1-2 #1-2 #2</td>
</tr>
</tbody>
</table>
Commercial Market Favorable for Growth

• Global GDP growing
  – Economic outlook slowly improving

• OEM market maintaining growth
  – Increasing single aisle production rates
  – B787-9 & A350 to enter service in 2014
  – Airbus & Boeing: ~8 years of backlog
Commercial Market Favorable for Growth

• Airlines are profitable
  – Record profit expected for 2014
  – Fuel cost relatively stable
  – Flight hour growth & high load factors
  – Increasing demand

• Aftermarket growth
  – Demand from increased flying hours & fleet size
Strong Delivery Cycle to Continue

Commercial Aircraft Deliveries (Units)

- 3% CAGR

Source: Airbus, Boeing, Deloitte, SpeedNews
Strong Commercial Trend = Organic Growth

Revenue Passenger Kilometers (billions)

Source: Boeing
Investments Driving Key Commercial Wins

Photo Sources: Airbus, Boeing, Embraer
Positioned Well for Key Commercial Programs

2014

Development: 777X, MRJ, C919, E2, C-Series, 737Max, A320 NEO, A350

Introduction: SS100, G650, 7X, S-92

Growth: 787, 747, 737NG, 777, A330

Maturity: A320 Fam

Decline: 747, 737NG, 777, A330

Source: Boeing
Positioned Well for Key Commercial Programs

2019

Development | Introduction | Growth | Maturity | Decline
---|---|---|---|---
777X | E2 | C919 | A320 NEO | MRJ | 737Max | CSeries | A350 | SS100 | 7X | S-92 | 747 | 777 | A330 | 737NG | 777X

Source: Boeing
Growth in a Tough Defense Market...

U.S. DoD Base Budget Incl. Full Sequestration Impact
FY14-19 CAGR: 1.4%

U.S. DoD Base Budget Incl. FY15 Presidential Budget Request
FY14-19 CAGR: 2.4%

ESL Addressable International Defense Budget
FY14-18 CAGR: 3%-4%

ESL FY14-19 Defense CAGR
2.5% - 3.5%

Source: U.S. DoD Base Budget, Cypress Int'l
Through Key Program Participation
Positioned Well for Key Defense Programs

<table>
<thead>
<tr>
<th>2014</th>
<th>Development</th>
<th>Introduction</th>
<th>Growth</th>
<th>Maturity</th>
<th>Decline</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>KC-390</td>
<td>A400M</td>
<td>P-8</td>
<td>C-130</td>
<td>T-6</td>
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<tr>
<td></td>
<td>F-35</td>
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<td></td>
<td>UH-60</td>
<td></td>
</tr>
</tbody>
</table>

Source: Boeing
Positioned Well for Key Defense Programs

2019

Development | Introduction | Growth | Maturity | Decline
---|---|---|---|---
KC-390 | A400M | F-35 | P-8 | C-130
| | | | | UH-60
| | | | | T-6

Source: Boeing
Strong Growth in Adjacent Markets

Growth “Booster” During Plan Period

- ESL Total CAGR ~5%
- Adjacent Market Avg. CAGR ~10%
- A&D Avg. CAGR 3-4%

Sales CAGR

- U.S. Defense
- Intl Defense
- Comm'l OE
- Comm'l A/M
- Medical
- Rail
- Gaming
- Industrial
- Energy
Ship-Set Content on Key Programs

($Thousands)

- $1,200
- $800
- $400
- $0

Programs:
- E2
- KC-390
- A350
- Boeing 787
- SJ100
- T-6B
- F-35
- A380
- Boeing P-8
- A400M
The Esterline Team – Avionics & Controls

Frank Houston  
Avionics & Controls Segment President

Greg Yeldon  
19 years

Kevin Moschetti  
20 years

Dennis Staver  
7 years

Avionics Systems

Control & Communication Systems

Interface Technologies

Avionics & Controls Platform Presidents
Human-Machine Interface (HMI)

