TRIUMPH GROUP INC
Form 10-K
May 27, 2016
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K
(Mark One)

x	ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended March 31, 2016
or

o	TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File No. 1-12235
Triumph Group, Inc.
(Exact name of registrant as specified in its charter)

Delaware	51-0347963
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

899 Cassatt Road, Suite 210, Berwyn, Pennsylvania 19312
(Address of principal executive offices, including zip code)
Registrant's telephone number, including area code:(610) 251-1000

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, par value $.001 per share	New York Stock Exchange
(Title of each class)	(Name of each exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act: None

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Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No o
Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934. Yes o No x
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 x No o
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 x No o
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Securities Exchange Act of 1934. (Check one)

Large accelerated filer x	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes o No x

As of September 30, 2015, the aggregate market value of the shares of Common Stock held by non-affiliates of the Registrant was approximately $2,041 million. Such aggregate market value was computed by reference to the closing price of the Common Stock as reported on the New York Stock Exchange on September 30, 2015. For purposes of making this calculation only, the Registrant has defined affiliates as including all directors and executive officers.

The number of outstanding shares of the Registrant's Common Stock, par value $.001 per share, on May 25, 2016 was 49,521,405.

Documents Incorporated by Reference

Portions of the following document are incorporated herein by reference:

The Proxy Statement of Triumph Group, Inc. to be filed in connection with our 2016 Annual Meeting of Stockholders is incorporated in part in Part III hereof, as specified herein.

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PART I
Item 1. Business

Cautionary Note Regarding Forward-Looking Statements
This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 relating to our future operations and prospects, including statements that are based on current projections and expectations about the markets in which we operate, and management's beliefs concerning future performance and capital requirements based upon current available information. Actual results could differ materially from management's current expectations. Additional capital may be required and, if so, may not be available on reasonable terms, if at all, at the times and in the amounts we need. In addition to these factors and others described elsewhere in this report, other factors that could cause actual results to differ materially include competitive and cyclical factors relating to the aerospace industry, dependence of some of our businesses on key customers, requirements of capital, product liabilities in excess of insurance, uncertainties relating to the integration of acquired businesses, general economic conditions affecting our business segment, technological developments, limited availability of raw materials or skilled personnel, changes in governmental regulation and oversight, and international hostilities and terrorism. For a more detailed discussion of these and other factors affecting us, see the Risk Factors described in Item 1A of this Annual Report on Form 10-K. We do not undertake any obligation to revise these forward-looking statements to reflect future events.
General
Triumph Group, Inc. ("Triumph", the "Company", "we", "us", or "our") was incorporated in 1993 in Delaware. Our companies design, engineer, manufacture, repair, overhaul and distribute a broad portfolio of aerostructures, aircraft components, accessories, subassemblies and systems. We serve a broad, worldwide spectrum of the aviation industry, including original equipment manufacturers, or OEMs, of commercial, regional, business and military aircraft and aircraft components, as well as commercial and regional airlines and air cargo carriers.

Products and Services
We offer a variety of products and services to the aerospace industry through three operating segments: (i) Triumph Aerostructures Group, whose companies' revenues are derived from the design, manufacture, assembly and integration of metallic and composite aerostructures and structural components for the global aerospace OEM market;
(ii) Triumph Aerospace Systems Group, whose companies design, engineer and manufacture a wide range of proprietary and build-to-print components, assemblies and systems also for the OEM market; and (iii) Triumph Aftermarket Services Group, whose companies serve aircraft fleets, notably commercial airlines, the U.S. military and cargo carriers, through the maintenance, repair and overhaul of aircraft components and accessories manufactured by third parties.
Our Aerostructures Group utilizes its capabilities to design, manufacture and build complete metallic and composite aerostructures and structural components. This group also includes companies performing complex manufacturing, machining and forming processes for a full range of structural components, as well as complete assemblies and subassemblies. This group services the full spectrum of aerospace customers, which include aerospace OEMs and the top-tier manufacturers who supply them and airlines, air cargo carriers, and domestic and foreign militaries.
The products that companies within this group design, manufacture, build and repair include:

Acoustic and thermal insulation systems	Engine nacelles
Aircraft wings	Flight control surfaces
Composite and metal bonding	Helicopter cabins
Composite ducts and floor panels	Precision machined parts
Comprehensive processing services	Stretch-formed leading edges and fuselage skins
Empennages	Wing spars and stringers

Our Aerospace Systems Group utilizes its capabilities to design and engineer mechanical, electromechanical, hydraulic and hydromechanical control systems, while continuing to broaden the scope of detailed parts and assemblies that we supply to the aerospace market. Customers typically return such systems to us for repairs and overhauls and spare parts. This group services the full spectrum of aerospace customers, which include aerospace OEMs and the top-tier manufacturers who supply them and airlines, air cargo carriers, and domestic and foreign militaries.

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The products that companies within this group design, engineer, build and repair include:

Aircraft and engine mounted accessory drives	Thermal control systems and components
Cargo hooks	High lift actuation
Cockpit control levers	Hydraulic systems and components
Comprehensive processing services	Landing gear actuation systems
Control system valve bodies	Landing gear components and assemblies
Electronic engine controls	Main engine gear box assemblies
Exhaust nozzles and ducting	Main fuel pumps
Geared transmissions and drive train components	Secondary flight control systems
Fuel metering units	Vibration absorbers

Our Aftermarket Services Group performs maintenance, repair and overhaul services ("MRO") and supplies spare parts for the commercial and military aviation industry and primarily services the world's airline and air cargo carrier customers. This group also designs, engineers, manufactures, repairs and overhauls aftermarket aerospace gas turbine engine components, offers comprehensive MRO solutions, leasing packages, exchange programs and parts and services to airline, air cargo and third-party overhaul facilities. We also continue to develop Federal Aviation Administration ("FAA") approved Designated Engineering Representative ("DER") proprietary repair procedures for the components we repair and overhaul, which range from detailed components to complex subsystems. Companies in our Aftermarket Services Group repair and overhaul various components for the aviation industry including:

Air cycle machines	Blades and vanes
APUs	Cabin panes, shades, light lenses and other components
Constant speed drives	Combustors
Engine and airframe accessories	Stators
Flight control surfaces	Transition ducts
Integrated drive generators	Sidewalls
Nacelles	Light assemblies
Remote sensors	Overhead bins
Thrust reversers	Fuel bladder cells

Certain financial information about our three segments is set forth in Note 21 of "Notes to Consolidated Financial Statements."

Effective April 2016, the Company announced that it is realigning into four business units to better meet the evolving needs of its customers. The new structure better supports our go-to-market strategies and will allow us to more effectively satisfy the needs of our customers while continuing to deliver on our commitments, accelerate organic growth and drive predictable profitability. During the first quarter of fiscal 2017, our segment financial performance information will be presented in accordance with these new four business units.

The four business units are as follows:

- Integrated Systems. Provides integrated solutions including design, development and support of proprietary components, subsystems and systems, as well as production of complex assemblies using external designs. Capabilities include hydraulic, mechanical and electro-mechanical actuation, power and control; a complete suite of aerospace gearbox solutions including engine accessory gearboxes and helicopter transmissions; active and passive heat exchange technology; fuel pumps, fuel metering units and Full Authority Digital Electronic Control fuel systems; hydro-mechanical and electromechanical primary and secondary flight controls; and a broad spectrum of surface treatment options.

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- Aerospace Structures. Supplies commercial, business, regional and military manufacturers with large metallic and composite structures. Products include wings, wing boxes, fuselage panels, horizontal and vertical tails and sub-assemblies such as floor grids. Inclusive of the former Vought Aircraft Division, Aerospace Structures also has the capability to engineer detailed structural designs in metal and composites.
- Precision Components. Produces close-tolerance parts primarily to customer designs and model-based definition, including a wide range of aluminum, hard metal and composite structure capabilities. Capabilities include complex machining, gear manufacturing, sheet metal fabrication, forming, advanced composite and interior structures, joining processes such as welding, autoclave bonding and conventional mechanical fasteners and a variety of special processes including: super plastic titanium forming, aluminum and titanium chemical milling and surface treatments.
- Product Support. Provides full life cycle solutions for commercial, regional and military aircraft. Triumph's extensive product and service offerings include full post-delivery value chain services that simplify the MRO supply chain. Through its line maintenance, component MRO and postproduction supply chain activities, Triumph's Product Support group is positioned to provide integrated planeside repair solutions globally. Capabilities include fuel tank repair, metallic and composite aircraft structures, nacelles, thrust reversers, interiors, auxiliary power units and a wide variety of pneumatic, hydraulic, fuel and mechanical accessories.

Proprietary Rights

We benefit from our proprietary rights relating to designs, engineering and manufacturing processes and repair and overhaul procedures. For some products, our unique manufacturing capabilities are required by the customer's specifications or designs, thereby necessitating reliance on us for the production of such specially designed products.

We view our name and mark, as well as the Vought and Embee tradenames, as significant to our business as a whole. Our products are protected by a portfolio of patents, trademarks, licenses or other forms of intellectual property that expire at various dates in the future. We continually develop and acquire new intellectual property and consider all of our intellectual property to be valuable. However, based on the broad scope of our product lines, management believes that the loss or expiration of any single intellectual property right would not have a material adverse effect on our results of operations, our financial position or our business segments. Our policy is to file applications and obtain patents for our new products as appropriate, including product modifications and improvements. While patents generally expire 20 years after the patent application filing date, new patents are issued to us on a regular basis.

In our overhaul and repair businesses, OEMs of equipment that we maintain for our customers often include language in repair manuals that relate to their equipment, asserting broad claims of proprietary rights to the contents of the manuals used in our operations. There can be no assurance that OEMs will not try to enforce such claims, including the possible use of legal proceedings. In the event of such legal proceedings, there can be no assurance that such actions against the Company will be unsuccessful. However, we believe that our use of manufacture and repair manuals is lawful.

Raw Materials and Replacement Parts

We purchase raw materials, primarily consisting of extrusions, forgings, castings, aluminum and titanium sheets and shapes and stainless steel alloys, from various vendors. We also purchase replacement parts, which are utilized in our various repair and overhaul operations. We believe that the availability of raw materials to us is adequate to support our operations.

Sales, Marketing and Engineering

While each of our operating companies maintains responsibility for selling and marketing its specific products, we have developed two marketing teams at the group level who are focused on cross-selling our broad capabilities. One team supports the Aerostructures and Aerospace Systems Groups and the other the Aftermarket Services Group. These teams are responsible for selling systems, integrated assemblies and repair and overhaul services, reaching across our operating companies, to our OEM, military, airline and air cargo customers. In certain limited cases, we use independent, commission-based representatives to serve our customers' changing needs and the current trends in some of the markets and geographic regions in which we operate.

The two group-level marketing teams operate as the front-end of the selling process, establishing or maintaining relationships, identifying opportunities to leverage our brand, and providing service for our customers. Each individual operating company is responsible for its own technical support, pricing, manufacturing and product support. Also, within the Aerospace Systems Group, we have created a group engineering function to provide integrated solutions to meet our customer needs by designing systems that integrate the capabilities of our companies.

A significant portion of our government and defense contracts are awarded on a competitive bidding basis. We generally do not bid or act as the primary contractor, but will typically bid and act as a subcontractor on contracts on a fixed-price basis. We generally sell to our other customers on a fixed-price, negotiated contract or purchase order basis.

Backlog

We have a number of long-term agreements with several of our customers. These agreements generally describe the terms under which the customer may issue purchase orders to buy our products and services during the term of the agreement. These terms typically include a list of the products or repair services customers may purchase, initial pricing, anticipated quantities and, to the extent known, delivery dates. In tracking and reporting our backlog, however, we only include amounts for which we have actual purchase orders with firm delivery dates or contract requirements generally within the next 24 months, which primarily relate to sales to our OEM customer base. Purchase orders issued by our aftermarket customers are usually completed within a short period of time. As a result, our backlog data relates primarily to the OEM customers. The backlog information set forth below does not include the sales that we expect to generate from long-term agreements for which we do not have actual purchase orders with firm delivery dates.

As of March 31, 2016, we had outstanding purchase orders representing an aggregate invoice price of approximately $4.15 billion, of which $2.96 billion, $1.15 billion and $37 million relate to the Aerostructures Group, the Aerospace Systems Group and the Aftermarket Services Group, respectively. As of March 31, 2015, our continuing operations had outstanding purchase orders representing an aggregate invoice price of approximately $5.03 billion, of which $3.74 billion, $1.24 billion and $42 million related to the Aerostructures Group, the Aerospace Systems Group and the Aftermarket Services Group, respectively. The sharp decline in backlog was due to the production rate reductions on key programs such as Boeing 747-8, 777 and G450/G550. Of the existing backlog of $4.15 billion, approximately $1.50 billion will not be shipped by March 31, 2017.

Dependence on Significant Customers

For the fiscal years ended March 31, 2016, 2015 and 2014, the Boeing Company ("Boeing") represented approximately 38%, 42% and 45%, respectively, of our net sales, covering virtually every Boeing plant and product. For the fiscal years ended March 31, 2016, 2015 and 2014, Gulfstream Aerospace Corporation ("Gulfstream") represented approximately 12%, 9% and 8%, respectively, of our net sales, covering several of Gulfstream's products. A significant reduction in sales to Boeing and/or Gulfstream would have a material adverse impact on our financial position, results of operations and cash flows.

United States and International Operations

Our revenues from customers in the United States for the fiscal years ended March 31, 2016, 2015 and 2014 ,were approximately $3,088 million, $3,136 million, and $3,142 million, respectively. Our revenues from customers in all other countries for the fiscal years ended March 31, 2016, 2015 and 2014, were approximately $798 million, $753 million, and $622 million, respectively.

As of March 31, 2016 and 2015, our long-lived assets located in the United States were approximately $2,746 million and $3,683 million, respectively. As of March 31, 2016 and 2015, our long-lived assets located in all other countries were approximately $347 million and $367 million, respectively.

Competition

We compete primarily with Tier 1 and Tier 2 aerostructures manufacturers, systems suppliers and component manufacturers, some of which are divisions or subsidiaries of other large companies, in the manufacture of aircraft structures, systems components, subassemblies and detail parts. OEMs are increasingly focusing on assembly and integration activities while outsourcing more manufacturing and, therefore, are less of a competitive force than in previous years.

Competition for the repair and overhaul of aviation components comes from four primary sources, some of whom possess greater financial and other resources than we have: OEMs, major commercial airlines, government support depots and other independent repair and overhaul companies. Some major commercial airlines continue to own and operate their own service centers, while others have begun to sell or outsource their repair and overhaul services to other aircraft operators or third parties. Large domestic and foreign airlines that provide repair and overhaul services typically provide these services not only for their own aircraft but for other airlines as well. OEMs also maintain service centers which provide repair and overhaul services for the components they manufacture. Many governments maintain aircraft support depots in their military organizations that maintain and repair the aircraft they operate. Other independent service organizations also compete for the repair and overhaul business of other users of aircraft components.

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Participants in the aerospace industry compete primarily on the basis of breadth of technical capabilities, quality, turnaround time, capacity and price.

Government Regulation and Industry Oversight

The aerospace industry is highly regulated in the United States by the FAA and in other countries by similar agencies. We must be certified by the FAA and, in some cases, by individual OEMs, in order to engineer and service parts and components used in specific aircraft models. If material authorizations or approvals were revoked or suspended, our operations would be adversely affected. New and more stringent government regulations may be adopted, or industry oversight heightened, in the future and these new regulations, if enacted, or any industry oversight, if heightened, may have an adverse impact on us.

We must also satisfy the requirements of our customers, including OEMs, that are subject to FAA regulations, and provide these customers with products and repair services that comply with the government regulations applicable to aircraft components used in commercial flight operations. The FAA regulates commercial flight operations and requires that aircraft components meet its stringent standards. In addition, the FAA requires that various maintenance routines be performed on aircraft components, and we currently satisfy these maintenance standards in our repair and overhaul services. Several of our operating locations are FAA-approved repair stations.

Generally, the FAA only grants licenses for the manufacture or repair of a specific aircraft component, rather than the broader licenses that have been granted in the past. The FAA licensing process may be costly and time-consuming. In order to obtain an FAA license, an applicant must satisfy all applicable regulations of the FAA governing repair stations. These regulations require that an applicant have experienced personnel, inspection systems, suitable facilities and equipment. In addition, the applicant must demonstrate a need for the license. Because an applicant must procure manufacturing and repair manuals from third parties relating to each particular aircraft component in order to obtain a license with respect to that component, the application process may involve substantial cost.

The license approval processes for the European Aviation Safety Agency ("EASA"), which regulates this industry in the European Union, the Civil Aviation Administration of China, and other comparable foreign regulatory authorities are similarly stringent, involving potentially lengthy audits. EASA was formed in 2002 and is handling most of the responsibilities of the national aviation authorities in Europe, such as the United Kingdom Civil Aviation Authority.

Our operations are also subject to a variety of worker and community safety laws. For example, the Occupational Safety and Health Act of 1970, or OSHA, mandates general requirements for safe workplaces for all employees in the United States. In addition, OSHA provides special procedures and measures for the handling of hazardous and toxic substances. Specific safety standards have been promulgated for workplaces engaged in the treatment, disposal or storage of hazardous waste. We believe that our operations are in material compliance with OSHA's health and safety requirements.

Environmental Matters

Our business, operations and facilities are subject to numerous stringent federal, state, local and foreign environmental laws and regulation by government agencies, including the Environmental Protection Agency ("EPA"). Among other matters, these regulatory authorities impose requirements that regulate the emission, discharge, generation, management, transportation and disposal of hazardous materials, pollutants and contaminants, govern public and private response actions to hazardous or regulated substances which may be or have been released to the environment, and require us to obtain and maintain licenses and permits in connection with our operations. This extensive regulatory framework imposes significant compliance burdens and risks on us. Although management believes that our operations and our facilities are in material compliance with such laws and regulations, future changes in these laws, regulations or interpretations thereof or the nature of our operations or regulatory enforcement actions which may arise, may require us to make significant additional capital expenditures to ensure compliance in the future.

Certain of our facilities, including facilities acquired and operated by us or one of our subsidiaries have at one time or another been under active investigation for environmental contamination by federal or state agencies when acquired, and at least in some cases, continue to be under investigation or subject to remediation for potential environmental contamination. We are frequently indemnified by prior owners or operators and/or present owners of the facilities for liabilities which we incur as a result of these investigations and the environmental contamination found which pre-dates our acquisition of these facilities, subject to certain limitations. We also maintain a pollution liability policy that provides coverage for material liabilities associated with the clean-up of on-site pollution conditions, as well as defense and indemnity for certain third-party suits (including Superfund liabilities at third-party sites), in each case, to the extent not otherwise indemnified. This policy applies to all of our manufacturing and assembly operations worldwide. Also, as we proceed with our plans to exit certain facilities as part of restructuring and related initiatives, the need for remediation for potential environmental contamination could be

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identified. If we are required to pay the expenses related to environmental liabilities because neither indemnification nor insurance coverage is available, these expenses could have a material adverse effect on us.

Employees

As of March 31, 2016, we employed 14,602 persons, of whom 3,465 were management employees, 125 were sales and marketing personnel, 782 were technical personnel, 889 were administrative personnel and 9,341 were production workers. Our segments were composed of the following employees: Aerostructures Group - 9,595 persons, Aerospace Systems Group - 3,567 persons, Aftermarket Services Group - 1,311 persons, and Corporate - 129 persons.