Avionics & Controls Segment
Mission-Critical Controls

Avionics Systems

Control & Communication Systems

Interface Technologies
Avionics & Controls: Segment Size

39%

% of total ESL sales through six months FY14
Growth Themes

• Moving from components to subsystems to increase ship-set content
• Compliant cockpit subsystems allowing customers to meet regulatory mandates
• Best-in-class touch screen and display solutions
• Positioned for Asian growth in gaming and medical markets
Avionics & Controls: Commercial Market

• Overhead panel wins
  – 787, C-Series, S-76, Legacy 450/500

• Product portfolio expanded to include flight controls HMI
  – Rudder pedal assemblies, control columns, throttle quadrants

• Updated flight management and GPS systems to meet regulatory mandates
Avionics & Controls: Defense Market

- Wins in trainers and air transports offsetting softness in signals intelligence and land vehicles
- Strong international component with increasing opportunities
- Sustaining and winning helicopter positions
Avionics & Controls: Adjacent Markets

- Strong Asian growth in medical and casino gaming
- Technology shift in gaming, medical, and aerospace toward touch screens
- Growing point of care instrumentation business
Avionics & Controls: Segment Financials

Revenue Growth
Expect organic revenue CAGR of ~5% to 6% over next 3 to 5 years

Margin Improvement
Segment margin target of ~16.5% to 18.5%

<table>
<thead>
<tr>
<th>FY13 Actual</th>
<th>3-5 Year Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>14%*</td>
<td>~16.5%-18.5%</td>
</tr>
</tbody>
</table>

*Adjusted for Racal impairment
Avionics & Controls: Strategic Positioning

- Invest in product portfolio expansion
- Leverage mandates and technology shifts
- Create best-in-class, cost-competitive touch screen and display capabilities
- Seize Asian growth trend by utilizing regional engineering and manufacturing capabilities
- Reduce SG&A costs to improve margins and competitive positioning
Avionics & Controls: Operational Priorities

- Site consolidation and product line rationalization
- Formation of touch screen joint venture in Asia
- Continue to assess strategic, bolt-on acquisitions
- Cost reduction achievements through Lean and improved sourcing
- Execute on-schedule and on-cost for development programs
Avionics & Controls: Wrap Up

- Strong foundation of annuities from many production programs (commercial and military)
- Investments in subsystems for new programs = higher content per aircraft
- Well-positioned to take advantage of technology shifts, regulatory mandates, and growth markets
- Site consolidation and cost reduction activities already underway = margin improvement
The Esterline Team – Sensors & Systems

Alain Durand
Sensors & Systems
Segment President

Geof Eeles
11 years

Advanced Sensors

Mark Thek
17 years

Power Systems

Jean-Luc Gavelle
2 years

Connection Technologies

Sensors & Systems Platform Presidents
System-to-System Interface
Sensors & Systems Segment
Designed for Harsh Environments

Advanced Sensors

Power Systems

Connection Technologies
Sensors & Systems: Segment Size

38% of total ESL sales through six months FY14
Sensors & Systems Markets

Esterline Analyst & Investor Day – June 2014
Sensors & Systems: Global Landscape

• A global segment
  – 6,000 employees worldwide:
    85% International,
    1/3 in low cost countries
  – Strong presence in international markets
Sensors & Systems: Commercial Market

- Well positioned on growing platforms (SJ100, single aisle)
- Winning solid ship-set values on new programs (A350-1000, E2)
- Realizing revenue on investments made (A350-900, B787)
Sensors & Systems: Defense / Space Market

• Well positioned on new and growing military aircraft platforms (F-35) offsetting ground vehicles and soldier equipment

• Strong presence on stable international programs (A400M, Eurocopter, submarines, missile programs)
Sensors & Systems: Market Commentary

• Sensors aftermarket
  – Improved reliability of product
  – Sole source on large and growing fleet (CFM56, Trent)

• Adjacencies – Strong growth opportunities
  – Rail – Growth in Europe and Asia, modernization
  – Energy – nuclear, solar
  – General industry – Asia strong growth, U.S. penetration
Revenue Growth
Expect organic revenue CAGR of ~5% to 6.5% over next 3 to 5 years

Margin Improvement
Segment margin target of ~16% to 17%
Sensors & Systems: Strategic Positioning

- Balanced long / short product life cycles
  - Mix of business models within the segment