Several of our subsidiaries are parties to collective bargaining agreements with labor unions. Under those agreements, we currently employ approximately 1,907 full-time employees. Currently, approximately 13% of our permanent employees are represented by labor unions and approximately 51% of net sales are derived from the facilities at which at least some employees are unionized. The collective bargaining agreement with our union employees with International Association of Machinists and Aerospace Workers ("IAM") District 751 at our Spokane, Washington facility has expired. As of May 11, 2016, the workforce in Spokane of approximately 400 employees has elected to strike. While we are currently in negotiations with the workforce, we have implemented plans to continue production in Spokane with support from other locations. Of the 1,907 employees represented by unions, 591 employees are working under contracts that have expired or will expire within one year and 475 employees in our Red Oak, Texas and 386 employees in our Tulsa, Oklahoma facilities have not yet negotiated initial contracts. Our inability to negotiate an acceptable contract with any of these labor unions could result in strikes by the affected workers and increased operating costs as a result of higher wages or benefits paid to union members. If the unionized workers were to engage in a strike or other work stoppage, or other employees were to become unionized, we could experience a significant disruption of our operations and higher ongoing labor costs, which could have an adverse effect on our business and results of operations.

Research and Development Expenses

Certain information about our research and development expenses for the fiscal years ended March 31, 2016, 2015 and 2014 is available in Note 2 of "Notes to Consolidated Financial Statements."

Executive Officers

Name	Age	Position
Daniel J. Crowley	53	President and Chief Executive Officer and Director
Jeffrey L. McRae	52	Senior Vice President, Chief Financial Officer
John B. Wright, II	62	Senior Vice President, General Counsel and Secretary
Thomas A. Quigley, III	39	Vice President and Controller
Thomas Holtzhum	59	Executive Vice President, Integrated Systems
MaryLou Thomas	53	Acting Executive Vice President, Aerospace Structures
Rick Rozenjack	57	Executive Vice President, Precision Components
Michael Abram	63	Executive Vice President, Product Support
Richard Lovely	57	Senior Vice President, Human Resources

Daniel J. Crowley was appointed President and Chief Executive Officer and a director of the Company on January 4, 2016. Previously, Mr. Crowley served as President of two Raytheon Company business areas from 2010 through 2015. Prior to Raytheon, Mr. Crowley served as Chief Operating Officer of Lockheed Martin Aeronautics after holding a series of increasingly responsible assignments across its space, electronics, and aeronautics sectors.

Jeffrey L. McRae has been our Senior Vice President and Chief Financial Officer since February 2014. Mr. McRae was named President of Triumph Aerostructures – Vought Aircraft Division in October 2013, having previously served as President of Triumph Aerostructures – Vought Integrated Programs Division and Chief Financial Officer for Triumph Aerostructures – Vought Aircraft Division, a position he had assumed upon the completion of Triumph’s acquisition of Vought Aircraft Industries, Inc. in June 2010. Prior to the acquisition, Mr. McRae had served as Vought’s Vice President of Business Operations, and had been employed by the Company since 2007.

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John B. Wright, II has been a Vice President and our General Counsel and Secretary since 2004. From 2001 until he joined us, Mr. Wright was a partner with the law firm of Ballard Spahr LLP, where he practiced corporate and securities law.

Thomas A. Quigley, III has been our Vice President and Controller since November 2012, and serves as the Company's principal accounting officer. Mr. Quigley has served as the Company's SEC Reporting Manager since January 2009. From June 2002 until joining Triumph in 2009, Mr. Quigley held various roles within the audit practice of KPMG LLP, including Senior Audit Manager.

Thomas Holzthum was appointed Executive Vice President, Integrated Systems in April 2016. Prior thereto, he served as Corporate Vice President-Systems since 2013 with responsibility for eight Triumph Group companies in the Aerospace Systems segment. He joined Triumph in 1998 with the acquisition of Frisby Aerospace, where he held the position of Group Director, Hydraulics. Mr. Holzthum previously served as President of Triumph Actuation Systems-Connecticut and more recently led the successful integration of the hydraulic actuation business of GE Aviation after its acquisition.

MaryLou Thomas was appointed acting Executive Vice President, Aerospace Structures in April 2016. Prior thereto, she was Corporate Vice President - Composites, Structures and Interiors business area with operations in the United States, Mexico, Thailand and U.K. Ms. Thomas has more than thirty years of experience in the aerospace and defense industry, including service at Lockheed, Boeing and the Company.

Rick Rosenjack was appointed Executive Vice President, Precision Components in April 2016. He previously served as Corporate Vice President-Structures responsible for the Triumph Structures' group of companies, having joined Triumph in October 2014. Prior to joining the Company, Mr. Rosenjack was Chief Operating Officer of HM Dunn AeroSystems, and Vice President and General Manager of Precision Castparts Corp (PCC) after the acquisition of Heroux Devtek Aerostructures in 2012. Before that, Mr. Rosenjack spent 20 years with Textron, Inc., including five years with Bell Helicopter where he was Senior Vice President of the Commercial Helicopter Business.

Michael Abram was appointed Executive Vice President, Product Supply in April 2016. Since joining Triumph in 2003 as Vice President of Operations for Triumph Airborne Structures, Mr. Abram has served as Vice President of Triumph Aftermarket Services Group, North America and, most recently, Vice President-Aftermarket Services Group, where he was responsible for the company's maintenance, repair and overhaul (MRO) activities supporting commercial, regional, business and military aircraft worldwide. Before joining Triumph, he was Vice President of Operations for NORDAM Repair Division. Mr. Abram has extensive international business operations experience establishing start-up MRO facilities in Europe and Singapore.

Richard Lovely was appointed Senior Vice President, Human Resources in April 2016. Prior thereto, he served as Senior Vice President, Global Human Resources for Houghton International and Executive Vice President, Human Resources for Rohm and Haas.

Available Information

For more information about us, visit our website at www.triumphgroup.com. The contents of the website are not part of this Annual Report on Form 10-K. Our electronic filings with the Securities and Exchange Commission ("SEC") (including all Forms 10-K, 10-Q and 8-K, and any amendments to these reports) are available free of charge through our website immediately after we electronically file with or furnish them to the SEC. These filings may also be read and copied at the SEC's Public Reference Room which is located at 100 F Street, N.E., Washington, D.C. 20549. Information about the operation of the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers who file electronically with the SEC at www.sec.gov.

Item 1A. Risk Factors

Factors that have an adverse impact on the aerospace industry may adversely affect our results of operations and liquidity.

A substantial percentage of our gross profit and operating income derives from commercial aviation. Our operations have been focused on designing, engineering, manufacturing, repairing and overhauling a broad portfolio of aerostructures, aircraft components, accessories, subassemblies and systems. Therefore, our business is directly affected by economic factors and other trends that affect our customers in the aerospace industry, including a possible decrease in outsourcing by OEMs and aircraft operators or projected market growth that may not materialize or be sustainable. We are also significantly dependent on sales to the commercial aerospace market, which has been cyclical in nature with significant downturns in the past. When these economic and other factors adversely affect the aerospace industry, they tend to reduce the overall customer demand for our products and services, which decreases our operating income. Economic and other factors that might affect the aerospace industry may have an adverse impact on our results of operations and liquidity. We have credit exposure to a number of

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commercial airlines, some of which have encountered financial difficulties. In addition, an increase in energy costs and the price of fuel to the airlines could result in additional pressure on the operating costs of airlines. The market for jet fuel is inherently volatile and is subject to, among other things, changes in government policy on jet fuel production, fluctuations in the global supply of crude oil and disruptions in oil production or delivery caused by hostility in oil-producing areas. Airlines are sometimes unable to pass on increases in fuel prices to customers by increasing fares due to the competitive nature of the airline industry, and this compounds the pressure on operating costs. Other events of general impact such as natural disasters, war, terrorist attacks against the industry or pandemic health crises may lead to declines in the worldwide aerospace industry that could adversely affect our business and financial condition.

In addition, demand for our maintenance, repair and overhaul services is strongly correlated with worldwide flying activity. A significant portion of the MRO activity required on commercial aircraft is mandated by government regulations that limit the total time or number of flights that may elapse between scheduled MRO events. As a result, although short-term deferrals are possible, MRO activity is ultimately required to continue to operate the aircraft in revenue-producing service. Therefore, over the intermediate and long-term, trends in the MRO market are closely related to the size and utilization level of the worldwide aircraft fleet, as reflected by the number of available seat miles, commonly referred to as ASMs, and cargo miles flown. Consequently, conditions or events which contribute to declines in worldwide ASMs and cargo miles flown, such as those mentioned above, could negatively impact our MRO business.

We may not be successful in achieving expected operating efficiencies and sustaining or improving operating expense reductions, and may experience business disruptions associated with restructuring, facility consolidations, realignment, cost reduction and other strategic initiatives.

Over the past several years we have implemented a number of restructuring, realignment and cost reduction initiatives, including facility consolidations, organizational realignments and reductions in our workforce. While we have realized some efficiencies from these actions, we may not realize the benefits of these initiatives to the extent we anticipated. Further, such benefits may be realized later than expected, and the ongoing difficulties in implementing these measures may be greater than anticipated, which could cause us to incur additional costs or result in business disruptions. In addition, if these measures are not successful or sustainable, we may be compelled to undertake additional realignment and cost reduction efforts, which could result in significant additional charges. Moreover, if our restructuring and realignment efforts prove ineffective, our ability to achieve our other strategic and business plan goals may be adversely affected.

Changes in levels of U.S. Government defense spending or overall acquisition priorities could negatively impact our financial position and results of operations. We derive a substantial portion of our revenue from the U.S. Government, primarily from defense related programs with the U.S. Department of Defense ("DoD") . Levels of U.S. defense spending in future periods are very difficult to predict and subject to significant risks. In addition, significant budgetary delays and constraints have already resulted in reduced spending levels, and additional reductions may be forthcoming. In August 2011, the Budget Control Act (the "Act") established limits on U.S. Government discretionary spending, including a reduction of defense spending by approximately $490 billion between the 2012 and 2021 U.S. Government fiscal years. The Act also provided that the defense budget would face “sequestration” cuts of up to an additional $500 billion during that same period to the extent that discretionary spending limits are exceeded. The impact of sequestration cuts has been reduced with respect to FY2016 and FY2017 following the enactment of The Bipartisan Budget Act of 2015 in November 2015. However, long-term uncertainty remains with respect to overall levels of defense spending and it is likely that U.S. Government discretionary spending levels will continue to be subject to significant pressure, including risk of future sequestration cuts.

In addition, there continues to be significant uncertainty with respect to program-level appropriations for the DoD and other government agencies (including NASA) within the overall budgetary framework described above. While the FY2016 appropriations enacted December 2015 included funding for Boeing’s major programs, such as F/A-18, CH-47 Chinook, AH-64 Apache, KC-46A Tanker and P-8 programs, uncertainty remains about how defense budgets in FY2017 and beyond will affect Boeing’s programs. We also expect that ongoing concerns regarding the U.S. national debt will continue to place downward pressure on DoD spending levels. Future budget cuts, including cuts mandated by sequestration, or future procurement decisions associated with the authorizations and appropriations process could result in reductions, cancellations, and/or delays of existing contracts or programs. Any of these impacts could have a material effect on the results of the Company’s operations, financial position and/or cash flows.

In addition, as a result of the significant ongoing uncertainty with respect to both U.S. defense spending levels and the nature of the threat environment, we expect the DoD to continue to emphasize cost-cutting and other efficiency initiatives in its procurement processes. If we can no longer adjust successfully to these changing acquisition priorities and/or fail to meet affordability targets set by the DoD customer, our revenues and market share would be further impacted.

Cancellations, reductions or delays in customer orders may adversely affect our results of operations.

Our overall operating results are affected by many factors, including the timing of orders from large customers and the timing of expenditures to manufacture parts and purchase inventory in anticipation of future sales of products and services. A large portion of our operating expenses are relatively fixed. Because several of our operating locations typically do not obtain long-term purchase orders or commitments from our customers, they must anticipate the future volume of orders based upon the historic purchasing patterns of customers and upon our discussions with customers as to their anticipated future requirements. These historic patterns may be disrupted by many factors, including changing economic conditions, inventory adjustments, or work stoppages or labor disruptions at our customers' locations. Cancellations, reductions or delays in orders by a customer or group of customers could have a material adverse effect on our business, financial condition and results of operations.

Our acquisition strategy exposes us to risks, including the risk that we may not be able to successfully integrate acquired businesses.

We have a consistent strategy to grow, in part, through the acquisition of additional businesses in the aerospace industry and are continuously evaluating various acquisition opportunities, including those outside the United States and those that may have a material impact on our business. Our ability to grow by acquisition is dependent upon, among other factors, the availability of suitable acquisition candidates. Growth by acquisition involves risks that could adversely affect our operating results, including difficulties in integrating the operations and personnel of acquired companies, the risk of diverting the attention of senior management from our existing operations, the potential amortization of acquired intangible assets, the potential impairment of goodwill and the potential loss of key employees of acquired companies. We may not be able to consummate acquisitions on satisfactory terms or, if any acquisitions are consummated, successfully integrate these acquired businesses.

A significant decline in business with a key customer could have a material adverse effect on us.

Boeing, or Boeing Commercial, Military and Space, represented approximately 38% of our net sales for the fiscal year ended March 31, 2016, covering virtually every Boeing plant and product. Gulfstream represented approximately 12% of our net sales for the fiscal year ended March 31, 2016, covering several Gulfstream plants and products. As a result, a significant reduction in purchases by Boeing and/or Gulfstream could have a material adverse impact on our financial position, results of operations, and cash flows. In addition, some of our other group companies rely significantly on particular customers, the loss of which could have an adverse effect on those businesses.

The profitability of certain development programs depends significantly on the assumptions surrounding satisfactory settlement of claims and assertions.

For certain of our new development programs, we regularly commence work or incorporate customer-requested changes prior to negotiating pricing terms for engineering work or the product which has been modified. We typically have the legal right to negotiate pricing for customer-directed changes. In those cases, we assert to our customers our contractual rights to obtain the additional revenue or cost reimbursement we expect to receive upon finalizing pricing terms. An expected recovery value of these assertions is incorporated into our contract profitability estimates when applying contract accounting. Our inability to recover these expected values, among other factors, could result in the recognition of a forward loss on these programs and could have a material adverse effect on our results of operations.

We incur risk associated with new programs.

New programs with new technologies typically carry risks associated with design responsibility, development of new production tools, hiring and training of qualified personnel, increased capital and funding commitments, ability to meet customer specifications, delivery schedules and unique contractual requirements, supplier performance, ability of the customer to meet its contractual obligations to us, and our ability to accurately estimate costs associated with such programs. In addition, any new aircraft program may not generate sufficient demand or may experience technological problems or significant delays in the regulatory certification or manufacturing and delivery schedule. If we were unable to perform our obligations under new programs to the customer's satisfaction or manufacture products at our estimated costs, if we were to experience unexpected fluctuations in raw material prices or supplier problems leading to cost overruns, if we were unable to successfully perform under revised design and manufacturing plans or successfully resolve claims and assertions, or if a new program in which we had made a significant investment was terminated or experienced weak demand, delays or technological problems, our business, financial condition and results of operations could be materially adversely affected. This risk includes the potential for default, quality problems, or inability to meet weight requirements and could result in low margin or forward loss contracts, and the risk of having to write-off inventory if it were deemed to be unrecoverable over the life of the program. In addition, beginning new work on existing programs also carries risks associated with the transfer of technology, knowledge and tooling.

In order to perform on new programs we may be required to construct or acquire new facilities requiring additional up-front investment costs. In the case of significant program delays and/or program cancellations, we could be required to bear certain unrecoverable construction and maintenance costs and incur potential impairment charges for the new facilities. Also, we may need to expend additional resources to determine an alternate revenue generating use for the facilities. Likewise, significant delays in the construction or acquisition of a plant site could impact production schedules.

Future volatility in the financial markets may impede our ability to successfully access capital markets and ensure adequate liquidity and may adversely affect our customers and suppliers.

Future turmoil in the capital markets may impede our ability to access the capital markets when we would like, or need, to raise capital or restrict our ability to borrow money on favorable terms. Such market conditions could have an adverse impact on our flexibility to react to changing economic and business conditions and on our ability to fund our operations and capital expenditures in the future. In addition, interest rate fluctuations, financial market volatility or credit market disruptions may also negatively affect our customers' and our suppliers' ability to obtain credit to finance their businesses on acceptable terms. As a result, our customers' need for and ability to purchase our products or services may decrease, and our suppliers may increase their prices, reduce their output or change their terms of sale. If our customers' or suppliers' operating and financial performance deteriorates, or if they are unable to make scheduled payments or obtain credit, our customers may not be able to pay, or may delay payment of, accounts receivable owed to us, and our suppliers may restrict credit or impose different payment terms. Any inability of customers to pay us for our products and services or any demands by suppliers for different payment terms may adversely affect our earnings and cash flow.

Our international sales and operations are subject to applicable laws relating to trade, export controls and foreign corrupt practices, the violation of which could adversely affect our operations.

We must comply with all applicable export control laws and regulations of the United States and other countries. United States laws and regulations applicable to us include the Arms Export Control Act, the International Traffic in Arms Regulations ("ITAR"), the Export Administration Regulations ("EAR") and the trade sanctions laws and regulations administered by the United States Department of the Treasury's Office of Foreign Assets Control ("OFAC"). EAR restricts the export of dual-use products and technical data to certain countries, while ITAR restricts the export of defense products, technical data and defense services. The U.S. Government agencies responsible for administering EAR and ITAR have significant discretion in the interpretation and enforcement of these regulations. We cannot provide services to certain countries subject to United States trade sanctions unless we first obtain the necessary authorizations from OFAC. In addition, we are subject to the Foreign Corrupt Practices Act which generally bars bribes or unreasonable gifts to foreign governments or officials.

Violations of these laws or regulations could result in significant additional sanctions, including fines, more onerous compliance requirements, more extensive debarments from export privileges, loss of authorizations needed to conduct aspects of our international business and criminal penalties and may harm our ability to enter into contracts with the U.S. Government. A future violation of ITAR or the other regulations enumerated above could materially adversely affect our business, financial condition and results of operations.

Our expansion into international markets may increase credit, currency and other risks, and our current operations in international markets expose us to such risks.

As we pursue customers in Asia, South America and other less developed aerospace markets throughout the world, our inability to ensure the creditworthiness of our customers in these areas could adversely impact our overall profitability. In addition, with operations in Canada, China, France, Germany, Ireland, Mexico, Thailand and the United Kingdom, and customers throughout the world, we will be subject to the legal, political, social and regulatory requirements and economic conditions of other jurisdictions. In the future, we may also make additional international capital investments, including further acquisitions of companies outside the United States or companies having operations outside the United States. Risks inherent to international operations include, but are not limited to, the following:

- difficulty in enforcing agreements in some legal systems outside the United States;
- imposition of additional withholding taxes or other taxes on our foreign income, tariffs or other restrictions on foreign trade and investment, including currency exchange controls;
- fluctuations in exchange rates which may affect demand for our products and services and may adversely affect our profitability in U.S. dollars;

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- inability to obtain, maintain or enforce intellectual property rights;
- changes in general economic and political conditions in the countries in which we operate;
- unexpected adverse changes in the laws or regulatory requirements outside the United States, including those with respect to environmental protection, export duties and quotas;
- failure by our employees or agents to comply with U.S. laws affecting the activities of U.S. companies abroad;
- difficulty with staffing and managing widespread operations; and
- difficulty of and costs relating to compliance with the different commercial and legal requirements of the countries in which we operate.

We may need additional financing for internal growth and acquisitions and capital expenditures and additional financing may not be available on terms acceptable to us.

A key element of our strategy has been, and continues to be, internal growth supplemented by growth through the acquisition of additional aerospace companies and product lines. In order to grow internally, we may need to make significant capital expenditures, such as investing in facilities in low-cost countries, and may need additional capital to do so. Our ability to grow is dependent upon, and may be limited by, among other things, access to markets and conditions of markets, availability under the Credit Facility and the Securitization Facility (each as defined in Note 10 of the "Notes to Consolidated Financial Statements") and by particular restrictions contained in the Credit Facility and our other financing arrangements. In that case, additional funding sources may be needed, and we may not be able to obtain the additional capital necessary to pursue our internal growth and acquisition strategy or, if we can obtain additional financing, the additional financing may not be on financial terms that are satisfactory to us.