- Build on global industrial presence
  - Offer offset opportunities, share low cost footprint, attract market share
  - Major opportunities in North America, Russia, China

- Technology Investment
  - Technology roadmap with key partners to address ... weight, size, specific fuel consumption
Sensors & Systems: Operational Priorities

• Operational Excellence
  – Best-in-class program management processes
  – Global aftermarket support (turn-around time)

• Focus on Cost
  – Lean, continuous improvement and policy deployment
  – Leverage LCC Footprint (manufacturing & support)

• Leverage Segment Synergies
  – Commercial, technology and operational opportunities
Sensors & Systems: Wrap Up

• Awarded important commercial aero programs and growing ship-set content

• Successful integration of Souriau and Sunbank … significant incremental synergies being developed

• Working to differentiate our products amid OEM pricing pressure

• Focus on cost efficiencies, operational excellence, and unique technologies = strong growth position
Advanced Materials

Al Yost,
Segment President & Treasurer
The Esterline Team – Advanced Materials

Al Yost
Advanced Materials Segment President

Jim Brandt
3 years
Defense Technologies

Phil Bowker
17 years
Engineered Materials

Advanced Materials Platform Presidents
Leading Protection and Management Solutions

Defense Technologies

Engineered Materials
Advanced Materials: Segment Size

% of total ESL sales through six months FY14

23%
Advanced Materials: Commercial Market

• Rate readiness & operational performance are key
• Competitive focus on high-strength, low-weight products
• Harsh environments – vibration, temperature extremes, chemicals, etc.
• Many opportunities still exist
Advanced Materials: Defense / Space Market

- OpTempo↓, Training↓, Inventory↑
- U.S. countermeasures stable
- International opportunities sliding to the right
- F-35 LRIP ramp progressing
- Legacy space products present opportunities
Advanced Materials: Adjacent Markets

• Energy: thermal & fire protection
• U.K. nuclear new-build and decommissioning fabrications
• Heavy construction and Formula 1 exhaust systems
• General Industrial
Advanced Materials: Segment Financials

Revenue Growth
Expect organic revenue CAGR of ~4% to 6% over next 3 to 5 years

Margin Improvement
Segment margin target of ~23% to 25%

<table>
<thead>
<tr>
<th>FY13 Actual</th>
<th>3-5 Year Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>22%</td>
<td>~23%-25%</td>
</tr>
</tbody>
</table>
Advanced Materials: Strategic Positioning

- Drive best-in-class operational performance with advanced enterprise excellence
- Secure outsized position on new defense munitions and countermeasure programs
- European/U.S. aerospace market cross selling
- Focus on increasing aftermarket participation
- Strong synergies from efficiency initiatives
- Fill in strategically with bolt-on acquisitions
Advanced Materials: Operational Priorities

• Accelerated integration projects underway
• Expanding LCC presence
• Operational excellence in delivery and quality through aggressive Lean Transformation
• Cost reduction through continuous improvement and strategic sourcing
• Accelerate product development in the areas of pyrophorics, high temperature, and low weight
Advanced Materials: Wrap Up

- Solid installed base on continuing commercial, military, regional, and business aircraft programs
- Bottomed “consumable” defense business offset by F-35 content and large nuclear special fabrications
- Well positioned to take advantage of technology trends
- Strong operational excellence focus enhanced
- Accelerated integration activities will move the needle
Strategic Finance

Bob George,
Chief Financial Officer
Core Areas of Organizational Focus

- Above A&D Average
- Short Cycle/Long Cycle
- Grow Aftermarket
- Aero / Defense / Other

Profitable & Balanced Sales Growth

Enterprise Excellence

Leverage the Enterprise

Regulatory & Customer Compliance

Strengthen Mission-Critical Culture
Transparency & Focus on Key 3-5 Year Metrics

• Balanced Sales Growth: ~5% CAGR
  – Defense stabilizes, commercial steady, adjacent markets strong

• Focused control of SG&A expense: ~15%–16%*
  – Centers of excellence – IT
  – Re-thinking structure – HR
  – Consolidate activity – Finance

• EBIT margin strong, sustained growth: 16%+
  – Improve already strong gross margin
  – Operations initiatives
  – Expense focus

*As a Percent of Sales
Transparency & Focus on Key 3-5 Year Metrics

• Cash flow conversion a foundation: Above 100%
  – But can be improved
  – Rigorous working capital management
  – Cash flow consistently greater than 100%

• ROIC: 15%+
  – The linchpin metric
  – IC, capital deployment, total shareholder return
  – Strong, consistent growth
Situational Overview

- Defense sales decline 2011-2014
- Offset by strong commercial aero growth
- F-35, A400M growth
- Adjacent market “booster”
SG&A Focus

SG&A as % of Sales

- 2011: 17.7%
- TTM 2Q14: 19.0%
- 3 to 5 Year Target: 15%-16%

Situational Overview

- HR restructuring
- IT Centers of Excellence
- Focused evolution – Unit → Platform → Segment
- Integration synergies
EBIT Expansion

% of Sales

11.5%  11.9%  16%+

2011   TTM 2Q14   3 to 5 Year Target

Situational Overview

- Organic sales growth
- Accelerating integration
- Strategic sourcing
- Continuous improvement
- Leverage the enterprise
- Global footprint
Robust Cash Flow

Cash Flow* % Net Income

Situational Overview

- Always a strength
- Can be improved
- Rigorous working capital management

*From continuing operations
Drive ROIC

Situational Overview

- Capital deployment
- Highest, best use
- “Strategic acquisitions”
  - Bolt-on
  - Tuck-in
  - Capability enhancing
- ROIC >15%

ROIC

- 2013*: 8.2%
- 3-5 Year Target: 15%+
Key Financial Metric Achievements

Sales Growth: 5% with M&A, 10% w/o M&A
Expense Reduction: 3%-5%
EBIT Margin Expansion: 4%-6%
Cash Flow Strength: >100%
Superior ROIC: 2x
Coming into 2014, We Thought…

- 2014 will be a challenging year
- Compliance cost impact higher for next 2+ years
- Increased commercial organic growth pressured by uncertain defense volumes
- Margin pressure due to new program ramps/mix
- Restructuring impact is material to 2014 but needed
2013 EPS → 2014 EPS Guidance

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<tbody>
<tr>
<td>$5.65</td>
<td>$(0.43)-$(0.50)</td>
<td>$0.08-$0.15</td>
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<td>$5.40-$5.70</td>
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Functional Relationships
### 2013 EPS → 2014 EPS Guidance

<table>
<thead>
<tr>
<th>2013 EPS*</th>
<th>Sales Growth &amp; Q4 Effects</th>
<th>Program Ramps &amp; Sales Mix</th>
<th>Tax Effects</th>
<th>2014 EPS* Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5.65</td>
<td>$0.60-$0.70</td>
<td>$(0.50)-$(0.60)</td>
<td>$(0.15)-$(0.25)</td>
<td>$5.40-$5.70</td>
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</table>

Adjusted

Causal Relationships
So How Are We Doing?
Esterline Sales

2nd Quarter Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Guidance</th>
<th>2013</th>
<th>2014</th>
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</thead>
<tbody>
<tr>
<td>2013</td>
<td>$500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>$528</td>
<td>$530</td>
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</tr>
</tbody>
</table>

- In line for quarter and YTD
- Aftermarket is soft

YTD Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Guidance</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$958</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>$1,035</td>
<td>$1,035</td>
<td>$1,035</td>
</tr>
</tbody>
</table>

- Connection Technologies performing well
- Engineered Materials at record levels
All 3 segments in line with Guidance
- Avionics ahead of last year, Sensors even, Materials slightly behind

Integration costs: $3.3M Qtr., $8.7M YTD;
Compliance costs: $1.8M Qtr., $3.0M YTD
2014 Guidance – Quarterly EPS Smoothing

• It’s been an interesting ride the last few years
Implementing Company-Wide Efficiencies

• Lean transformation and policy deployment
  – Al Yost

• Global purchasing consolidation
  – Frank Houston

• Comprehensive global site strategy to optimize operating footprint
  – Alain Durand
Accelerated Integration Announced Dec. 2013

On schedule, on budget
Consolidation of shared services
6 product / facility consolidations
$40M in integration costs
$15M per year in savings

Internal rate of return over 20% with an average two year pay-back period.
Enterprise Excellence

Al Yost,
Segment President & Treasurer
Core Areas of Focus

1. Profitable & Balanced Sales Growth
2. Enterprise Excellence:
   - Lean Excellence
   - Quality/Delivery
   - CI Culture in all areas
3. Leverage the Enterprise
4. Employee Engagement
5. Regulatory & Customer Compliance
Current State

- Esterline has a long legacy of locally-led lean thinking, lean programs, and most recently some X-Chart deployment.