Competitive pressures may adversely affect us.

We have numerous competitors in the aerospace industry. We compete primarily with the top-tier systems integrators and the manufacturers that supply them, some of which are divisions or subsidiaries of OEMs and other large companies that manufacture aircraft components and subassemblies. Our OEM competitors, which include Boeing, Airbus, Bell Helicopter, Bombardier, Cessna, General Electric, Gulfstream, Honeywell, Lockheed Martin, Northrop Grumman, Raytheon, Rolls Royce and Sikorsky, may choose not to outsource production of aerostructures or other components due to, among other things, their own direct labor and overhead considerations, capacity utilization at their own facilities and desire to retain critical or core skills. Consequently, traditional factors affecting competition, such as price and quality of service, may not be significant determinants when OEMs decide whether to produce a part in-house or to outsource. We also face competition from non-OEM component manufacturers, including Alenia Aeronautica, Fokker Technologies, Fuji Heavy Industries, GKN Westland Aerospace (U.K.), Kawasaki Heavy Industries, Mitsubishi Heavy Industries, Spirit AeroSystems and UTC Aerospace Systems. Competition for the repair and overhaul of aviation components comes from three primary sources: OEMs, major commercial airlines and other independent repair and overhaul companies.

We may need to expend significant capital to keep pace with technological developments in our industry.

The aerospace industry is constantly undergoing development and change and it is likely that new products, equipment and methods of repair and overhaul service will be introduced in the future. In order to keep pace with any new developments, such as additive technology, we may need to expend significant capital to purchase new equipment and machines or to train our employees in the new methods of production and service.

The construction of aircraft is heavily regulated and failure to comply with applicable laws could reduce our sales or require us to incur additional costs to achieve compliance, and we may incur significant expenses to comply with new or more stringent governmental regulation.

The aerospace industry is highly regulated in the United States by the FAA and in other countries by similar agencies. We must be certified by the FAA and, in some cases, by individual OEMs in order to engineer and service parts, components and aerostructures used in specific aircraft models. If any of our material authorizations or approvals were revoked or suspended, our operations would be adversely affected. New or more stringent governmental regulations may be adopted, or industry oversight heightened in the future, and we may incur significant expenses to comply with any new regulations or any heightened industry oversight.

We may not realize our anticipated return on capital commitments made to expand our capabilities.

We continually make significant capital expenditures to implement new processes and to increase both efficiency and capacity. Some of these projects require additional training for our employees and not all projects may be implemented as

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anticipated. If any of these projects do not achieve the anticipated increase in efficiency or capacity, our returns on these capital expenditures may be lower than expected.

Any product liability claims in excess of insurance may adversely affect our financial condition.

Our operations expose us to potential liability for personal injury or death as a result of the failure of an aircraft component that has been serviced by us or the failure of an aircraft component designed or manufactured by us. While we believe that our liability insurance is adequate to protect us from these liabilities, our insurance may not cover all liabilities. Additionally, as the number of insurance companies providing general aviation product liability insurance coverage has decreased in recent years, insurance coverage may not be available in the future at a cost acceptable to us. Any material liability not covered by insurance or for which third-party indemnification is not available could have a material adverse effect on our financial condition.

The lack of available skilled personnel may have an adverse effect on our operations.

From time to time, some of our operating locations have experienced difficulties in attracting and retaining skilled personnel to design, engineer, manufacture, repair and overhaul sophisticated aircraft components. Our ability to operate successfully could be jeopardized if we are unable to attract and retain a sufficient number of skilled personnel to conduct our business.

Our fixed-price contracts may commit us to unfavorable terms.

A significant portion of our net sales are derived from fixed-price contracts under which we have agreed to provide components or aerostructures for a price determined on the date we entered into the contract. Several factors may cause the costs we incur in fulfilling these contracts to vary substantially from our original estimates, and we bear the risk that increased or unexpected costs may reduce our profit or cause us to sustain losses on these contracts. In a fixed-price contract, we must fully absorb cost overruns, notwithstanding the difficulty of estimating all of the costs we will incur in performing these contracts. Because our ability to terminate contracts is generally limited, we may not be able to terminate our performance requirements under these contracts at all or without substantial liability and, therefore, in the event we are sustaining reduced profits or losses, we could continue to sustain these reduced profits or losses for the duration of the contract term. Our failure to anticipate technical problems, estimate delivery reductions, estimate costs accurately or control costs during performance of a fixed-price contract may reduce our profitability or cause significant losses on programs similar in nature to the forward losses incurred on the Boeing 747-8 ("747-8 program") and Bombardier Global 7000/8000 contracts.

Due to the size and long-term nature of many of our contracts, we are required by GAAP to estimate sales and expenses relating to these contracts in our financial statements, which may cause actual results to differ materially from those estimated under different assumptions or conditions.

Our financial statements are prepared in conformity with accounting principles generally accepted in the United States ("GAAP"). These principles require our management to make estimates and assumptions regarding our contracts that affect the reported amounts of revenue and expenses during the reporting period. Contract accounting requires judgment relative to assessing risks, estimating contract sales and costs, and making assumptions for schedule and technical issues. Due to the size and nature of many of our contracts, the estimation of total sales and cost at completion is complicated and subject to many variables. While we base our estimates on historical experience and on various assumptions that we believe to be reasonable under the circumstances at the time made, actual results may differ materially from those estimated.

Any exposure to environmental liabilities may adversely affect us.

Our business, operations and facilities are subject to numerous stringent federal, state, local and foreign environmental laws and regulations, and we are subject to potentially significant fines or penalties, including criminal sanctions, if we fail to comply with these requirements. In addition, we could be affected by future laws and regulations, including those imposed in response to climate change concerns and other actions commonly referred to as "green initiatives." Compliance with current and future environmental laws and regulations currently requires and is expected to continue to require significant operating and capital costs.

Pursuant to certain environmental laws, a current or previous owner or operator of a contaminated site may be held liable for the entire cost of investigation, removal or remediation of hazardous materials at such property, whether or not the owner or operator knew of, or was responsible for, the presence of any hazardous materials. Although management believes that our operations and facilities are in material compliance with such laws and regulations, future changes in such laws, regulations or interpretations thereof or the nature of our operations or regulatory enforcement actions which may arise, may require us to make significant additional capital expenditures to ensure compliance in the future. Certain of our facilities, including facilities acquired and operated by us or one of our subsidiaries, have at one time or another been under active investigation for environmental contamination by federal or state agencies when acquired and, at least in some cases, continue to be under

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investigation or subject to remediation for potential or identified environmental contamination. Lawsuits, claims and costs involving environmental matters are likely to continue to arise in the future. Individual facilities of ours have also been subject to investigation on occasion for possible past waste disposal practices which might have contributed to contamination at or from remote third-party waste disposal sites. In some instances, we are indemnified by prior owners or operators and/or present owners of the facilities for liabilities which we incur as a result of these investigations and the environmental contamination found which pre-dates our acquisition of these facilities, subject to certain limitations, including, but not limited to specified exclusions, deductibles and limitations on the survival period of the indemnity. We also maintain a pollution liability policy that provides coverage, subject to specified limitations, for specified material liabilities associated with the clean-up of certain on-site pollution conditions, as well as defense and indemnity for certain third-party suits (including Superfund liabilities at third-party sites), in each case, to the extent not otherwise indemnified. Also, as we proceed with our plans to exit certain facilities as part of restructuring and related initiatives, the need for remediation for potential environmental contamination could be identified. However, if we are required to pay the expenses related to environmental liabilities because neither indemnification nor insurance coverage is available, these expenses could have a material adverse effect on our financial position, results of operations, and cash flows.

We could become involved in intellectual property litigation, which could have a material and adverse impact on our profitability.

We and other companies in our industry possess certain proprietary rights relating to designs, engineering, manufacturing processes and repair and overhaul procedures. In the event that we believe that a third party is infringing upon our proprietary rights, we may bring an action to enforce such rights. In addition, third parties may claim infringement by us with respect to their proprietary rights and may initiate legal proceedings against us in the future. The expense and time of bringing an action to enforce such rights or defending against infringement claims can be significant. Intellectual property litigation involves complex legal and factual questions which makes the outcome of any such proceedings subject to considerable uncertainty. Not only can such litigation divert management's attention, but it can also expose the Company to damages and potential injunctive relief which, if granted, may preclude the Company from making, using or selling particular products or technology. The expense and time associated with such litigation may have a material and adverse impact on our profitability.

We do not own certain intellectual property and tooling that is important to our business.

In our overhaul and repair businesses, OEMs of equipment that we maintain for our customers include language in repair manuals relating to their equipment asserting broad claims of proprietary rights to the contents of the manuals used in our operations. Although we believe that our use of manufacture and repair manuals is lawful, there can be no assurance that OEMs will not try to enforce such claims, including through the possible use of legal proceedings, or that any such actions will be unsuccessful.

Our business also depends on using certain intellectual property and tooling that we have rights to use pursuant to license grants under our contracts with our OEM customers. These contracts contain restrictions on our use of the intellectual property and tooling and may be terminated if we violate certain of these restrictions. Our loss of a contract with an OEM customer and the related license rights to use an OEM's intellectual property or tooling would materially adversely affect our business.

Any significant disruption from key suppliers of raw materials and key components could delay production and decrease revenue.

We are highly dependent on the availability of essential raw materials such as carbon fiber, aluminum and titanium, and purchased engineered component parts from our suppliers, many of which are available only from single customer-approved sources. Moreover, we are dependent upon the ability of our suppliers to provide raw materials and components that meet our specifications, quality standards and delivery schedules. Our suppliers' failure to provide expected raw materials or component parts could require us to identify and enter into contracts with alternate suppliers that are acceptable to both us and our customers, which could result in significant delays, expenses, increased costs and management distraction and adversely affect production schedules and contract profitability.

We have from time to time experienced limited interruptions of supply, and we may experience a significant interruption in the future. Our continued supply of raw materials and component parts are subject to a number of risks including:

- availability of capital to our suppliers;
- the destruction of our suppliers' facilities or their distribution infrastructure;
- a work stoppage or strike by our suppliers' employees;
- the failure of our suppliers to provide raw materials or component parts of the requisite quality;

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- the failure of essential equipment at our suppliers' plants;
- the failure or shortage of supply of raw materials to our suppliers;
- contractual amendments and disputes with our suppliers; and
- geopolitical conditions in the global supply base.

In addition, some contracts with our suppliers for raw materials, component parts and other goods are short-term contracts, which are subject to termination on a relatively short-term basis. The prices of our raw materials and component parts fluctuate depending on market conditions, and substantial increases in prices could increase our operating costs, which, as a result of our fixed-price contracts, we may not be able to recoup through increases in the prices of our products.

Due to economic difficulty, we may face pressure to renegotiate agreements resulting in lower margins. Our suppliers may discontinue provision of products to us at attractive prices or at all, and we may not be able to obtain such products in the future from these or other providers on the scale and within the time periods we require. Furthermore, substitute raw materials or component parts may not meet the strict specifications and quality standards we and our customers demand, or that the U.S. Government requires. If we are not able to obtain key products on a timely basis and at an affordable cost, or we experience significant delays or interruptions of their supply, revenues from sales of products that use these supplies will decrease.

Our operations depend on our manufacturing facilities, which are subject to physical and other risks that could disrupt production.

Our manufacturing facilities or our customers' facilities could be damaged or disrupted by a natural disaster, war, or terrorist activity. We maintain property damage and business interruption insurance at the levels typical in our industry or for our customers and suppliers, however, a major catastrophe, such as an earthquake, hurricane, fire, flood, tornado or other natural disaster at any of our sites, or war or terrorist activities in any of the areas where we conduct operations could result in a prolonged interruption of our business. Any disruption resulting from these events could cause significant delays in shipments of products and the loss of sales and customers and we may not have insurance to adequately compensate us for any of these events. For leased facilities, timely renewal of leases and risk mitigation from the sale of our leased facilities is required to avoid any business interruption.

Our business could be negatively affected by cyber or other security threats or other disruptions.

Our businesses depend heavily on information technology and computerized systems to communicate and operate effectively. The Company's systems and technologies, or those of third parties on which we rely, could fail or become unreliable due to equipment failures, software viruses, cyber threats, terrorist acts, natural disasters, power failures or other causes. These threats arise in some cases as a result of our role as a defense contractor.

Cybersecurity threats are evolving and include, but are not limited to, malicious software, attempts to gain unauthorized access to our sensitive information, including that of our customers, suppliers, subcontractors, and joint venture partners, and other electronic security breaches that could lead to disruptions in mission critical systems, unauthorized release of confidential or otherwise protected information, and corruption of data.

Although we utilize various procedures and controls to monitor and mitigate these threats, there can be no assurance that these procedures and controls will be sufficient to prevent security threats from materializing. If any of these events were to materialize, the costs related to cyber or other security threats or disruptions may not be fully insured or indemnified and could have a material adverse effect on our reputation, operating results, and financial condition.

Significant consolidation by aerospace industry suppliers could adversely affect our business.

The aerospace industry continues to experience consolidation among suppliers and customers, primarily the airlines. Suppliers have consolidated and formed alliances to broaden their product and integrated system offerings and achieve critical mass. This supplier consolidation is in part attributable to aircraft manufacturers more frequently awarding long-term sole-source or preferred supplier contracts to the most capable suppliers, thus reducing the total number of suppliers. This consolidation could cause us to compete against certain competitors with greater financial resources, market penetration and purchasing power. When we purchase component parts and services from suppliers to manufacture our products, consolidation reduces price competition between our suppliers, which could diminish incentives for our suppliers to reduce prices. If this consolidation continues, our operating costs could increase and it may become more difficult for us to be successful in obtaining new customers.

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We may be subject to work stoppages at our facilities or those of our principal customers and suppliers, which could seriously impact the profitability of our business.

At March 31, 2016, we employed 14,602 people, of which 13.1% belonged to unions. Our unionized workforces and those of our customers and suppliers may experience work stoppages. For example, The collective bargaining agreement with our union employees with the IAM District 751 at our Spokane, Washington facility has expired. As of May 11, 2016, the workforce in Spokane of approximately 400 employee has elected to strike. While we are currently in negotiations with the workforce, we have implemented plans to continue production in Spokane with support from other locations. Our union employees with Local 848 at our Red Oak, Texas and Local 952 at our Tulsa, Oklahoma, facilities of the United Auto Workers ("UAW") are currently working without a contract. If we are unable to negotiate a contract with those workforces, our operations may be disrupted and we may be prevented from completing production and delivery of products from those facilities, which would negatively impact our results. Contingency plans have been developed that would allow production to continue in the event of a strike.

Many aircraft manufacturers, airlines and aerospace suppliers have unionized workforces. Strikes, work stoppages or slowdowns experienced by aircraft manufacturers, airlines or aerospace suppliers could reduce our customers' demand for our products or prevent us from completing production. In turn, this may have a material adverse effect on our financial condition, results of operations and cash flows.

Financial market conditions may adversely affect the benefit plan assets for our defined benefit plans, increase funding requirements and materially impact our statements of financial position and cash flows.

Our benefit plan assets are invested in a diversified portfolio of investments in both the equity and debt categories, as well as limited investments in other alternative investments. The current market values of all of these investments, as well as the related benefit plan liabilities are impacted by the movements and volatility in the financial markets. In accordance with the Compensation—Retirement Benefits topic of the Accounting Standards Codification ("ASC"), we have recognized the over-funded or under-funded status of a defined benefit postretirement plan as an asset or liability on our balance sheet, and will recognize changes in that funded status in the year in which the changes occur. The funded status is measured as the difference between the fair value of the plan's assets and the projected benefit obligation. A decrease in the fair value of these plan assets or a decrease in interest rates resulting from movements in the financial markets will increase the under-funded status of the plans recorded on our statement of financial position and result in additional cash funding requirements to meet the minimum required funding levels.

The U.S. Government is a significant customer of our largest customers, and we and they are subject to specific U.S. Government contracting rules and regulations.

The military aircraft manufacturers' business, and by extension, our business, is affected by the U.S. Government's continued commitment to programs under contract with our customers. The terms of defense contracts with the U.S. Government generally permit the government to terminate contracts partially or completely, either for its convenience or if we default by failing to perform under the contract. Termination for convenience provisions provide only for our recovery of unrecovered costs incurred or committed, settlement expenses and profit on the work completed prior to termination. Termination for default provisions provide for the contractor to be liable for excess costs incurred by the U.S. Government in procuring undelivered items from another source. On contracts where the price is based on cost, the U.S. Government may review our costs and performance, as well as our accounting and general business practices. Based on the results of such audits, the U.S. Government may adjust our contract-related costs and fees, including allocated indirect costs. In addition, under U.S. Government purchasing regulations, some of our costs, including most financing costs, portions of research and development costs, and certain marketing expenses may not be subject to reimbursement.

We bear the potential risk that the U.S. Government may unilaterally suspend our customers or us from new contracts pending the resolution of alleged violations of procurement laws or regulations. Sales to the U.S. Government are also subject to changes in the government's procurement policies in advance of design completion. An unexpected termination of, or suspension from, a significant government contract, a reduction in expenditures by the U.S. Government for aircraft using our products, lower margins resulting from increasingly competitive procurement policies, a reduction in the volume of contracts awarded to us, or substantial cost overruns could have a material adverse effect on our financial condition, results of operations and cash flows.

We are subject to the requirements of the National Industrial Security Program Operating Manual for facility security clearance, which is a prerequisite for our ability to perform on classified contracts for the U.S. Government.
DoD facility security clearance is required in order to be awarded and perform on classified contracts for the DoD and certain other agencies of the U.S. Government, which is a significant part of our business. We have obtained clearance at

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appropriate levels that require stringent qualifications, and we may be required to seek higher level clearances in the future. We cannot assure you that we will be able to maintain our security clearance. If for some reason our security clearance is invalidated or terminated, we may not be able to continue to perform our present classified contracts or be able to enter into new classified contracts, which could affect our ability to compete for and capture new business.

New regulations related to conflict minerals have and will continue to force us to incur additional expenses, may make our supply chain more complex, and could adversely impact our business.

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 contains provisions to improve transparency and accountability concerning the supply of certain minerals and metals, known as conflict minerals, originating from the Democratic Republic of Congo (the "DRC") and adjoining countries. As a result, in August 2012, the SEC adopted annual investigation, disclosure and reporting requirements for those companies that manufacture or contract to manufacture products that contain conflict minerals that originated from the DRC and adjoining countries. We have and will continue to incur compliance costs, including costs related to determining the sources of conflict minerals used in our products and other potential changes to processes or sources of supply as a consequence of such verification activities. The implementation of these rules could adversely affect the sourcing, supply and pricing of materials used in certain of our products. As there may be only a limited number of suppliers offering "conflict free" minerals, we cannot be sure that we will be able to obtain necessary conflict-free minerals from such suppliers in sufficient quantities or at competitive prices. Also, we may face reputational challenges if we determine that certain of our products contain minerals not determined to be conflict free.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of March 31, 2016, our segments owned or leased the following facilities with the following square footage:

(Square feet in thousands)	Owned	Leased	Total
Aerostructures Group	5,176	5,634	10,810
Aerospace Systems Group	1,294	1,035	2,329
Aftermarket Services Group	716	628	1,344
Corporate	—	17	17
Total	7,186	7,314	14,500

At March 31, 2016, our segments occupied 7.4 million square feet of floor space at the following major locations:

- Aerostructures Group: Nashville, Tennessee; Hawthorne, California; Red Oak, Texas; Grand Prairie, Texas; Milledgeville, Georgia; Spokane, Washington; and Stuart, Florida
- Aerospace Systems Group: West Hartford, Connecticut; and Park City, Utah
- Aftermarket Services Group: Hot Springs, Arkansas

We believe that our properties are adequate to support our operations for the foreseeable future.

Item 3. Legal Proceedings

In the ordinary course of our business, we are involved in disputes, claims, lawsuits, and governmental and regulatory inquiries that we deem to be immaterial. Some may involve claims or potential claims of substantial damages, fines or penalties. While we cannot predict the outcome of any pending or future litigation or proceeding, we do not believe that any pending matter will have a material effect, individually or in the aggregate, on our financial position or results of operations, although no assurances can be given to that effect.

Item 4. Mine Safety Disclosures

Not applicable.

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PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Range of Market Price
Our common stock is traded on the New York Stock Exchange under the symbol "TGI." The following table sets forth the range of high and low prices for our common stock for the periods indicated:

	High	Low
Fiscal 2015		
1st Quarter	$72.31	$61.86
2nd Quarter	70.38	62.00
3rd Quarter	70.93	59.53
4th Quarter	67.84	51.15
Fiscal 2016		
1st Quarter	$70.68	$57.25
2nd Quarter	67.16	41.14
3rd Quarter	47.28	32.82
4th Quarter	40.36	22.94

On May 25, 2016, the reported closing price for our common stock was $37.78. As of May 25, 2016, there were approximately 102 holders of record of our common stock and we believe that our common stock was beneficially owned by approximately 30,000 persons.

Dividend Policy
During fiscal 2016 and 2015, we paid cash dividends of $0.16 per share and $0.16 per share, respectively. However, our declaration and payment of cash dividends in the future and the amount thereof will depend upon our results of operations, financial condition, cash requirements, future prospects, limitations imposed by credit agreements or indentures governing debt securities and other factors deemed relevant by our Board of Directors. No assurance can be given that cash dividends will continue to be declared and paid at historical levels or at all. Certain of our debt arrangements, including the Credit Facility, restrict our paying dividends and making distributions on our capital stock, except for the payment of stock dividends and redemptions of an employee's shares of capital stock upon termination of employment. On May 2, 2016, the Company announced that its Board of Directors declared a regular quarterly dividend of $0.04 per share on its outstanding common stock. The dividend is next payable on June 15, 2016, to stockholders of record as of May 31, 2016.
Repurchases of Stock
In December 1998, we announced a program to repurchase up to 500,000 shares of our common stock. In February 2008, the Company's Board of Directors authorized an increase in the Company's existing stock repurchase program by up to an additional 500,000 shares of its common stock. In February 2014, the Company's Board of Directors authorized an increase in the Company's existing stock repurchase program by up to an additional 5,000,000 shares of its common stock. During the fiscal year ended March 31, 2016, we did not repurchase any shares. During the fiscal years ended March 31, 2015 and 2014, we repurchased 2,923,011 and 300,000 shares, respectively, for a purchase price of $184.4 million and $19.1 million, respectively. From the inception of the program through March 31, 2013, we repurchased 499,200 shares (prior to fiscal 2012 stock split) for a purchase price of $19.2 million. Repurchases may be made from time to time in open market transactions, block purchases, privately negotiated transactions or otherwise at prevailing prices. No time limit has been set for completion of the program. As a result, as of May 27, 2016, the Company remains able to purchase an additional 2,277,789 shares.
Equity Compensation Plan Information

The information required regarding equity compensation plan information will be included in our Proxy Statement in connection with our 2016 Annual Meeting of Stockholders to be held on July 21, 2016, under the heading "Equity Compensation Plan Information" and is incorporated herein by reference.

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The following graph compares the cumulative 5-year total return provided stockholders on our common stock relative to the cumulative total returns of the Russell 1000 index and the S&P Aerospace & Defense index. An investment of $100 (with reinvestment of all dividends) is assumed to have been made in our common stock and in each of the indexes on March 31, 2011, and its relative performance is tracked through March 31, 2016.

COMPARISON OF 5-YEAR CUMULATIVE TOTAL RETURN*
Among Triumph Group, Inc., and The Russell 1000 Indexes
And The S&P Aerospace & Defense Index
* $100 invested on March 31, 2011 in stock or index, including reinvestment of dividends.

	Fiscal year ended March 31					
	3/11	3/12	3/13	3/14	3/15	3/16
Triumph Group, Inc.	100.00	142.05	178.40	147.09	136.55	72.14
Russell 1000	100.00	107.86	123.42	151.09	170.33	171.18
S&P Aerospace & Defense	100.00	104.54	121.06	173.68	198.30	200.23

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

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Item 6. Selected Financial Data

The following selected financial data should be read in conjunction with the Consolidated Financial Statements and related Notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included herein.

	Fiscal Year Ended March 31,				
	2016(1)	2015(2)	2014(3)	2013(4)	2012(5)
	(in thousands, except per share data)				
Operating Data:					
Net sales	$3,886,072	$3,888,722	$3,763,254	$3,702,702	$3,407,929
Cost of sales	3,597,299	3,141,453	2,911,802	2,763,488	2,564,995
	288,773	747,269	851,452	939,214	842,934
Selling, general and administrative expense	287,349	285,773	254,715	241,349	242,553
Depreciation and amortization	177,755	158,323	164,277	129,506	119,724
Impairment of intangible assets	874,361	—	—	—	—
Restructuring	36,182	3,193	31,290	2,665	6,342
Curtailments, settlements and early retirement incentives	(1,244)	—	1,166	34,481	(40,400)
Loss (gain) on legal settlement, net	5,476	(134,693)	—	—	—
Operating (loss) income	(1,091,106)	434,673	400,004	531,213	514,715
Interest expense and other	68,041	85,379	87,771	68,156	77,138
(Loss) income from continuing operations, before income taxes	(1,159,147)	349,294	312,233	463,057	437,577
Income tax (benefit) expense	(111,187)	110,597	105,977	165,710	155,955
(Loss) income from continuing operations	(1,047,960)	238,697	206,256	297,347	281,622
Loss from discontinued operations	—	—	—	—	(765)
Net (loss) income	$(1,047,960)	$238,697	$206,256	$297,347	$280,857
Earnings per share:					
(Loss) income from continuing operations:					
Basic	$(21.29)	$4.70	$3.99	$5.99	$5.77
Diluted(6)	$(21.29)	$4.68	$3.91	$5.67	$5.43
Cash dividends declared per share	$0.16	$0.16	$0.16	$0.16	$0.14
Shares used in computing earnings per share:					
Basic	49,218	50,796	51,711	49,663	48,821
Diluted(6)	49,218	51,005	52,787	52,446	51,873

	As of March 31,				
	2016(1)	2015(2)	2014(3)	2013(4)	2012(5)
	(in thousands)				
Balance Sheet Data:					
Working capital	$606,767	$1,023,144	$1,141,741	$892,818	$741,105
Total assets	4,835,093	5,956,325	5,553,386	5,239,179	4,597,224
Long-term debt, including current portion	1,417,320	1,368,600	1,550,383	1,329,863	1,158,862
Total stockholders' equity	$934,944	$2,135,784	$2,283,911	$2,045,158	$1,793,369

(1) Includes the acquisition of Fairchild Controls Corporation (October 2015) from the date of acquisition, forward losses on the Bombardier and 747-8 programs of $561,158 and restructuring charges of $75,596 (March 2016). See Notes to the Consolidated Financial Statements.

(2) Includes the acquisitions of Spirit AeroSytems Holdings, Inc. - Gulfstream G650 and G280 Wings Programs and forward losses on the 747-8 program of $151,992 (December 2014), North American Aircraft Services, Inc.

(October 2014) and GE Aviation - Hydraulic Actuation (June 2014) from the date of each respective acquisition. See Notes to the Consolidated Financial Statements.

(3) Includes the acquisitions of Insulfab Product Line (Chase Corporation) (October 2013), General Donlee Canada, Inc. (October 2013) and Primus Composites (May 2013) from the date of each respective acquisition. Includes the divestitures of Triumph Aerospace Systems - Wichita (January 2014) and Triumph Instruments (April 2013) from the date of respective divestiture. See Note 3 and 4 to the Consolidated Financial Statements, respectively.

(4) Includes the acquisitions of Goodrich Pump & Engine Control Systems, Inc. (March 2013) and Embee, Inc. (December 2012) from the date of each respective acquisition.

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(5) Includes the acquisition of Aviation Network Services, LLC (October 2011) from the date of acquisition.

(6) Diluted earnings per share for the fiscal years ended March 31, 2015, 2014, 2013 and 2012, included 40,177, 811,083, 2,400,439 and 2,606,189 shares, respectively, related to the dilutive effects of the Company's Convertible Notes.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the Consolidated Financial Statements and notes thereto contained elsewhere herein.

OVERVIEW

We are a major supplier to the aerospace industry and have three operating segments: (i) Triumph Aerostructures Group, whose companies' revenues are derived from the design, manufacture, assembly and integration of metallic and composite aerostructures and structural components for the global aerospace original equipment manufacturers, or OEM, market; (ii) Triumph Aerospace Systems Group, whose companies design, engineer and manufacture a wide range of proprietary and build-to-print components, assemblies and systems also for the OEM market; and (iii) Triumph Aftermarket Services Group, whose companies serve aircraft fleets, notably commercial airlines, the U.S. military and cargo carriers, through the maintenance, repair and overhaul of aircraft components and accessories manufactured by third parties.

Effective October 21, 2015, the Company acquired the ownership of all of the outstanding shares of Fairchild Controls Corporation ("Fairchild"). Fairchild is a leading provider of proprietary thermal management systems, auxiliary power generation systems and related aftermarket spares and repairs. The acquired business operates as Triumph Thermal Systems-Maryland, Inc. and its results are included in Aerospace Systems Group from the date of acquisition.

Significant financial results for the fiscal year ended March 31, 2016 include:

- Net sales for fiscal 2016 decreased 0.1% to $3.89 billion, including a 9.8% decrease in organic sales.
- Operating loss for fiscal 2016 was $(1.09) billion.
- Included in operating loss for fiscal 2016 was a non-cash impairment charge of $874.4 million primarily related to goodwill and the indefinite-lived tradename in the Aerostructures reporting, forward losses to the Bombardier Global 7000/8000 and 747-8 programs of $561.2 million and restructuring and related accelerated depreciation charges of $81.0 million.
- Net loss for fiscal 2016 was $(1.05) billion and included a charge for an income tax valuation allowance of $155.8 million.
- Backlog decreased 17.4% over the prior year to $4.15 billion.

For the fiscal year ended March 31, 2016, net sales totaled $3.89 billion, a 0.1% decrease from fiscal year 2015 net sales of $3.89 billion. Net income for fiscal year 2016 decreased 539.0% to $(1.05) billion, or $(21.29) per diluted common share, versus $238.7 million, or $4.68 per diluted common share, for fiscal year 2015.

Our working capital needs are generally funded through cash flows from operations and borrowings under our credit arrangements. For the fiscal year ended March 31, 2016, we generated $83.9 million of cash flows from operating activities, used $128.0 million in investing activities and received $32.5 million in financing activities. Cash flows from operating activities in fiscal year 2015 was $467.3 million and included $112.3 million in pension contributions.

During the fiscal year ended March 31, 2016, the Company committed to a restructuring of certain its businesses as well as the consolidation of certain of its facilities ("2016 Restructuring Plan"). The Company expects to reduce its footprint by approximately 3.5 million square feet and to reduce head count by 1,200 employees. Over the next few fiscal years, the Company estimates that it will record aggregate pre-tax charges of $150.0 million to $160.0 million related to these programs, which represent employee termination benefits, contract termination costs, accelerated depreciation and facility closure and other exit costs, and will result in future cash outlays. For the fiscal year ended March 31, 2016, the Company recorded charges of $81.0 million related to this program, including accelerated depreciation of $22.4 million and severance of $16.3 million.

We are currently performing work on several new programs, which are in various stages of development. Several of the these programs are expected to enter flight testing during our fiscal 2017, including the Bombardier Global 7000/8000, and Embraer second generation E-Jet ("E2-Jets") and we expect to deliver revenue generating production units for these programs in late fiscal 2017, or early fiscal 2018. Historically, low-rate production commences during flight testing, followed by an

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increase to full-rate production, assuming that successful testing and certification are achieved. Accordingly, we anticipate that each of these programs will begin generating full-rate production level revenues between fiscal 2019 and fiscal 2021. We are still in the early development stages for the Gulfstream G500/G600 programs, as these aircraft are not expected to enter service until fiscal 2019. Transition of each of these programs from development to recurring production levels is dependent upon the success of each program at achieving flight testing and certification, as well as the ability of the OEM to generate acceptable levels of aircraft sales.

Fiscal 2016 was a challenging year for certain of our new programs. While work progressed on these development programs, we experienced difficulties in achieving estimated cost targets particularly in the areas of engineering and estimated recurring costs. As described in more detail in “Results of Operations”, we recorded a $399.8 million forward loss on our Bombardier Global 7000/8000 wing contract in the fourth quarter of 2016. The Global 7000/8000 contract provides for fixed pricing and requires us to fund certain up-front development expenses, with certain milestone payments made by Bombardier. The Global 7000/8000 program charge resulted in the impairment of previously capitalized pre-production costs due to the combination of cost recovery uncertainty, higher than anticipated non-recurring costs and increased forecasted costs on recurring production. The increases in costs were driven by several factors, including: changing technical requirements, increased spending on the design and engineering phase of the program and uncertainty regarding cost reduction and cost recovery initiatives with our customer and suppliers. Further cost increases or an inability to meet revised recurring cost forecasts on the Global 7000/8000 program may result in additional forward loss reserves in future periods, while improvements in future costs compared to current estimates may result in favorable adjustments if forward loss reserves are no longer required.

Under our contract with Embraer, we have the exclusive right to design, develop and manufacture the center fuselage section III, rear fuselage section and various tail section components (rudder and elevator) for the E2-Jets over the initial 600 ship sets. The contract provides for funding on a fixed amount of non-recurring costs, which will be paid over a specified number of production units. Higher than expected spending on the E2-Jets program has resulted in a low single digit estimated profit margin percentage, with additional potential future cost pressures as well as opportunities for improved performance. While we still estimate positive margins for this contract, risks related to additional engineering as well as the recurring cost profile remains as this program enters flight testing.

We seek additional consideration for customer work statement changes throughout the development process as a standard course of business. The ability to recover or negotiate additional consideration is not certain and varies by contract. Varying market conditions for these products may also impact future profitability.

Although none of these new programs individually are expected to have a material impact on our net revenues, they do have the potential, either individually or in the aggregate, to materially and negatively impact our consolidated results of operations if future changes in estimates result in the need for a forward loss provision. Absent any such loss provisions, we do not anticipate that any of these new programs will significantly dilute our future consolidated margins.

In January 2016, Boeing announced a rate reduction to the 747-8 program, which lowers production to one plane every two months. We have assessed the impact of the rate reduction and have recorded an additional $161.4 million forward loss during the quarter ended March 31, 2016. This announcement follows the September 2015 decision by Boeing to in-source production of the 747-8 program beginning in the second half of fiscal 2019, effectively terminating this program with us after our current contract. Additional costs associated with exiting the facilities where the 747-8 program is manufactured, such as asset impairment, supplier and lease termination charges, as well as severance and retention payments to employees and contractors have been included in the 2016 Restructuring Plan.

As disclosed during fiscal 2015, we also recognized a provision for forward losses associated with our long-term contract on the 747-8 program. There is still risk similar to what we have experienced on the 747-8 program. Particularly, our ability to manage risks related to supplier performance, execution of cost reduction strategies, hiring and retaining skilled production and management personnel, quality and manufacturing execution, program schedule delays and many other risks, will determine the ultimate performance of these long-term programs.

Consistent with our policy described in our Critical Accounting Policies here within, we performed Step 1 of the goodwill impairment test on an interim basis upon the occurrence of events or substantive changes in circumstances that indicate a reporting unit's fair value may be less than its carrying value. During the third quarter of fiscal 2016, we performed an interim assessment of the fair value of our goodwill and indefinite-lived intangible assets due to potential indicators of impairment related to the continued decline in our stock price during the third quarter.

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Our assessment focused on the Aerostructures reporting unit since it had significant changes in its economic indicators and adjusted for select changes in the risk adjusted discount rate to consider both the current return requirements of the market and the risks inherent in the reporting unit, expected long-term growth rate and cash flow projections to determine if any decline in the estimated fair value of a reporting unit could result in a goodwill impairment. We concluded that the goodwill was not impaired as of the interim impairment assessment date. However, the excess of the fair value over the carrying value was within 5% for the Company's Aerostructures reporting unit. The amount of goodwill for our Aerostructures reporting unit amounted to $1.42 billion as of the interim testing date.

During the fourth quarter of the fiscal year ended March 31, 2016, consistent with our policy described herein, we performed our annual assessment of the fair value of our goodwill for each of our three reporting units. We concluded that the goodwill of our Aerostructures reporting unit was impaired as of the annual testing date. We concluded that the goodwill had an implied fair value of $822.8 million (Level 3) compared to a carrying value of $1.42 billion. Accordingly, we recorded a non-cash impairment charge during the fourth quarter of fiscal 2016 of $597.6 million, which is presented on the accompanying Consolidated Statements of Operations as "Impairment of intangible assets". The decline in fair value is the result of continued declines in stock price and related market multiples for stock price to EBITDA of both the Company and our peer group. Going forward, we will continue to monitor the performance of this reporting unit in relation to the key assumptions in our analysis.

In the event that market multiples for stock price to EBITDA in the aerospace and defense markets decrease, or the expected EBITDA and cash flows for our reporting units decreases, an additional goodwill impairment charge may be required, which would adversely affect our operating results and financial condition. If management determines that impairment exists, the impairment will be recognized in the period in which it is identified.

During the third quarter of the fiscal year ended March 31, 2016, we performed an interim assessment of fair value on our indefinite-lived intangible assets due to potential indicators of impairment related to the continued decline in our stock price during the fiscal third quarter. We estimated the fair value of the tradenames using the relief-from-royalty method, which uses several significant assumptions, including revenue projections that consider historical and estimated future results, general economic and market conditions, as well as the impact of planned business and operational strategies. The following estimates and assumptions were also used in the relief-from-royalty method:

•Royalty rates between 2% and 4% based on market observed royalty rates and profit split analysis; and

•Discount rates between 12% and 13% based on the required rate of return for the tradename assets.

Based on our evaluation, we concluded that the Vought tradename had a fair value of $195.8 million (Level 3) compared to a carrying value of $425.0 million. Accordingly, we recorded a non-cash impairment charge during the quarter ended December 31, 2015, of $229.2 million, which is presented on the accompanying Consolidated Statements of Operations as "Impairment of intangible assets". The decline in fair value compared to carrying value of the Vought tradename is the result of declining revenues from production rate reductions and the slower than previously projected ramp in Bombardier Global 7000/8000 and the timing of associated earnings.

During the fourth quarter of the fiscal year ended March 31, 2016, we performed our annual assessment of fair value on our indefinite-lived intangible assets. We estimated the fair value of the tradenames using the relief-from-royalty method, which uses several significant assumptions, including revenue projections that consider historical and estimated future results, general economic and market conditions, as well as the impact of planned business and operational strategies. The following estimates and assumptions were also used in the relief-from-royalty method:

•Royalty rates between 2% and 4% based on market observed royalty rates and profit split analysis; and

•Discount rate of 14% based on the required rate of return for the tradename assets, which increased from our interim assessment driven by increased risk due to continued declines in stock price and related market multiples for stock price to EBITDA of both the Company and our peer group and increased interest rates.

Based on our evaluation of indefinite-lived assets, including the tradenames, we concluded that the Vought and Embee tradenames had a fair value of $163.0 million (Level 3) compared to a carrying value of $209.2 million. The decline in fair value compared to carrying value of the tradenames is the result of the increase in discount rate during the fourth quarter, which required the Company to assess whether events and/or circumstances have changed regarding the indefinite-life conclusion. Accordingly, we revalued both the tradenames as if these intangible assets were no longer indefinite and recorded a non-cash impairment charge during the fiscal year ended March 31, 2016, of

$46.2 million, which is presented on the accompanying Consolidated Statements of Operations as "Impairment of intangible assets". Additionally, we determined that the tradenames will be amortized over their remaining estimated useful life of 20 years.