- Lean’s role in Esterline’s new/evolving strategy has now been articulated and is well understood. The differences include: central coordination, top-to-bottom alignment, and accountability.

- Visible Commitment: CEO video, Sr. Leadership conference, Operations Excellence Summit, added resources, and the setting of stretch goals as part of Esterline’s Operating System.

Esterline legacy provides a strong foundation for acceleration.
Opportunity

<table>
<thead>
<tr>
<th>Cost Element</th>
<th>Addressable</th>
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<tbody>
<tr>
<td></td>
<td>Continuous Improvement</td>
<td>Strategic Sourcing</td>
<td>Global Operations</td>
<td>HR / IT</td>
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<tr>
<td>Sales</td>
<td>$2B</td>
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<tr>
<td>Direct Labor</td>
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<tr>
<td>Direct Material</td>
<td>X</td>
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<tr>
<td>Factory Overhead</td>
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<td>R&amp;D</td>
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<td>SG&amp;A</td>
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</table>

1. Improved Financial Returns
2. Profitable Growth
3. Competitiveness
4. Customer Satisfaction
5. Employee Engagement
CI / Lean Transformation

Objective
- Cost
- Leadership
- Customer Satisfaction
- Lean Becomes “Who We Are”

Tools

Typical Ranges of Opportunity
CI / Lean Transformation

Objective
- Cost
- Leadership
- Customer Satisfaction
- Lean Becomes “Who We Are”

Tools
- TPS
- Training
- Assessment
- Lighthouse
- Policy Deployment

Typical Ranges of Opportunity
- 30% Floor space
- 50% Days to Mfg
- 30% Inventory
- 20% Build Hours
- Improved Quality
  ~100% OTD

“It’s About Leadership”
A baseline is documented and clear expectations are established
Training Our People

Leaders: Identify, Train, Empower, Proliferate

- Wave 1: Lighthouse (Segment)
  - 3 Lean Transformation Leaders

- Wave 2: Lighthouse (Platform)
  - 5 Additional LTL

- Wave 3: Site
  - 16 Additional LTL

- Wave 4: (Remaining Sites)
  - 33 Additional LTL

Lighthouses: Where to look for Excellence

Training begins at the top and cascades down to each employee.
CI Progression

- TPS principles will guide our journey
- Utilize a common set of evaluation tools
- Set progression raises the bar each year
- Structured performance review process
- Training and strategic investments

Get started – set aggressive goals – make daily progress
## Policy Deployment

### Level 1 Deployment

Sessions (8) now scheduled for June-August. Alignment is key.

### 5 Areas of Focus

- ~3-5 Years

### 10 Initiatives

- ~2-3 Years

### 11 Improvement Targets

- ~1 Year
Strategic Sourcing

Frank Houston,
Segment President
Core Areas of Focus

- Profitable & Balanced Sales Growth
- Enterprise Excellence
- Leverage the Enterprise
  - Global Mfg. Strategy
  - Shared Services (IT, HR)
  - Strategic Sourcing
- Regulatory & Customer Compliance
- Employee Engagement
Strategic Sourcing

Goals

• Achieve significant savings in purchased material and services through:
  – Aggregating demand across the corporation
  – Standardization
  – Improved procurement practices

• Implement processes, tools and organization that will make these improvements sustainable over the long term
Strategic Sourcing

FY14 Spend ≈ $720M

• Approx. $350M of the $720M is addressable now
  – Platform-unique materials
  – Spend already optimized

Addressable Now
Develop high-confidence estimate of savings potential

Create sequenced attack plan by commodity

Launch commodity cost reduction projects

July 1 – Aug. 15
Aug. 15 – Sept. 15
Sept. 15 thru 18 months
Strategic Sourcing – Specific Actions