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In the event of significant loss of revenues and related earnings associated with the Vought and Embee tradenames, further impairment charges may be required, which would adversely affect our operating results.
The collective bargaining agreement with our union employees with IAM District 751 at our Spokane, Washington facility has expired. As of May 11, 2016, the workforce in Spokane of approximately 400 employees has elected to strike. While we are currently in negotiations with the workforce, we have implemented plans to continue production in Spokane with support from other locations. Our union employees with UAW Local 848 at our Red Oak, Texas facility and UAW Local 952 at our Tulsa, Oklahoma facility are currently working without a contract. If we are unable to negotiate a contract with each of those workforces, our operations may be disrupted and we may be prevented from completing production and delivery of products from those facilities, which would negatively impact our results. Contingency plans have been developed that would allow production to continue in the event of an additional strike.
Effective December 30, 2014, a wholly-owned subsidiary of the Company, Triumph Aerostructures-Tulsa LLC, doing business as Triumph Aerostructures-Vought Aircraft Division-Tulsa, completed the acquisition of the Gulfstream G650 and G280 wing programs (the "Tulsa Programs") located in Tulsa, Oklahoma, from Spirit AeroSystems, Inc. The acquisition of the Tulsa Programs establishes the Company as a leader in fully integrated wing design, engineering and production and advances its standing as a strategic Tier One Capable aerostructures supplier. The acquired business operates as Triumph Aerostructures-Vought Aircraft Division-Tulsa and its results are included in the Aerostructures Group from the date of acquisition.
Effective October 17, 2014, the Company acquired the ownership of all of the outstanding shares of North American Aircraft Services, Inc. and its affiliates ("NAAS"). NAAS is based in San Antonio, Texas, with fixed-based operator units throughout the United States as well as international locations and delivers line maintenance and repair, fuel leak detection and fuel bladder cell repair services. The acquired business operates as Triumph Aviation Services-NAAS Division and its results are included in Aftermarket Services Group from the date of acquisition.
Effective June 27, 2014, the Company acquired the hydraulic actuation business of GE Aviation ("GE"). GE's hydraulic actuation business consists of three facilities located in Yakima, Washington, Cheltenham, England and the Isle of Man and is a technology leader in actuation systems. GE's key product offerings include complete landing gear actuation systems, door actuation, nose-wheel steerings, hydraulic fuses, manifolds flight control actuation and locking mechanisms for the commercial, military and business jet markets. The acquired business operates as Triumph Actuation Systems-Yakima and Triumph Actuation Systems-UK & IOM and its results are included in Aerospace Systems Group from the date of acquisition.

RESULTS OF OPERATIONS

The following includes a discussion of our consolidated and business segment results of operations. The Company's diverse structure and customer base do not provide for precise comparisons of the impact of price and volume changes to our results. However, we have disclosed the significant variances between the respective periods.

Non-GAAP Financial Measures

We prepare and publicly release quarterly unaudited financial statements prepared in accordance with GAAP. In accordance with Securities and Exchange Commission (the "SEC") guidance on Compliance and Disclosure Interpretations, we also disclose and discuss certain non-GAAP financial measures in our public releases. Currently, the non-GAAP financial measure that we disclose is Adjusted EBITDA, which is our (loss) income from continuing operations before interest, income taxes, amortization of acquired contract liabilities, curtailments, settlements and early retirement incentives and depreciation and amortization. We disclose Adjusted EBITDA on a consolidated and a reportable segment basis in our earnings releases, investor conference calls and filings with the SEC. The non-GAAP financial measures that we use may not be comparable to similarly titled measures reported by other companies. Also, in the future, we may disclose different non-GAAP financial measures in order to help our investors more meaningfully evaluate and compare our future results of operations to our previously reported results of operations.
We view Adjusted EBITDA as an operating performance measure and, as such, we believe that the GAAP financial measure most directly comparable to it is income from continuing operations. In calculating Adjusted EBITDA, we exclude from (loss) income from continuing operations the financial items that we believe should be separately

identified to provide additional analysis of the financial components of the day-to-day operation of our business. We have outlined below the type and scope of these exclusions and the material limitations on the use of these non-GAAP financial measures as a result of these exclusions. Adjusted EBITDA is not a measurement of financial performance under GAAP and should not be considered as a measure of liquidity, as an alternative to net (loss) income, (loss) income from continuing operations, or as an indicator of any other measure of performance derived in accordance with GAAP. Investors and potential investors in our securities should not rely on Adjusted EBITDA as a substitute for any GAAP financial measure, including net (loss) income or (loss) income from

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continuing operations. In addition, we urge investors and potential investors in our securities to carefully review the reconciliation of Adjusted EBITDA to (loss) income from continuing operations set forth below, in our earnings releases and in other filings with the SEC and to carefully review the GAAP financial information included as part of our Quarterly Reports on Form 10-Q and our Annual Reports on Form 10-K that are filed with the SEC, as well as our quarterly earnings releases, and compare the GAAP financial information with our Adjusted EBITDA.

Adjusted EBITDA is used by management to internally measure our operating and management performance and by investors as a supplemental financial measure to evaluate the performance of our business that, when viewed with our GAAP results and the accompanying reconciliation, we believe provides additional information that is useful to gain an understanding of the factors and trends affecting our business. We have spent more than 20 years expanding our product and service capabilities partially through acquisitions of complementary businesses. Due to the expansion of our operations, which included acquisitions, our (loss) income from continuing operations has included significant charges for depreciation and amortization. Adjusted EBITDA excludes these charges and provides meaningful information about the operating performance of our business, apart from charges for depreciation and amortization. We believe the disclosure of Adjusted EBITDA helps investors meaningfully evaluate and compare our performance from quarter to quarter and from year to year. We also believe Adjusted EBITDA is a measure of our ongoing operating performance because the isolation of non-cash charges, such as depreciation and amortization, and non-operating items, such as interest and income taxes, provides additional information about our cost structure, and, over time, helps track our operating progress. In addition, investors, securities analysts and others have regularly relied on Adjusted EBITDA to provide a financial measure by which to compare our operating performance against that of other companies in our industry.

Set forth below are descriptions of the financial items that have been excluded from our (loss) income from continuing operations to calculate Adjusted EBITDA and the material limitations associated with using this non-GAAP financial measure as compared to (loss) income from continuing operations:

- Legal settlements may be useful for investors to consider because it reflects gains or losses from disputes with third parties. We do not believe these earnings necessarily reflect the current and ongoing cash earnings related to our operations.
- Curtailments, settlements and early retirement incentives may be useful for investors to consider because it represents the current period impact of the change in the defined benefit obligation due to the reduction in future service costs as well as the incremental cost of retirement incentive benefits paid to participants. We do not believe these earnings necessarily reflect the current and ongoing cash earnings related to our operations.
- Amortization of acquired contract liabilities may be useful for investors to consider because it represents the non-cash earnings on the fair value of off-market contracts acquired through acquisitions. We do not believe these earnings necessarily reflect the current and ongoing cash earnings related to our operations.
- Amortization expense (including intangible asset impairments) may be useful for investors to consider because it represents the estimated attrition of our acquired customer base and the diminishing value of product rights and licenses. We do not believe these charges necessarily reflect the current and ongoing cash charges related to our operating cost structure.
- Depreciation may be useful for investors to consider because it generally represents the wear and tear on our property and equipment used in our operations. We do not believe these charges necessarily reflect the current and ongoing cash charges related to our operating cost structure.
- The amount of interest expense and other we incur may be useful for investors to consider and may result in current cash inflows or outflows. However, we do not consider the amount of interest expense and other to be a representative component of the day-to-day operating performance of our business.
- Income tax expense may be useful for investors to consider because it generally represents the taxes which may be payable for the period and the change in deferred income taxes during the period and may reduce the amount of funds otherwise available for use in our business. However, we do not consider the amount of income tax expense to be a representative component of the day-to-day operating performance of our business.

Management compensates for the above-described limitations of using non-GAAP measures by using a non-GAAP measure only to supplement our GAAP results and to provide additional information that is useful to gain an understanding of the factors and trends affecting our business.

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The following table shows our Adjusted EBITDA reconciled to our (loss) income from continuing operations for the indicated periods (in thousands):

	Fiscal year ended March 31,		
	2016	2015	2014
(Loss) income from continuing operations	$(1,047,960)	$238,697	$206,256
Legal settlement charge (gain), net of expenses	5,476	(134,693)	—
Amortization of acquired contract liabilities	(132,363)	(75,733)	(42,629)
Depreciation and amortization *	1,052,116	158,323	164,277
Curtailments, settlements and early retirement incentives	(1,244)	—	1,166
Interest expense and other	68,041	85,379	87,771
Income tax (benefit) expense	(111,187)	110,597	105,977
Adjusted EBITDA	$(167,121)	$382,570	$522,818

* - Includes Impairment charges related to intangible assets

The following tables show our Adjusted EBITDA by reportable segment reconciled to our operating (loss) income for the indicated periods (in thousands):

	Fiscal year ended March 31, 2016				
	Total	Aerostructures	Aerospace Systems	Aftermarket Services	Corporate/ Eliminations
Operating (loss) income	$(1,091,106)	$(1,274,777)	$216,520	$ 24,977	$ (57,826)
Legal settlement charge, net	5,476	12,070	(8,494)	1,900	—
Curtailments, settlements and early retirement incentives	(1,244)	—	—	—	(1,244)
Amortization of acquired contract liabilities	(132,363)	(90,778)	(41,585)	—	—
Depreciation and amortization *	1,052,116	988,947	50,518	11,009	1,642
Adjusted EBITDA	$(167,121)	$(364,538)	$216,959	$ 37,886	$ (57,428)

* - Includes Impairment impairment charges related to intangible assets.

	Fiscal year ended March 31, 2015				
	Total	Aerostructures	Aerospace Systems	Aftermarket Services	Corporate/ Eliminations
Operating income	$434,673	$ 120,985	$184,042	$ 47,931	$ 81,715
Legal settlement (gain), net	(134,693)	—	—	—	(134,693)
Amortization of acquired contract liabilities	(75,733)	(38,719)	(37,014)	—	—
Depreciation and amortization	158,323	102,296	45,200	8,559	2,268
Adjusted EBITDA	$382,570	$ 184,562	$192,228	$ 56,490	$ (50,710)

	Fiscal year ended March 31, 2014				
	Total	Aerostructures	Aerospace Systems	Aftermarket Services	Corporate/ Eliminations
Operating income	$400,004	$ 248,637	$149,721	$ 42,265	$ (40,619)
Curtailments, settlements and early retirement incentives	1,166	—	—	—	1,166
Amortization of acquired contract liabilities	(42,629)	(25,207)	(17,422)	—	—
Depreciation and amortization	164,277	116,514	37,453	7,529	2,781
Adjusted EBITDA	$522,818	$ 339,944	$169,752	$ 49,794	$ (36,672)

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The fluctuations from period to period within the amounts of the components of the reconciliations above are discussed further below within Results of Operations.

Fiscal year ended March 31, 2016 compared to fiscal year ended March 31, 2015

	Year Ended March 31,	
	2016	2015
	(in thousands)	
Net sales	$3,886,072	$3,888,722
Segment operating (loss) income	$(1,033,280)	$352,958
Corporate (expense) income	(57,826)	81,715
Total operating (loss) income	(1,091,106)	434,673
Interest expense and other	68,041	85,379
Income tax (benefit) expense	(111,187)	110,597
Net (loss) income	$(1,047,960)	$238,697

Net sales decreased by $2.7 million, or (0.1)%, to $3.9 billion for the fiscal year ended March 31, 2016, from $3.9 billion for the fiscal year ended March 31, 2015. The acquisition of Fairchild and the fiscal 2015 acquisitions contributed $355.3 million. Organic sales decreased $352.7 million, or (9.8)%, due to production rate cuts by our customers on the 747-8, V-22, G450/G550 and C-17 programs. The prior fiscal year was negatively impacted by our customers' decreased production rates on existing programs and decreased military sales.

In the fourth quarter of fiscal 2016, we recorded a $399.8 million forward loss charge for the Bombardier Global 7000/8000 wing program. Under our contract for this program, we have the right to design, develop and manufacture wing components over the initial 300 ship sets. The Global 7000/8000 contract provides for fixed pricing and requires us to fund certain up-front development expenses, with certain milestone payments made by Bombardier. The Global 7000/8000 program charge resulted in the impairment of previously capitalized pre-production costs due to the combination of cost recovery uncertainty, higher than anticipated non-recurring costs and increased forecasted costs on recurring production. The increases in costs were driven by several factors, including: changing technical requirements, increased spending on the design and engineering phase of the program and uncertainty regarding cost reduction and cost recovery initiatives with our customer and suppliers. Further cost increases or an inability to meet revised recurring cost forecasts on the Global 7000/8000 program may result in additional forward loss reserves in future periods, while improvements in future costs compared to current estimates may result in favorable adjustments if forward loss reserves are no longer required.

In January 2016, Boeing announced a rate reduction to the 747-8 program, which lowers production to one plane every two months. We have assessed the impact of the rate reduction and have recorded an additional $161.4 million forward loss. This announcement follows the September 2015 decision by Boeing to in-source production of the 747-8 program beginning in the second half of fiscal 2019, effectively terminating this program with us after our current contract. Additional costs associated with exiting the facilities where the 747-8 program is manufactured, such as asset impairment, supplier and lease termination charges, as well as severance and retention payments to employees and contractors have been included in the 2016 Restructuring Plan.

Recognition of additional forward losses in the future periods continues to be a risk and will depend upon several factors, including the impact of the above discussed production rate change, our ability to successfully perform under current design and manufacturing plans, achievement of forecasted cost reductions as we continue production, our ability to successfully resolve claims and assertions with our customers and suppliers and our customers' ability to sell their products.

Cost of sales increased by $455.8 million, or 14.5%, to $3.6 billion for the fiscal year ended March 31, 2016, from $3.1 billion for the fiscal year ended March 31, 2015. The acquisition of Fairchild and the fiscal 2015 acquisitions contributed $274.5 million. The organic cost of sales included provisions for forward losses of $561.2 million on the Bombardier and 747-8 programs (as discussed above). Organic gross margin for the fiscal year ended March 31, 2016, was 3.9% compared with 19.1% for the fiscal year ended March 31, 2015. The prior year was impacted by additional costs on the 747-8 program and disruption and accelerated depreciation associated with the relocation from our Jefferson Street Facilities.

Gross margin included net unfavorable cumulative catch-up adjustments on long-term contracts and provisions for forward losses as noted above ($596.2 million). The unfavorable cumulative catch-up adjustments to operating income included gross

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favorable adjustments of $33.0 million and gross unfavorable adjustments of $629.2 million, of which $561.2 million was related to forward losses associated with the Bombardier and 747-8 programs. Excluding the aforementioned forward losses, the cumulative catch-up adjustments for the fiscal year ended March 31, 2016, reflected increased labor and supplier costs on other programs. Gross margins for fiscal 2015 included net unfavorable cumulative catch-up adjustments of $156.0 million, of which $152.0 million was related to the forward losses on the 747-8 program.

Segment operating (loss) income decreased by $1,386.2 million, or (392.7)%, to $(1,033.3) million for the fiscal year ended March 31, 2016, from $353.0 million for the fiscal year ended March 31, 2015. The decreased operating income is directly related to the provisions for forward losses and gross margin changes noted above and the previously mentioned goodwill and tradename impairment charges.

Corporate operations incurred expenses of $57.8 million for the fiscal year ended March 31, 2016, as opposed to income of $81.7 million for the fiscal year ended March 31, 2015. The fiscal year ended March 31, 2015, included the legal settlement between the Company and Eaton, which resulted in a net gain of $134.7 million.

Interest expense and other decreased by $17.3 million, or 20.3%, to $68.0 million for the fiscal year ended March 31, 2016 compared to $85.4 million for the prior year. Interest expense and other for the fiscal year ended March 31, 2016, included foreign exchange losses of $2.4 million versus foreign exchange gains of $5.0 million for the fiscal year ended March 31, 2015. Interest expense and other for the fiscal year ended March 31, 2015 included the redemption of the 2018 Notes, which included $22.6 million for pre-tax losses associated with the 4.79% redemption premium, and write-off of the remaining related unamortized discount and deferred financing fees.

The effective income tax rate was 9.6% for the fiscal year ended March 31, 2016, and reflected the establishment of a valuation allowance of $155.8 million against net deferred tax assets. Based on an evaluation of both the positive and negative evidence available, we determined that it was necessary to establish a valuation allowance against substantially all of our net deferred tax assets for the fiscal year ended March 31, 2016.

A valuation allowance, if needed, reduces deferred tax assets to the amount expected to be realized. When determining the amount of net deferred tax assets that are more likely than not to be realized, the Company assesses all available positive and negative evidence. This evidence includes, but is not limited to, prior earnings history, expected future earnings, carry-back and carry-forward periods and the feasibility of ongoing tax strategies that could potentially enhance the likelihood of the realization of a deferred tax asset. The weight given to the positive and negative evidence is commensurate with the extent the evidence may be objectively verified. As such, it is generally difficult for positive evidence regarding projected future taxable income exclusive of reversing taxable temporary differences to outweigh objective negative evidence of recent financial reporting losses.

Based on these criteria and the relative weighting of both the positive and negative evidence available, and in particular the activity surrounding the Company's prior earnings history, including the forward losses and intangible impairments previously recognized, management determined that it was necessary to establish a valuation allowance against principally all of its net deferred tax assets at March 31, 2016. Given the objectively verifiable negative evidence of a three-year cumulative loss and the weighting of all available positive evidence, the Company excluded projected taxable income (aside from reversing taxable temporary differences) from the assessment of income that could be used as a source of taxable income to realize the deferred tax assets.

The effective tax rate for the fiscal year ended March 31, 2015, was 31.7% and included the release of previously reserved for unrecognized tax benefits of $1.1 million, the benefit of $2.8 million from a decrease of the state deferred tax rate and the benefit of $6.0 million from the retroactive reinstatement of the R&D tax credit to January 1, 2014.

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Fiscal year ended March 31, 2015 compared to fiscal year ended March 31, 2014

	Year Ended March 31,	
	2015	2014
	(in thousands)	
Net sales	$3,888,722	$3,763,254
Segment operating income	$352,958	$440,623
Corporate income (expenses)	81,715	(40,619)
Total operating income	434,673	400,004
Interest expense and other	85,379	87,771
Income tax expense	110,597	105,977
Net income	$238,697	$206,256

Net sales increased by $125.5 million, or 3.3%, to $3.9 billion for the fiscal year ended March 31, 2015, from $3.8 billion for the fiscal year ended March 31, 2014. The fiscal 2015 and fiscal 2014 acquisitions, net of prior year divestitures, contributed $306.1 million. Organic sales decreased $180.6 million, or 4.6%, due to production rate cuts by our customers on the 747-8, V-22, G450/G550 and C-17 programs. The prior fiscal year was negatively impacted by our customers' decreased production rates on existing programs and decreased military sales.

Cost of sales increased by $229.7 million, or 7.9%, to $3.1 billion for the fiscal year ended March 31, 2015, from $2.9 billion for the fiscal year ended March 31, 2014. The fiscal 2015 and fiscal 2014 acquisitions, net of prior year divestitures, contributed $264.2 million. Despite the decrease in organic cost of sales, the organic cost of sales included a provision for forward losses of $152.0 million on the 747-8 program in addition to losses as a result of losing NADCAP certification at one of our facilities. Organic gross margin for the fiscal year ended March 31, 2015, was 20.1% compared with 23.1% for the fiscal year ended March 31, 2014. The prior year was impacted by additional programs costs on the 747-8 program and disruption and accelerated depreciation associated with the relocation from our Jefferson Street facilities. Excluding these charges, the comparable gross margin would have been 25.4% and 26.5%, respectively.

Gross margin included net unfavorable cumulative catch-up adjustments on long-term contracts and a provision for forward losses as noted above ($156.0 million). The unfavorable cumulative catch-up adjustments to operating income included gross favorable adjustments of $4.7 million and gross unfavorable adjustments of $160.7 million, of which $152.0 million was related to forward losses associated with the 747-8 program. The cumulative catch-up adjustments for the fiscal year ended March 31, 2015, were due primarily to labor cost growth, partially offset by other minor improvements. Gross margins for fiscal 2014 included net unfavorable cumulative catch-up adjustments of $53.2 million, which $29.8 million was related to the additional 747-8 program costs from reductions to profitability estimates on the 747-8 production lots that were completed during fiscal 2014 and $15.6 million of disruption and accelerated depreciation costs related to our exit from the Jefferson Street facilities which reduced profitability estimates on production lots completed during fiscal 2014. These decreases were partially offset by lower pension and other postretirement benefit expense of $12.7 million.

Segment operating income decreased by $87.7 million, or 19.9%, to $353.0 million for the fiscal year ended March 31, 2015 from $440.6 million for the fiscal year ended March 31, 2014. The organic operating income decreased $100.9 million, or 22.6%, and was a result of the decreased organic sales, the provision for forward losses and gross margin changes noted above, partially offset by decreased moving costs related to the relocation from our Jefferson Street facilities ($28.1 million), and legal fees ($4.5 million).

Corporate operations yielded income of $81.7 million for the fiscal year ended March 31, 2015, as opposed to expenses of $40.6 million for the fiscal year ended March 31, 2014. This result is due to the legal settlement between the Company and Eaton, which created a net gain of $134.7 million, partially offset by increased due diligence and acquisition related expenses ($9.8 million).

Interest expense and other decreased by $2.4 million, or 2.7%, to $85.4 million for the fiscal year ended March 31, 2015 compared to $87.8 million for the prior year. Interest expense and other for the fiscal year ended March 31, 2015 decreased due to lower average debt outstanding during the period as compared to the fiscal year ended March 31,

2014. Interest expense and other for the fiscal year ended March 31, 2015, included the redemption of the 2018 Notes, which included $22.6 million for pre-tax losses associated with the 4.79% redemption premium, and write-off of the remaining related unamortized discount and deferred financing fees. The fiscal year ended March 31, 2014, included the redemption of the 2017 Notes, which included

$11.0 million of pre-tax losses associated with the 4% redemption premium, and the write-off of the remaining related unamortized discount and deferred financing fees.

The effective income tax rate was 31.7% for the fiscal year ended March 31, 2015, and 33.9% for the fiscal year ended March 31, 2014. The income tax provision for the fiscal year ended March 31, 2015, was reduced to reflect the release of previously reserved for unrecognized tax benefits of $1.1 million, the benefit of $2.8 million from a decrease of the state deferred tax rate and the benefit of $6.0 million from the retroactive reinstatement of the R&D tax credit to January 1, 2014. For the fiscal year ended March 31, 2014, the income tax provision was reduced to reflect the release of previously reserved for unrecognized tax benefits of $0.7 million and additional research and development tax credit carryforward and NOL carryforward of $2.3 million.

In January 2014, the Company sold all of its shares of Triumph Aerospace Systems-Wichita, Inc. for total cash proceeds of $23.0 million, which resulted in no gain or loss from the sale.

In April 2013, the Company sold the assets and liabilities of Triumph Instruments-Burbank and Triumph Instruments-Ft. Lauderdale for total proceeds of $11.2 million, resulting in a loss of $1.5 million.

The Company expects to have significant continuing involvement in the businesses and markets of the disposed entities and therefore the disposal groups did not meet the criteria to be classified as discontinued operations.

Business Segment Performance

We report our financial performance based on the following three reportable segments: the Aerostructures Group, the Aerospace Systems Group and the Aftermarket Services Group. The Company's Chief Operating Decision Maker ("CODM") utilizes Adjusted EBITDA as a primary measure of profitability to evaluate performance of its segments and allocate resources.

The results of operations among our reportable segments vary due to differences in competitors, customers, extent of proprietary deliverables and performance. For example, our Aerostructures segment generally includes long-term sole-source or preferred supplier contracts and the success of these programs provides a strong foundation for our business and positions us well for future growth on new programs and new derivatives. This compares to our Aerospace Systems segment which generally includes proprietary products and/or arrangements where we become the primary source or one of a few primary sources to our customers, where our unique manufacturing capabilities command a higher margin. Also, OEMs are increasingly focusing on assembly activities while outsourcing more manufacturing and repair to third parties, and as a result, are less of a competitive force than in previous years. In contrast, our Aftermarket Services segment provides MRO services on components and accessories manufactured by third parties, with more diverse competition, including airlines, OEMs and other third-party service providers. In addition, variability in the timing and extent of customer requests performed in the Aftermarket Services segment can provide for greater volatility and less predictability in revenue and earnings than that experienced in the Aerostructures and Aerospace Systems segments.

The Aerostructures segment consists of the Company's operations that manufacture products primarily for the aerospace OEM market. The Aerostructures segment's revenues are derived from the design, manufacture, assembly and integration of both build-to-print and proprietary metallic and composite aerostructures and structural components, including aircraft wings, fuselage sections, tail assemblies, engine nacelles, flight control surfaces as well as helicopter cabins. Further, the segment's operations also design and manufacture composite assemblies for floor panels and environmental control system ducts. These products are sold to various aerospace OEMs on a global basis.

The Aerospace Systems segment consists of the Company's operations that also manufacture products primarily for the aerospace OEM market. The segment's operations design a wide range of proprietary and build-to-print components and engineer mechanical and electromechanical controls, such as hydraulic systems, main engine gearbox assemblies, engine control systems, accumulators, mechanical control cables, non-structural cockpit components and metal processing. These products are sold to various aerospace OEMs on a global basis.

The Aftermarket Services segment consists of the Company's operations that provide maintenance, repair and overhaul services to both commercial and military markets on components and accessories manufactured by third parties. Maintenance, repair and overhaul revenues are derived from services on auxiliary power units, airframe and engine accessories, including constant-speed drives, cabin compressors, starters and generators, and pneumatic drive units. In addition, the segment's operations repair and overhaul thrust reversers, nacelle components and flight control surfaces. The segment's operations also perform repair and overhaul services and supply spare parts for various types of gauges for a broad range of commercial airlines on a worldwide basis.

We currently generate a majority of our revenue from clients in the commercial aerospace industry, the military, the business jet industry and the regional airline industry. Our growth and financial results are largely dependent on continued

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demand for our products and services from clients in these industries. If any of these industries experiences a downturn, our clients in these sectors may conduct less business with us. The following table summarizes our net sales by end market by business segment. The loss of one or more of our major customers or an economic downturn in the commercial airline or the military and defense markets could have a material adverse effect on our business.

	Year Ended March 31,		
	2016	2015	2014
Aerostructures			
Commercial aerospace	35.6 %	38.5 %	42.4 %
Military	10.5	14.0	16.1
Business Jets	15.6	11.0	10.0
Regional	0.4	0.4	0.4
Non-aviation	0.1	0.4	0.5
Total Aerostructures net sales	62.2 %	64.3 %	69.4 %
Aerospace Systems			
Commercial aerospace	14.6 %	13.2 %	8.4 %
Military	11.1	10.6	11.4
Business Jets	2.0	1.4	1.0
Regional	0.9	1.0	1.0
Non-aviation	1.3	1.7	1.3
Total Aerospace Systems net sales	29.9 %	27.9 %	23.1 %
Aftermarket Services			
Commercial aerospace	6.0 %	6.3 %	6.3 %
Military	1.4	1.0	0.7
Regional	0.5	0.5	0.2
Non-aviation	—	—	0.3
Total Aftermarket Services net sales	7.9 %	7.8 %	7.5 %
Total Consolidated net sales	100.0%	100.0%	100.0%

We continue to experience a higher proportion of our sales mix in the commercial aerospace end market. We recently have experienced an increase in our business jet end market due to the acquisition of the Tulsa Programs and a decrease in our military end market due to the wind-down of the C-17 program.

Business Segment Performance—Fiscal year ended March 31, 2016 compared to fiscal year ended March 31, 2015

	Year Ended March 31,		%	% of Total Sales	
	2016	2015	Change	2016	2015
	(in thousands)				
NET SALES					
Aerostructures	$2,427,809	$2,510,371	(3.3)%	62.5 %	64.6 %
Aerospace Systems	1,166,795	1,089,117	7.1 %	30.0 %	28.0 %
Aftermarket Services	311,394	304,013	2.4 %	8.0 %	7.8 %
Elimination of inter-segment sales	(19,926)	(14,779)	34.8 %	(0.5)%	(0.4)%
Total net sales	$3,886,072	$3,888,722	(0.1)%	100.0 %	100.0 %

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	Year Ended March 31, 2016	2015	% Change	% of Segment Sales 2016	2015
	(in thousands)				
SEGMENT OPERATING INCOME					
Aerostructures	$(1,274,777)	$120,985	(1,153.7)%	(52.5)%	4.8 %
Aerospace Systems	216,520	184,042	17.6 %	18.6 %	16.9%
Aftermarket Services	24,977	47,931	(47.9)%	8.0 %	15.8%
Corporate	(57,826)	81,715	(170.8)%	n/a	n/a
Total segment operating income	$(1,091,106)	$434,673	(351.0)%	(28.1)%	11.2%

	Year Ended March 31, 2016	2015	% Change	% of Segment Sales 2016	2015
	(in thousands)				
Adjusted EBITDA					
Aerostructures	$(364,538)	$184,562	(297.5)%	(15.0)%	7.4 %
Aerospace Systems	216,959	192,228	12.9 %	18.6 %	17.6%
Aftermarket Services	37,886	56,490	(32.9)%	12.2 %	18.6%
Corporate	(57,428)	(50,710)	13.2 %	n/a	n/a
	$(167,121)	$382,570	(143.7)%	(4.3)%	9.8 %

Aerostructures: The Aerostructures segment net sales decreased by $82.6 million, or 3.3%, to $2.4 billion for the fiscal year ended March 31, 2016, from $2.5 billion for the fiscal year ended March 31, 2015. Organic sales decreased by $326.7 million or 13.5%, due to decreased production rate cuts by our customers on the 747-8, Gulfstream G450/G550, A330 and C-17 programs. The acquisition of the Tulsa Programs contributed $244.1 million to net sales. Aerostructures cost of sales increased by $382.5 million, or 17.4%, to $2.6 billion for the fiscal year ended March 31, 2016, from $2.2 billion for the fiscal year ended March 31, 2015. The acquisition of the Tulsa Programs contributed $200.6 million for the fiscal year ended March 31, 2016 and organic cost of sales increased by $200.6 million, or 9.5%. The organic cost of sales included provisions for forward losses of $561.2 million on the Bombardier and 747-8 programs (as discussed above). Excluding the aforementioned forward losses, the cumulative catch-up adjustments for the fiscal year ended March 31, 2016, included increased labor and supplier costs on other programs. The fiscal year ended March 31, 2015, included a provision for forward losses of $152.0 million on the 747-8 program and losses as a result of losing NADCAP certification at one of our facilities.

Organic gross margin for the fiscal year ended March 31, 2016, was (10.8)% compared with 12.4% for the fiscal year ended March 31, 2015. The organic gross margin included net unfavorable cumulative catch-up adjustments and provisions for forward losses of $561.2 million. The net unfavorable cumulative catch-up adjustments included gross favorable adjustments of $33.0 million and gross unfavorable adjustments of $629.2 million, which includes forward losses of $561.2 million associated with the Bombardier and 747-8 programs. The net unfavorable cumulative catch-up adjustment for the fiscal year ended March 31, 2015, was $156.0 million, which included $152.0 million of forward losses related to the 747-8 program.

Aerostructures segment operating (loss) income decreased by $1,395.8 million, or 1,153.7%, to $(1,274.8) million for the fiscal year ended March 31, 2016, from $121.0 million for the fiscal year ended March 31, 2015. The decreased operating income is directly related to the provision for forward losses and gross margin changes noted above and the previously mentioned goodwill and tradename impairment charges and included restructuring charges ($62.7 million). Additionally, the provision for forward losses and gross margin changes noted above contributed to the decrease in Adjusted EBITDA year over year.

Aerostructures segment operating income as a percentage of segment sales decreased to (52.5)% for the fiscal year ended March 31, 2016, as compared with 4.8% for the fiscal year ended March 31, 2015, due to the decrease in gross margin as discussed above, which also caused the decline in the Adjusted EBITDA margin.

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Aerospace Systems: The Aerospace Systems segment net sales increased by $77.7 million, or 7.1%, to $1.17 billion for the fiscal year ended March 31, 2016, from $1.09 billion for the fiscal year ended March 31, 2015. The acquisitions of Fairchild and GE contributed $93.5 million of net sales. Organic net sales decreased by $15.8 million, or 1.8%, primarily due to slower commercial rotocraft demand and lower aftermarket revenue.

Aerospace Systems cost of sales increased by $53.7 million, or 7.3%, to $792.2 million for the fiscal year ended March 31, 2016, from $738.5 million for the fiscal year ended March 31, 2015. Organic cost of sales decreased by $8.4 million, or 1.5%, while the acquisitions of Fairchild and GE contributed $62.7 million in cost of sales. Organic gross margin for the fiscal year ended March 31, 2016, was 34.2% compared with 34.4% for the fiscal year ended March 31, 2015.

Aerospace Systems segment operating income increased by $32.5 million, or 17.6%, to $216.5 million for the fiscal year ended March 31, 2016, from $184.0 million for the fiscal year ended March 31, 2015. Operating income increased primarily due to the acquisitions of Fairchild and GE ($22.5 million) and the net favorable settlement of a contingent liability ($8.5 million), partially offset by restructuring charges ($4.6 million). These same factors contributed to the increase in Adjusted EBITDA year over year.

Aerospace Systems segment operating income as a percentage of segment sales increased to 18.6% for the fiscal year ended March 31, 2016, as compared with 16.9% for the fiscal year ended March 31, 2015, due to the effects of the acquisitions of Fairchild and GE. The same factors contributed to the increase in Adjusted EBITDA margin year over year.

Aftermarket Services: The Aftermarket Services segment net sales increased by $7.4 million, or 2.4%, to $311.4 million for the fiscal year ended March 31, 2016, from $304.0 million for the fiscal year ended March 31, 2015. Organic sales decreased $10.3 million, or 3.5%, and the acquisition of NAAS contributed $17.7 million. Organic sales decreased due to a decreased demand from commercial customers.

Aftermarket Services cost of sales increased by $23.6 million, or 10.7%, to $243.7 million for the fiscal year ended March 31, 2016, from $220.1 million for the fiscal year ended March 31, 2015. The organic cost of sales increased $12.5 million, or 5.9%, and the acquisition of NAAS contributed $11.1 million to cost of sales. Organic gross margin for the fiscal year ended March 31, 2016, was 20.2% compared with 27.3% for the fiscal year ended March 31, 2015. The decrease in gross margin was impacted by the impairment of excess and obsolete inventory associated with certain slow moving programs we have decided to no longer support ($21.1 million).

Aftermarket Services segment operating income decreased by $23.0 million, or 47.9%, to $25.0 million for the fiscal year ended March 31, 2016, from $47.9 million for the fiscal year ended March 31, 2015. Operating income decreased primarily due to the decreased organic sales and the decline in gross margins noted above. These same factors contributed to the decrease in Adjusted EBITDA year over year.

Aftermarket Services segment operating income as a percentage of segment sales decreased to 8.0% for the fiscal year ended March 31, 2016, as compared with 15.8% for the fiscal year ended March 31, 2015, due to the decreased organic sales and the decline in gross margins noted above. The same factors contributed to the decrease in Adjusted EBITDA margin year over year.

Business Segment Performance—Fiscal year ended March 31, 2015 compared to fiscal year ended March 31, 2014

	Year Ended March 31,		%	% of Total Sales	
	2015	2014	Change	2015	2014
	(in thousands)				
NET SALES					
Aerostructures	$2,510,371	$2,622,917	(4.3)%	64.6 %	69.7 %
Aerospace Systems	1,089,117	871,750	24.9 %	28.0 %	23.2 %
Aftermarket Services	304,013	287,343	5.8 %	7.8 %	7.6 %
Elimination of inter-segment sales	(14,779)	(18,756)	(21.2)%	(0.4)%	(0.5)%
Total net sales	$3,888,722	$3,763,254	3.3 %	100.0 %	100.0 %

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	Year Ended March 31, 2015	2014	% Change	% of Segment Sales 2015	2014
	(in thousands)				
SEGMENT OPERATING INCOME					
Aerostructures	$120,985	$248,637	(51.3)%	4.8%	9.5%
Aerospace Systems	184,042	149,721	22.9%	16.9%	17.2%
Aftermarket Services	47,931	42,265	13.4%	15.8%	14.7%
Corporate	81,715	(40,619)	(301.2)%	n/a	n/a
Total segment operating income	$434,673	$400,004	8.7%	11.2%	10.6%

	Year Ended March 31, 2015	2014	% Change	% of Total Sales 2015	2014
	(in thousands)				
Adjusted EBITDA					
Aerostructures	$184,562	$339,944	(45.7)%	7.4 %	13.0%
Aerospace Systems	192,228	169,752	13.2 %	17.6%	19.5%
Aftermarket Services	56,490	49,794	13.4 %	18.6%	17.3%
Corporate	(50,710)	(36,672)	38.3 %	n/a	n/a
	$382,570	$522,818	(26.8)%	9.8 %	13.9%

Aerostructures: The Aerostructures segment net sales decreased by $112.6 million, or 4.3%, to $2.5 billion for the fiscal year ended March 31, 2015, from $2.6 billion for the fiscal year ended March 31, 2014. Organic sales decreased by $181.2 million, or 6.9%, and the acquisitions of the Tulsa Programs and Primus, net of prior year divestiture contributed $68.6 million in net sales. Organic sales decreased due to production rate cuts by our customers on the 747-8, V-22, G450/G550 and C-17 programs.

Aerostructures cost of sales increased by $60.9 million, or 2.9%, to $2.2 billion for the fiscal year ended March 31, 2015, from $2.1 billion for the fiscal year ended March 31, 2014. The fiscal 2015 and fiscal 2014 acquisitions, net of prior year divestiture, contributed $79.9 million. Despite the decrease in organic cost of sales, the organic cost of sales included a provision for forward losses of $152.0 million on the 747-8 program and losses as a result of losing NADCAP certification at one of our facilities, as discussed above. Excluding the aforementioned forward losses, the organic cost of sales decreased due to the decrease in net sales noted above. The cost of sales for the fiscal year ended March 31, 2014, included reductions in profitability estimates on the 747-8 programs, driven largely by the identification of additional program costs ($85.0 million) identified during the year and additional program costs resulting from disruption and accelerated depreciation associated with the relocation from our Jefferson Street facilities ($38.4 million).

Organic gross margin for the fiscal year ended March 31, 2015, was 13.7% compared with 18.9% for the fiscal year ended March 31, 2014. The organic gross margin included net unfavorable cumulative catch-up adjustments and a provision for forward losses of $152.0 million. The net unfavorable cumulative catch-up adjustments included gross favorable adjustments of $4.7 million and gross unfavorable adjustments of $160.7 million, which includes forward losses of $152.0 million associated with the 747-8 program. The cumulative catch-up adjustments for the fiscal year ended March 31, 2015, excluding the effects of the forward losses, were due primarily to labor cost growths, partially offset by other minor improvements. The net unfavorable cumulative catch-up adjustment for the fiscal year ended March 31, 2014, was $53.2 million, which included $29.8 million related to additional 747-8 program costs from reductions to profitability estimates on the 747-8 production lots that were completed during the fiscal year ended March 31, 2014, and $15.6 million of disruption and accelerated depreciation costs related to our exit from the Jefferson Street facilities which reduced profitability estimates on production lots completed during fiscal year ended March 31, 2014. Excluding these charges, the comparable gross margin would have been 21.0% and 23.8%, respectively.