- Hired Sr. Director of Strategic Sourcing
- Consultant to perform six-week assessment
- Visits to platform sites in North America and Europe
- Deliverables include identification of cost reduction targets

Develop high-confidence estimate of savings potential

July 1 – Aug. 15
Strategic Sourcing – Specific Actions

Create sequenced attack plan by commodity

Aug. 15 – Sept. 15

- Time-phased projects, designed to create early wins
- Corporate-wide commodity teams
- Consultant guidance on process
- Measurable savings targets by commodity
Strategic Sourcing – Specific Actions

- Each commodity project will take 4-6 months
- Savings will begin to be realized 3-4 months after contract signing
- Some benefit in FY15, increasing benefit in FY16 and beyond

Launch commodity cost reduction projects

Sept. 15 thru 18 months
Strategic Sourcing

Continuous Improvement Projects

- IT tool to aggregate demand from various ERP systems
- Training for procurement teams
- Consistent metrics for supplier OTD, quality and cost improvement
- Procurement engineers in LCC locations
Global Manufacturing Strategy

Alain Durand, Segment President
Core Areas of Focus

Profitable & Balanced Sales Growth

Enterprise Excellence

Leverage the Enterprise
- Global Mfg. Strategy
- Shared Services (IT, HR)
- Strategic Sourcing

Employee Engagement

Regulatory & Customer Compliance
Global Manufacturing Strategy

Strong Organic Growth
Numerous Acquisitions
Increasingly Integrated
Optimized Footprint

We want to strategically drive our footprint development
Global Footprint Overview

Operations: 38
In Low-Cost Countries: 11

15% of EEs in LCC
Existing global beachheads
Objectives of the Process

**DELIVERABLES**
- Long Term Operations Strategy
- Strong Implementation Teams
- Risk Mitigation Plans

**STRATEGY TO INCLUDE**
- Make/Buy - LEAN
- Low Cost Expansion
- Site Rationalization

**TARGETED OUTCOMES**
- Improved Direct Cost
- Improved Mfg. Overhead
- Improved G&A Expenses

Provide cross-segment support for implementation
Contribute to the Esterline cost structure reduction effort
A Disciplined Approach

Steps in the planning process …

- Dedicated corporate resource is in place
- Cross-segment mission
- Coordination with ESL Excellence, Strategic Sourcing
- Developing processes, tools, teams
- Aligning Platform/Segment/Corporation views on asset deployment
Current Integration Initiatives

Top 6 Rationalization Projects:
Reduction of 6 facilities - $40M investment, $15M/yr savings, on target
Manufacturing Strategy – Summary

- 6 projects being implemented
- A cross-segment initiative
- A disciplined approach
- Dedicated resource

Optimized Global Footprint
Leverage the enterprise assets - Improve cost structure
Capital Deployment

invest
verb
1 use (invest in)
shares, or property in
or bring profit for
by in) spend money
something that will

animal.
Capital Allocation Plan for Highest Return

- Excellent, sustainable free cash flow generation
- Disciplined benchmarking / evaluation process
- Powerful value-creation opportunities
Disciplined Approach to Allocate Capital

Share Buyback

Acquisition Growth

R&D CapEx

ROIC mid-high teens %
Powerful Value Creation Opportunity

• Increased momentum in cash generation
• New tool in addition to internal investment / M&A
• Maintain flexibility to adapt to changing conditions
Capital Deployment Evolution

Our focus has evolved over the years…
Cash Flow Conversion Track Record

Free Cash Flow*

$50 $43 $54 $11 $93 $80 $98 $134 $143 $145 $195


Projected

$49 $91 $141 $161

86% Growth 55% Growth 38% Growth

* Free cash flow defined as Cash Flow from Operations less CapEx
Capital Deployment Evolution

Prior to 1997:

- Extremely diversified
- Unfocused strategy
- Independently run businesses

$350M

Multiple Market Sectors
Establishing Foundation
Phase I: 1997-2000

$160M

Begin to Focus:

- Divest non-core
- Acquire A&D core
- Capex and R&D inv.
- Debt / Equity plan
Focusing Growth in Core Markets
Phase II: 2002-2011