Aerostructures segment operating income decreased by $127.7 million, or 51.3%, to $121.0 million for the fiscal year ended March 31, 2015, from $248.6 million for the fiscal year ended March 31, 2014. Operating income was directly affected by the decrease in organic sales, the decreased organic gross margins noted above, offset by decreased moving costs related to

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the relocation from our Jefferson Street facilities ($28.1 million). Additionally, these same factors contributed to the decrease in Adjusted EBITDA year over year.

Aerostructures segment operating income as a percentage of segment sales decreased to 4.8% for the fiscal year ended March 31, 2015, as compared with 9.5% for the fiscal year ended March 31, 2014, due to the decrease in sales and gross margin as discussed above, which also caused the decline in the Adjusted EBITDA margin.

Aerospace Systems: The Aerospace Systems segment net sales increased by $217.4 million, or 24.9%, to $1.09 billion for the fiscal year ended March 31, 2015, from $871.8 million for the fiscal year ended March 31, 2014. The GE and General Donlee acquisitions contributed $225.4 million of net sales. Organic net sales decreased by $8.0 million, or 0.9%, primarily due to decreased production associated with the V-22 program.

Aerospace Systems cost of sales increased by $166.7 million, or 29.2%, to $738.5 million for the fiscal year ended March 31, 2015, from $571.8 million for the fiscal year ended March 31, 2014. Organic cost of sales decreased by $9.7 million, or 1.8%, while the acquisitions of GE and General Donlee contributed $176.5 million in cost of sales. Organic gross margin for the fiscal year ended March 31, 2015, was 35.3% compared with 34.7% for the fiscal year ended March 31, 2014 due to changes in sales mix.

Aerospace Systems segment operating income increased by $34.3 million, or 22.9%, to $184.0 million for the fiscal year ended March 31, 2015, from $149.7 million for the fiscal year ended March 31, 2014. Operating income increased primarily due to the acquisitions of GE and General Donlee and by decreased legal fees ($7.1 million). These same factors contributed to the increase in Adjusted EBITDA year over year.

Aerospace Systems segment operating income as a percentage of segment sales decreased to 16.9% for the fiscal year ended March 31, 2015, as compared with 17.2% for the fiscal year ended March 31, 2014, due to the effects of the acquisitions of GE and General Donlee. The same factors contributed to the decrease in Adjusted EBITDA margin year over year.

Aftermarket Services: The Aftermarket Services segment net sales increased by $16.7 million, or 5.8%, to $304.0 million for the fiscal year ended March 31, 2015, from $287.3 million for the fiscal year ended March 31, 2014. Organic sales increased by $4.6 million, or 1.6%, and the acquisition of NAAS offset by the previously divested Triumph Instruments companies contributed $12.1 million.

Aftermarket Services cost of sales increased by $6.2 million, or 2.9%, to $220.1 million for the fiscal year ended March 31, 2015, from $213.9 million for the fiscal year ended March 31, 2014. The organic cost of sales decreased by $1.7 million, or 0.8%, and the acquisition of NAAS net of the previously divested Triumph Instruments companies contributed $7.9 million to cost of sales. Organic gross margin for the fiscal year ended March 31, 2015, was 27.3% compared with 25.6% for the fiscal year ended March 31, 2014. The increase in gross margin was impacted by the increase in efficiencies in production associated with the higher volume of work.

Aftermarket Services segment operating income increased by $5.7 million, or 13.4%, to $47.9 million for the fiscal year ended March 31, 2015, from $42.3 million for the fiscal year ended March 31, 2014. Operating income increased primarily due to the increased sales and gross margin noted above and the acquisition of NAAS net of the previously divested Triumph Instruments companies ($1.6 million). These same factors contributed to the increase in Adjusted EBITDA year over year.

Aftermarket Services segment operating income as a percentage of segment sales increased to 15.8% for the fiscal year ended March 31, 2015, as compared with 14.7% for the fiscal year ended March 31, 2014, due to the improved gross margin noted above.

Liquidity and Capital Resources

Our working capital needs are generally funded through cash flow from operations and borrowings under our credit arrangements. During the year ended March 31, 2016, we generated approximately $83.9 million of cash flow from operating activities, used approximately $128.0 million in investing activities and received approximately $32.5 million in financing activities. In fiscal 2015, cash flows from operating activities included pension contributions of $112.3 million.

For the fiscal year ended March 31, 2016, we had a net cash inflow of $83.9 million from operating activities, a decrease of $383.5 million, compared to a net cash inflow of $467.3 million for the fiscal year ended March 31, 2015. During fiscal 2016, the net cash provided by operating activities was primarily attributable to the timing of payments on accounts payable and other accrued expenses ($251.5 million) driven by pre-production costs and net spending on the Tulsa Programs discussed below, offset by increased receipts from customers and others related to increased collection efforts ($40.9 million). During fiscal 2015, the net increase in cash provided by operating activities was primarily due to the cash received from a legal settlement ($134.7 million), and an income tax refund ($26.0 million).

We continue to invest in inventory for new programs which impacts our cash flows operating activities. During fiscal 2016 expenditures for inventory costs on new programs, excluding progress payments, including the Bombardier Global 7000/8000 and the Embraer E-Jet programs, were $146.1 million and $83.8 million, respectively. Net spend on the Tulsa Programs during fiscal 2016 was approximately $57.3 million. Additionally, inventory for mature programs declined due to decreased production rates, by approximately $67.8 million. Unliquidated progress payments netted against inventory decreased $66.8 million due to timing of receipts.

Cash flows used in investing activities for the fiscal year ended March 31, 2016, decreased $60.1 million from the fiscal year ended March 31, 2015. Cash flows used in investing activities for the fiscal year ended March 31, 2016, included the acquisition of Fairchild ($57.1 million), and a payment to settle a working capital adjustment related to the acquisition of GE ($6.0 million) and capital expenditures ($80.0 million). Cash flows used in investing activities for the fiscal year ended March 31, 2015 included the cash received from the acquisition of the Tulsa Programs ($160.0 million) offset by the acquisitions of GE ($65.0 million) and NAAS ($43.7 million) and the working capital finalization of the acquisition of Primus ($13.0 million).

Cash flows provided by financing activities for the fiscal year ended March 31, 2016, were $32.5 million, compared to cash flows used in financing activities for the fiscal year ended March 31, 2015, of $395.2 million. Cash flows provided by financing activities for the fiscal year ended March 31, 2016, included additional borrowings on our Credit Facility (as defined below) to fund the acquisition of Fairchild and to fund operations. Cash flows used in financing activities for the fiscal year ended March 31, 2015, included the redemption of the 2018 Notes, settlement of the Convertible Senior Subordinated Notes ("Convertible Notes") redemptions and the purchase of our common stock ($184.4 million), offset by the issuance of the 2022 Notes.

As of March 31, 2016, $834.3 million was available under the Company's existing credit agreement ("Credit Facility"). On March 31, 2016, an aggregate amount of approximately $140.0 million in outstanding borrowing and approximately $25.7 million in letters of credit were outstanding under the Credit Facility, all of which were accruing interest at LIBOR plus applicable basis points totaling 2.00% per annum. Amounts repaid under the Credit Facility may be reborrowed.

On March 28, 2016, we entered into a Purchase Agreement ("Receivables Purchase Agreement") to sell certain accounts receivables to a financial institution without recourse. We are the servicer of the accounts receivable under the Receivables Purchase Agreement. As of March 31, 2016, the maximum amount available under the Receivables Purchase Agreement was $90.0 million. Interest rates are based on LIBOR plus 0.65% -0.70%. As of March 31, 2016, we sold $89.9 million worth of eligible accounts receivable.

In November 2014, the Company amended its receivable securitization facility (the "Securitization Facility"), increasing the purchase limit from $175.0 million to $225.0 million and extending the term through November 2017.

In May 2014, the Company amended its existing Credit Facility with its lenders to (i) to increase the maximum amount allowed for the Securitization Facility and (ii) amend certain other terms and covenants.

In November 2013, the Company amended the Credit Facility with its lenders to (i) provide for a $375.0 million Term Loan with a maturity date of May 14, 2019, (ii) maintain a Revolving Line of Credit under the Credit Facility to $1,000.0 million and increase the accordion feature to $250.0 million, and (iii) amend certain other terms and covenants. The amendment resulted in a more favorable pricing grid and a more streamlined package of covenants and restrictions.

The level of unused borrowing capacity under the Company's Revolving Credit Facility varies from time to time depending in part upon its compliance with financial and other covenants set forth in the related agreement. The Credit Facility contains certain affirmative and negative covenants, including limitations on specified levels of indebtedness to earnings before interest, taxes, depreciation and amortization, and interest coverage requirements, and includes limitations on, among other things, liens, mergers, consolidations, sales of assets, payment of dividends and incurrence of debt. As of March 31, 2016, the Company was in compliance with all such covenants.

In June 2014, the Company issued the 2022 Notes for $300.0 million in principal amount. The 2022 Notes were sold at 100% of principal amount and have an effective yield of 5.25%. Interest on the 2022 Notes is payable semiannually in cash in arrears on June 1 and December 1 of each year. We used the net proceeds to redeem the 2018 Notes and pay related fees and expenses. In connection with the issuance of the 2022 Notes, the Company incurred approximately

$5.0 million of costs, which were deferred and are being amortized on the effective interest method over the term of the notes.

In February 2013, the Company issued the 2021 Notes for $375.0 million in principal amount. The 2021 Notes were sold at 100% of principal amount and have an effective interest yield of 4.875%. Interest on the 2021 Notes is payable semiannually in cash in arrears on April 1 and October 1 of each year. We used the net proceeds to repay borrowings under our

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Credit Facility and pay related fees and expenses, and for general corporate purposes. In connection with the issuance of the 2021 Notes, the Company incurred approximately $6.3 million of costs, which were deferred and are being amortized on the effective interest method over the term of the notes.

For further information on the Company's long-term debt, see Note 10 of "Notes to Consolidated Financial Statements".

For the fiscal year ended March 31, 2015, we had a net cash inflow of $467.3 million from operating activities, an inflow increase of $332.2 million, compared to a net cash inflow of $135.1 million for the fiscal year ended March 31, 2014. During fiscal 2015, the increase in net cash provided by operating activities was primarily due to the cash received from legal settlement ($134.7 million), increased receipts from customers and others relating to additional sales from fiscal 2015 and fiscal 2014 acquisitions ($110.4 million), an income tax refund ($26.0 million), and decreased disbursements to employees, suppliers and others ($114.9 million) due to timing, offset by increased pension contributions ($66.0 million).

We invested in inventory for new programs and additional production costs for ramp-up activities in support of increasing build rates on several programs and build ahead for the relocation from our largest facilities. During fiscal 2015, inventory build for capitalized pre-production costs on new programs, including the Bombardier Global 7000/8000 and the Embraer E-Jet programs, were $127.0 million and $48.7 million, respectively. Offsetting this inventory build was a provision for forward losses on our long-term contract on the 747-8 program of $152.0 million. Unliquidated progress payments netted against inventory increased $24.9 million due to timing of receipts. Capitalized pre-production costs are expected to continue to increase, while our production is expected to remain consistent over the next few quarters.

Cash flows used in investing activities for the fiscal year ended March 31, 2015, decreased by $178.8 million from the fiscal year ended March 31, 2014. Cash flows used in investing activities included the cash received from the acquisition of Tulsa Programs ($160.0 million) offset by the acquisitions of GE ($65.0 million) and NAAS ($43.7 million) and the working capital finalization of the acquisition of Primus ($13.0 million). The fiscal year ended March 31, 2014, included the fiscal 2014 acquisitions of $94.5 million and capital expenditures of $86.6 million associated with our new facilities in Red Oak, Texas.

Cash flows used in financing activities for the fiscal year ended March 31, 2015, were $395.2 million, compared to cash flows provided by financing activities for the fiscal year ended March 31, 2014, of $103.2 million. Cash flows used in financing activities for the fiscal year ended March 31, 2015, included the redemption of the 2018 Notes, settlement of the Convertible Senior Subordinated Notes ("Convertible Notes") redemptions and the purchase of our common stock ($184.4 million), offset by the issuance of the 2022 Notes.

At March 31, 2016, $19.2 million of cash and cash equivalents were held by foreign subsidiaries and were primarily denominated in foreign currencies. If these amounts would be remitted as dividends, the Company may be subject to additional U.S. taxes, net of allowable foreign tax credits. We currently expect to utilize the balances to fund our foreign operations.

Subsequent to year end, to ensure that we had full access to our Revolving Credit Facility (the "Credit Facility") during fiscal 2017, we obtained approval from the holders of the 2021 Notes to amend the terms of the indenture to conform with the 2022 Notes which allows for a higher level of secured debt. Absent this consent, we would have been restricted as to the level of new borrowings under the Credit Facility during fiscal 2017.

Further, to mitigate the risk of failing to obtain the consent and to ensure we had adequate liquidity through fiscal 2017, we chose to make a significant draw on the Credit Facility in early April 2016, taking the outstanding balance to approximately $800,000. We paid down substantially all of the draw to the Credit Facility upon receiving consent from the holders of the 2021 Notes in May 2016.

In May 2016, the Company entered into a Sixth Amendment to the Third Amended and Restated Credit Agreement, among the Company, the Subsidiary Co-Borrowers, the lenders party thereto and the Administrative Agent (the “Sixth Amendment” and the Credit Facility, as amended by the Sixth Amendment, the “Credit Agreement”), pursuant to which those lenders electing to enter into the Sixth Amendment extended the expiration date for the revolving line of credit and the maturity date for the term loan by five years to May 3, 2021. Lenders holding revolving credit commitments aggregating $940.0 million elected to extend the expiration date for the revolving line of credit, and Lenders holding

approximately $324.5 million of term loans (out of an aggregate outstanding term loan balance of approximately $330.0 million) elected to extend the term loan maturity date.
In addition, the Sixth Amendment amended the Credit Facility to, among other things, (i) modify certain financial covenants to allow for the add-back of certain cash and non-cash charges, (ii) amend the total leverage ratio financial covenant to provide for a gradual reduction in the maximum permitted total leverage ratio commencing with the fiscal year ending March 31, 2018, (iii) increase the interest rate, commitment fee and letter of credit fee pricing provisions for the highest pricing tier, (iv) establish the interest rate, commitment fee and letter of credit fee pricing at the highest pricing tier until the Company

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delivers its compliance certificate for its fiscal year ending March 31, 2017, (v) increase the minimum revolver availability threshold test in connection with the Company making certain permitted investments, certain additional permitted dividends, permitted acquisitions and permitted payments of certain types of indebtedness, and (vi) decrease the maximum senior secured leverage ratio threshold test in connection with the Company making certain permitted investments, certain permitted dividends, permitted acquisitions and permitted payments of certain types of indebtedness during the period from the date of the Sixth Amendment until the Company delivers its compliance certificate for the fiscal year ending March 31, 2017.

Capital expenditures were $80.0 million for the fiscal year ended March 31, 2016. We funded these expenditures through cash from operations and borrowings under the Credit Facility. We expect capital expenditures of approximately $80.0 million to $100.0 million and net investments in new major programs of $50.0 million to $60.0 million of which will be reflected in inventory for our fiscal year ending March 31, 2017. The expenditures are expected to be used mainly to expand capacity or replace old equipment at several facilities.

Our expected future cash flows for the next five years for long-term debt, leases and other obligations are as follows:

	Payments Due by Period				
Contractual Obligations	Total	Less than 1 Year	1 - 3 Years	4 - 5 Years	After 5 Years
	(in thousands)				
Debt principal	$1,426,116	$42,383	$430,042	$273,409	$680,282
Debt-interest(1)	233,121	46,071	91,767	77,167	18,116
Operating leases	168,305	27,904	46,218	33,643	60,540
Purchase obligations	1,965,090	1,457,022	471,967	35,215	886
Total	$3,792,632	$1,573,380	$1,039,994	$419,434	$759,824

(1) Includes fixed-rate interest only.

The above table excludes unrecognized tax benefits of $9.7 million as of March 31, 2016, since we cannot predict with reasonable certainty the timing of cash settlements with the respective taxing authorities.

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In addition to the financial obligations detailed in the table above, we also had obligations related to our benefit plans at March 31, 2016, as detailed in the following table. Our other postretirement benefits are not required to be funded in advance, so benefit payments are paid as they are incurred. Our expected net contributions and payments are included in the table below:

	Pension Benefits	Other Postretirement Benefits
	(in thousands)	
Projected benefit obligation at March 31, 2016	$2,430,315	$ 179,901
Plan assets at March 31, 2016	1,925,685	—
Projected contributions by fiscal year		
2017	40,000	16,547
2018	40,000	15,973
2019	—	15,550
2020	—	14,953
2021	—	14,432
Total 2017 - 2021	$80,000	$ 77,455

Current plan documents reserve our right to amend or terminate the plans at any time, subject to applicable collective bargaining requirements for represented employees.

We believe that cash generated by operations and borrowings under the Credit Facility will be sufficient to meet anticipated cash requirements for our current operations for the foreseeable future.

Loans under the Credit Facility bear interest, at the Company's option, by reference to a base rate or a rate based on LIBOR, in either case plus an applicable margin determined quarterly based on the Company's Total Leverage Ratio (as defined in the Credit Facility) as of the last day of each fiscal quarter. The Company is also required to pay a quarterly commitment fee on the average daily unused portion of the Credit Facility for each fiscal quarter and fees in connection with the issuance of letters of credit. All outstanding principal and interest under the Credit Facility will be due and payable on the maturity date.

The Credit Facility contains representations, warranties, events of default and covenants customary for financings of this type including, without limitation, financial covenants under which the Company is obligated to maintain on a consolidated basis, as of the end of each fiscal quarter, a certain minimum Interest Coverage Ratio, maximum Total Leverage Ratio and maximum Senior Leverage Ratio (in each case as defined in the Credit Facility).

CRITICAL ACCOUNTING POLICIES

Critical accounting policies are those accounting policies that can have a significant impact on the presentation of our financial condition and results of operations, and that require the use of complex and subjective estimates based upon past experience and management's judgment. Because of the uncertainty inherent in such estimates, actual results may differ from these estimates. Below are those policies applied in preparing our financial statements that management believes are the most dependent on the application of estimates and assumptions. For additional accounting policies, see Note 2 of "Notes to Consolidated Financial Statements."

Allowance for Doubtful Accounts

Trade receivables are presented net of an allowance for doubtful accounts. In determining the appropriate allowance, we consider a combination of factors, such as industry trends, our customers' financial strength and credit standing, and payment and default history. The calculation of the required allowance requires a judgment as to the impact of these and other factors on the ultimate realization of our trade receivables. We believe that these estimates are reasonable and historically have not resulted in material adjustments in subsequent periods when the estimates are adjusted to actual amounts.

Inventories

The Company records inventories at the lower of cost or estimated net realizable value. Costs on long-term contracts and programs in progress represent recoverable costs incurred for production or contract-specific facilities and equipment, allocable operating overhead and advances to suppliers. Pursuant to contract provisions, agencies of the

U.S. Government and certain other customers have title to, or a security interest in, inventories related to such contracts as a result of advances, performance-based payments, and progress payments. The Company reflects those advances and payments as an offset against the related

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inventory balances. The Company expenses general and administrative costs related to products and services provided essentially under commercial terms and conditions as incurred. The Company determines the costs of inventories by the first-in, first-out or average cost methods.

Advance payments and progress payments received on contracts-in-process are first offset against related contract costs that are included in inventory, with any remaining amount reflected in current liabilities.

Work-in-process inventory includes capitalized pre-production costs. Company policy allows for the capitalization of pre-production costs after it establishes a contractual arrangement with a customer that explicitly states that the cost of recovery of pre-production costs is allowed.

Capitalized pre-production costs include nonrecurring engineering, planning and design, including applicable overhead, incurred before production is manufactured on a regular basis. Significant customer-directed work changes can also cause pre-production costs to be incurred (see Note 5 of "Notes to Consolidated Financial Statements" for further discussion).