Grow the Business:
• A&D plus adjacent market focus
• Balanced debt & equity
• Levered up to acquire Souriau business
Transitioning
Phase III: 2011-2013

Moving Toward Strategic M&A

<table>
<thead>
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<th>Year</th>
<th>GAAP Earnings</th>
<th>Pro-Forma adj. EPS excluding purchase accounting and Racal</th>
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<tr>
<td>FY10</td>
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<tr>
<td>FY11</td>
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<tr>
<td>FY14</td>
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</table>

* Debt / EBITDA
Capital Deployment Evolution
Phase IV: 2014-2019 Leverage the Enterprise

Strong Free Cash Flow Facilitates Evaluation of Positive Alternatives
Leveraging the Enterprise, Driving ROIC

• Drive long term shareholder value through:
  – Profitable / balanced growth
  – Enterprise excellence
  – Leverage the enterprise
  – Employee engagement
  – Regulatory / customer compliance

• Maintain BB+ credit rating
  – Provides maximum value between flexibility and pricing

• Control risk profile and strategic fit (portfolio shaping)

• Maximize return through effective use of free cash flow

Significant opportunity to enhance growth, EPS, and shareholder value
Deployment in Action

- Highest, best use as measured by ROIC
- Maintain our operations and competitive advantage by investing in high ROI Capex and R&D
- Strategic acquisition targeting means:
  - Strong fit with existing business
  - Strong margin profile with enhancement opportunity
  - Long term ROIC well above WACC
  - Best overall return on a risk adjusted basis
- Share repurchase being added to our tool chest
Deployment in Action

• Share repurchase details
  – 8-K filed today
  – $200M authorization
  – Expect to complete in 2-3 years
View of Cash over the Strategic Plan Horizon

100% Portfolio Shaping

- Capex
- R&D
- Strategic M&A
- Share Buybacks

Above Operating Cash Flow

Internal Growth

External Growth Options

Return to Shareholders
Portfolio Shaping
Structured Process to Enhance Returns

- **Evaluate/Assess:**

<table>
<thead>
<tr>
<th>Strategic Fit</th>
<th>Shareholder Value</th>
</tr>
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<tbody>
<tr>
<td>Performance Consistency</td>
<td>Forecast Risk</td>
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<tr>
<td>Management Distraction</td>
<td>Corporate Branding</td>
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<tr>
<td>Operations &amp; Technology</td>
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</table>

- **Determine:**

  | Focused Improvement |
  | Integration/Consolidation |
  | Pruning Candidate |
Strategic Capital Deployment
Forecast Growth and Return Targets

Establish Balance Sheet Characteristics & Objectives

Fund CapEx & R&D High Growth/Return Projects

Allocate Capital to Highest, Best Risk Adjusted Use

Results in Allocating Capital to the Options Generating the Highest Total Shareholder Returns
Investment Highlights

Driving to Key 3-5 Year Financial Metrics

Strong Growth Opportunities

Companywide Performance Initiatives Implemented and Ongoing

Capital Deployment Focused on Total Shareholder Returns
Thank you for joining us.
Appendix A

1) EBITDA from continuing operations, and free cash flow are measurements not calculated in accordance with GAAP. We define EBITDA as earnings from continuing operations plus depreciation and amortization (excluding amortization of debt issuance costs). We define free cash flow as cash flow from operations less capital expenditures. We do not intend EBITDA to represent cash flows from continuing operations or any other items calculated in accordance with GAAP, or as an indicator of Esterline’s operating performance. Our definitions of EBITDA, and free cash flow from continuing operations may not be comparable with EBITDA from continuing operations as defined by other companies. We believe EBITDA, and free cash flow are commonly used by financial analysts and others in the aerospace and defense industries and thus provide useful information to investors. Our management and certain financial creditors use EBITDA as one measure of our leverage capacity and debt servicing ability, and is shown here with respect to Esterline for comparative purposes. EBITDA, and free cash flow is not necessarily indicative of amounts that may be available for discretionary uses by us. For EBITDA reconciliations, see Item 6: Selected Financial Data in Esterline’s 2013 Form 10-K, page 23.