Revenue and Profit Recognition

Revenues are recognized in accordance with the contract terms when products are shipped, delivery has occurred or services have been rendered, pricing is fixed or determinable, and collection is reasonably assured.

A significant portion of our contracts are within the scope of Accounting Standards Codification ("ASC") 605-35, Revenue Recognition —Construction-Type and Production-Type Contracts, and revenue and costs on contracts are recognized using the percentage-of-completion method of accounting. Accounting for the revenue and profit on a contract requires estimates of (1) the contract value or total contract revenue, (2) the total costs at completion, which is equal to the sum of the actual incurred costs to date on the contract and the estimated costs to complete the contract's scope of work and (3) the measurement of progress towards completion. Depending on the contract, we measure progress toward completion using either the cost-to-cost method or the units-of-delivery method, with the great majority measured under the units-of-delivery method.

- Under the cost-to-cost method, progress toward completion is measured as the ratio of total costs incurred to our estimate of total costs at completion. We recognize costs as incurred. Profit is determined based on our estimated profit margin on the contract multiplied by our progress toward completion. Revenue represents the sum of our costs and profit on the contract for the period.
- Under the units-of-delivery method, revenue on a contract is recorded as the units are delivered and accepted during the period at an amount equal to the contractual selling price of those units. The costs recorded on a contract under the units-of-delivery method are equal to the total costs at completion divided by the total units to be delivered. As our contracts can span multiple years, we often segment the contracts into production lots for the purposes of accumulating and allocating cost. Profit is recognized as the difference between revenue for the units delivered and the estimated costs for the units delivered.

Adjustments to original estimates for a contract's revenues, estimated costs at completion and estimated total profit are often required as work progresses under a contract, as experience is gained and as more information is obtained, even though the scope of work required under the contract may not change, or if contract modifications occur. These estimates are also sensitive to the assumed rate of production. Generally, the longer it takes to complete the contract quantity, the more relative overhead that contract will absorb. The impact of revisions in cost estimates is recognized on a cumulative catch-up basis in the period in which the revisions are made. Provisions for anticipated losses on contracts are recorded in the period in which they become evident ("forward losses") and are first offset against costs that are included in inventory, with any remaining amount reflected in accrued contract liabilities in accordance with ASC 605-35. Revisions in contract estimates, if significant, can materially affect our results of operations and cash flows, as well as our valuation of inventory. Furthermore, certain contracts are combined or segmented for revenue recognition in accordance with ASC 605-35.

For the fiscal year ended March 31, 2016, cumulative catch-up adjustments resulting from changes in contract values and estimated costs that arose during the fiscal year decreased operating (loss) income, net (loss) income and earnings per share by approximately $(596.2) million, $(539.0) million and $(10.95), respectively. The cumulative catch-up adjustments to operating income for the fiscal year ended March 31, 2016, included gross favorable adjustments of approximately $33.0 million and gross unfavorable adjustments of approximately $629.2 million, which includes

provisions of $561.2 million for forward losses on the Bombardier and 747-8 programs.
For the fiscal year ended March 31, 2015, cumulative catch-up adjustments resulting from changes in estimates decreased operating income, net income and earnings per share by approximately $(156.0) million, $(106.6) million and $(2.09), respectively. The cumulative catch-up adjustments to operating income for the fiscal year ended March 31, 2015, included

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gross favorable adjustments of approximately $4.7 million and gross unfavorable adjustments of approximately $160.7 million, which includes a provision of $152.0 million for forward losses on the 747-8 program.

For the fiscal year ended March 31, 2014, cumulative catch-up adjustments resulting from changes in estimates decreased operating income, net income and earnings per share by approximately $(53.2) million, $(35.1) million and $(0.67), respectively. The cumulative catch-up adjustments to operating income for the fiscal year ended March 31, 2014, included gross favorable adjustments of approximately $14.3 million and gross unfavorable adjustments of approximately $67.5 million.

Amounts representing contract change orders or claims are only included in revenue when such change orders or claims have been settled with our customer and to the extent that units have been delivered. Additionally, some contracts may contain provisions for revenue sharing, price re-determination, requests for equitable adjustments, change orders or cost and/or performance incentives. Such amounts or incentives are included in contract value when the amounts can be reliably estimated and their realization is reasonably assured.

Although fixed-price contracts, which extend several years into the future, generally permit us to keep unexpected profits if costs are less than projected, we also bear the risk that increased or unexpected costs may reduce our profit or cause the Company to sustain losses on the contract. In a fixed-price contract, we must fully absorb cost overruns, notwithstanding the difficulty of estimating all of the costs we will incur in performing these contracts and in projecting the ultimate level of revenue that may otherwise be achieved.

As previously disclosed, we recognized a provision for forward losses associated with our long-term contract on the 747-8 and Bombardier programs. There is still risk similar to what we have experienced on the 747-8 and Bombardier programs. Particularly, our ability to manage risks related to supplier performance, execution of cost reduction strategies, hiring and retaining skilled production and management personnel, quality and manufacturing execution, program schedule delays and many other risks, will determine the ultimate performance of these long-term programs.

The Aftermarket Services Group provides repair and overhaul services, certain of which are provided under long-term power-by-the-hour contracts, comprising approximately 6% of the segment's fiscal 2016 net sales. The Company applies the proportional performance method to recognize revenue under these contracts. Revenue is recognized over the contract period as units are delivered based on the relative value in proportion to the total estimated contract consideration. In estimating the total contract consideration, management evaluates the projected utilization of its customer's fleet over the term of the contract, in connection with the related estimated repair and overhaul servicing requirements to the fleet based on such utilization. Changes in utilization of the fleet by customers, among other factors, may have an impact on these estimates and require adjustments to estimates of revenue to be realized.

Goodwill and Intangible Assets

Goodwill and intangible assets with indefinite lives are not amortized; rather, they are tested for impairment on at least an annual basis. Additionally, intangible assets with finite lives continue to be amortized over their useful lives. Upon acquisition, critical estimates are made in valuing acquired intangible assets, which include, but are not limited to: future expected cash flows from customer contracts, customer lists, and estimating cash flows from projects when completed; tradename and market position, as well as assumptions about the period of time that customer relationships will continue; and discount rates. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from the assumptions used in determining fair values.

The Company's operating segments of Aerostructures, Aerospace Systems and Aftermarket Services are also its reporting units under ASC 350, Intangibles—Goodwill and Other. The Chief Executive Officer is the Company's CODM. The Company's CODM evaluates performance and allocates resources based upon review of segment information. Each of the operating segments is comprised of a number of operating units which are considered to be components under ASC 350. The components, for which discrete financial information exists, are aggregated for purposes of goodwill impairment testing. The Company's acquisition strategy is to acquire companies that complement and enhance the capabilities of the operating segments of the Company. Each acquisition is assigned to either the Aerostructures reporting unit, the Aerospace Systems reporting unit or the Aftermarket Services reporting unit. The goodwill that results from each acquisition is also assigned to the reporting unit to which the acquisition is allocated, because it is that reporting unit which is intended to benefit from the synergies of the acquisition.

The Company assesses whether goodwill impairment exists using both the qualitative and quantitative assessments. The qualitative assessment involves determining whether events or circumstances exist that indicate it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. If based on this qualitative assessment, the Company determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount or if

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the Company elects not to perform a qualitative assessment, a quantitative assessment is performed using a two-step approach required by ASC 350 to determine whether a goodwill impairment exists at the reporting unit.
The first step of the quantitative test is to compare the carrying amount of the reporting unit's assets to the fair value of the reporting unit. If the fair value exceeds the carrying value, no further work is required and no impairment loss is recognized. If the carrying amount exceeds the fair value, then the second step is required to be completed, which involves allocating the fair value of the reporting unit to each asset and liability, with the excess being applied to goodwill. An impairment loss occurs if the amount of the recorded goodwill exceeds the implied goodwill. The determination of the fair value of our reporting units is based, among other things, on estimates of future operating performance of the reporting unit being valued. We are required to complete an impairment test for goodwill and record any resulting impairment losses at least annually. Changes in market conditions, among other factors, may have an impact on these estimates and require interim impairment assessments.
When performing the two-step quantitative impairment test, the Company's methodology includes the use of an income approach which discounts future net cash flows to their present value at a rate that reflects the Company's cost of capital, otherwise known as the discounted cash flow method ("DCF"). These estimated fair values are based on estimates of future cash flows of the businesses. Factors affecting these future cash flows include the continued market acceptance of the products and services offered by the businesses, the development of new products and services by the businesses and the underlying cost of development, the future cost structure of the businesses, and future technological changes. The Company also incorporates market multiples for comparable companies in determining the fair value of our reporting units. Any such impairment would be recognized in full in the reporting period in which it has been identified.
In the fourth quarter of fiscal 2016, the Company performed the quantitative assessment, in lieu of the qualitative assessment for each of the Company's three reporting units, which indicated that the fair value of goodwill for the Aerostructures reporting unit did not exceed its carrying amount. As a result we incurred an $597.6 million impairment of goodwill to the Aerostructures reporting unit. The assessment for the Company's Aerospace Systems and Aftermarket Services reporting units indicated that the fair value of their respective goodwill exceeded the carrying amount. We incurred no impairment of goodwill as a result of our annual goodwill impairment tests in fiscal 2015 or 2014 (see Note 7 of "Notes to Consolidated Financial Statements" for further discussion).
As of March 31, 2015, the Company had a $438.4 million indefinite-lived intangible asset associated with the Vought and Embee tradenames. The Company assesses whether indefinite-lived intangible assets impairment exists using both the qualitative and quantitative assessments. The qualitative assessment involves determining whether events or circumstances exist that indicate it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount. If based on this qualitative assessment the Company determines it is not more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount or if the Company elects not to perform a qualitative assessment, a quantitative assessment is performed to determine whether an indefinite-lived intangible asset impairment exists. We test the indefinite-lived intangible assets for impairment by comparing the carrying value to the fair value based on current revenue projections of the related operations, under the relief from royalty method. Any excess carry value over the amount of fair value is recognized as an impairment.
During the third quarter of the fiscal year ended March 31, 2016, the Company performed an interim assessment of fair value on our indefinite-lived intangible assets due to potential indicators of impairment related to the continued decline in our stock price during the fiscal third quarter. Based on the Company's evaluation of indefinite-lived assets, including the tradenames, the Company concluded that the Vought tradename had a fair value of $195.8 million (Level 3) compared to a carrying value of $425.0 million. Accordingly, the Company recorded a non-cash impairment charge during the fiscal year ended March 31, 2016, of $229.2 million, which is presented on the accompanying Consolidated Statements of Operations as "Impairment of intangible assets".
In the fourth quarter of fiscal 2016, the Company performed its annual impairment test for each of the Company's indefinite-lived intangible assets, which indicated that the Vought and Embee tradenames had a fair value of $163.0 million (Level 3) compared to a carrying value of $209.2 million. The decline in fair value of the tradenames is the result of the increase in discount rate during the fourth quarter, which required the Company to assess whether events and/or circumstances have changed regarding the indefinite-life conclusion. As a result we incurred a non-cash

impairment charge of $46.2 million presented on the accompanying Consolidated Statements of Operations as "Impairment of intangible assets" to the Vought and Embee tradenames. Additionally, it was determined that the tradenames will be amortized over their remaining estimated useful life of 20 years. We incurred no impairment of indefinite-lived assets as a result of our annual indefinite-lived assets impairment tests in fiscal 2015 or 2014 (see Note 7 of "Notes to Consolidated Financial Statements" for further discussion).

Finite-lived intangible assets are amortized over their useful lives ranging from 3 to 32 years. We continually evaluate whether events or circumstances have occurred that would indicate that the remaining estimated useful lives of our long-lived

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assets, including intangible assets, may warrant revision or that the remaining balance may not be recoverable. Intangible assets are evaluated for indicators of impairment. When factors indicate that long-lived assets, including intangible assets, should be evaluated for possible impairment, an estimate of the related undiscounted cash flows over the remaining life of the long-lived assets, including intangible assets, is used to measure recoverability. Some of the more important factors we consider include our financial performance relative to our expected and historical performance, significant changes in the way we manage our operations, negative events that have occurred, and negative industry and economic trends. If the estimated fair value is less than the carrying value, measurement of the impairment will be based on the difference between the carrying value and fair value of the asset group, generally determined based on the present value of expected future cash flows associated with the use of the asset.

Acquired Contract Liabilities, net

In connection with several of our acquisitions, we assumed existing long-term contracts. Based on our review of these contracts, we concluded that the terms of certain contracts to be either more or less favorable than could be realized in market transactions as of the date of the acquisition. As a result, we recognized acquired contract liabilities, net of acquired contract assets as of the acquisition date of each respective acquisition, based on the present value of the difference between the contractual cash flows of the executory contracts and the estimated cash flows had the contracts been executed at the acquisition date. The liabilities principally relate to long-term life of program contracts that were initially executed at several years prior to the respective acquisition (see Note 3 of "Notes to Consolidated Financial Statements" for further discussion).

The acquired contract liabilities, net, are being amortized as non-cash revenues over the terms of the respective contracts. The Company recognized net amortization of contract liabilities of approximately $132.4 million, $75.7 million and $42.6 million in the fiscal years ended March 31, 2016, 2015 and 2014, respectively, and such amounts have been included in revenues in our results of operations. The balance of the liability as of March 31, 2016, is approximately $522.7 million and, based on the expected delivery schedule of the underlying contracts, the Company estimates annual amortization of the liability as follows 2017—$125.2 million; 2018—$117.5 million; 2019—$78.0 million; 2020—$59.7 million; 2021—$59.7 million; Thereafter—$82.6 million.

Postretirement Plans

The liabilities and net periodic cost of our pension and other postretirement plans are determined using methodologies that involve several actuarial assumptions, the most significant of which are the discount rate, the expected long-term rate of asset return and rate of growth for medical costs. The actuarial assumptions used to calculate these costs are reviewed annually or when a remeasurement is necessary. Assumptions are based upon management's best estimates, after consulting with outside investment advisors and actuaries, as of the measurement date.

During the fourth quarter of the fiscal year ended March 31, 2016, we changed the method we use to estimate the service and interest components of net periodic benefit cost for our pension and other postretirement benefit plans. This new estimation approach discounts the individual expected cash flows underlying the service cost and interest cost by applying the specific spot rates derived from the yield curve used to discount the cash flows reflected in the measurement of the benefit obligation. Historically, we estimated these service and interest cost components utilizing a single weighted-average discount rate derived from the yield curve used to measure the benefit obligation at the beginning of the period.

We made this change to provide a more precise measurement of service and interest costs by improving the correlation between projected benefit cash flows to the corresponding spot yield curve rates. We have accounted for this change as a change in accounting estimate that is inseparable from a change in accounting principle pursuant to ASC 250, Accounting Changes and Error Corrections and accordingly have accounted for it prospectively. While the benefit obligation measured under this approach is unchanged from that determined under the prior approach, the more granular application of the spot rates will reduce the service and interest cost for the pension and OPEB plans for the fiscal year ended March 31, 2017, by approximately $20.0 million. The spot rates used to determine service and interest costs for the U.S. plans ranged from 0.60% to 9.75%. Under the Company’s prior methodology, these rates would have resulted in weighted-average rates for service cost and interest cost of 3.86% for the U.S. pension plans and 3.73% for the OPEB plans. The new approach will be used to measure the service cost and interest cost for our pension and OPEB plans for the fiscal year ended March 31, 2017.

Effective April 1, 2015, the Company changed the period over which actuarial gains and losses are being amortized for its U.S. pension plans from the average remaining future service period of active plan participants to the average life expectancy of inactive plan participants. This change was made because the Company has determined that as of that date almost all plan participants are inactive.

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The accounting corridor is a defined range within which amortization of net gains and losses is not required. The discount rates at March 31, 2016, ranged from 3.25 - 3.93% compared to a weighted-average of 3.78% at March 31, 2015.

The assumed expected long-term rate of return on assets is the weighted-average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the Projected Benefit Obligation ("PBO"). The expected average long-term rate of return on assets is based on several factors, including actual historical market index returns, anticipated long-term performance of individual asset classes with consideration given to the related investment strategy, plan expenses and the potential to outperform market index returns. This rate is utilized principally in calculating the expected return on plan assets component of the annual pension expense. To the extent the actual rate of return on assets realized over the course of a year differs from the assumed rate, that year's annual pension expense is not affected. The gain or loss reduces or increases future pension expense over the average remaining life expectancy of inactive plan participants. The expected long-term rate of return for fiscal 2016, 2015 and 2014, was 6.50 - 8.25%. The expected long-term rate of return for fiscal 2017 will be 8.00%.

In addition to our defined benefit pension plans, we provide certain healthcare and life insurance benefits for some retired employees. Such benefits are unfunded as of March 31, 2016. Employees achieve eligibility to participate in these contributory plans upon retirement from active service if they meet specified age and years of service requirements. Election to participate for eligible employees must be made at the date of retirement. Qualifying dependents at the date of retirement are also eligible for medical coverage. Current plan documents reserve our right to amend or terminate the plans at any time, subject to applicable collective bargaining requirements for represented employees. From time to time, we have made changes to the benefits provided to various groups of plan participants. Premiums charged to most retirees for medical coverage prior to age 65 are based on years of service and are adjusted annually for changes in the cost of the plans as determined by an independent actuary. In addition to this medical inflation cost-sharing feature, the plans also have provisions for deductibles, co-payments, coinsurance percentages, out-of-pocket limits, schedules of reasonable fees, preferred provider networks, coordination of benefits with other plans, and a Medicare carve-out.

In accordance with ASC 715, Compensation—Retirement Benefits, we recognized the funded status of our benefit obligation. This funded status is remeasured as of our annual remeasurement date. The funded status is measured as the difference between the fair value of the plan's assets and the PBO or accumulated postretirement benefit obligation of the plan. In order to recognize the funded status, we determined the fair value of the plan assets. The majority of our plan assets are publicly traded investments which were valued based on the market price as of the date of remeasurement. Investments that are not publicly traded were valued based on the estimated fair value of those investments as of the remeasurement date based on our evaluation of data from fund managers and comparable market data.

The Company periodically experiences events or makes changes to its benefit plans that result in curtailment or special charges. Curtailments are recognized when events occur that significantly reduce the expected years of future service of present employees or eliminates the benefits for a significant number of employees for some or all of their future service.

Curtailment losses are recognized when it is probable the curtailment will occur and the effects are reasonably estimable. Curtailment gains are recognized when the related employees are terminated or a plan amendment is adopted, whichever is applicable.

As required under ASC 715, the Company remeasures plan assets and obligations during an interim period whenever a significant event occurs that results in a material change in the net periodic pension cost. The determination of significance is based on judgment and consideration of events and circumstances impacting the pension costs.

See Note 15 of "Notes to Consolidated Financial Statements" for a summary of the key events that affected our net periodic benefit cost and obligations that occurred during the fiscal years ended March 31, 2016, 2015 and 2014.

Pension income, excluding curtailments, settlements and special termination benefits (early retirement incentives) for the fiscal year ended March 31, 2016, was $57.2 million compared with pension income of $52.4 million for the fiscal year ended March 31, 2015, and $35.0 million for the fiscal year ended March 31, 2014. For the fiscal year ending March 31, 2017, the Company expects to recognize pension income of approximately $66.5 million.

Recently Issued Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, Leases (Topic 842). ASU 2016-02 requires lessees to recognize assets and liabilities for most leases. ASU 2016-02 is effective for annual periods beginning after December 15, 2018. Early adoption is permitted. Full retrospective application is prohibited. ASU 2016-02's transition provision are applied using a modified retrospective approach at the beginning of the earliest comparative period presented in the financial statements. The Company is currently evaluating ASU 2016-02 and has not determined the impact it may have on the Company’s consolidated results of operations, financial position or cash flows nor decided on the method of adoption.

In November 2015, the FASB issued ASU 2015-17, Income Taxes (Subtopic 740-10): Balance Sheet Classification of Deferred Taxes. ASU 2015-17 requires companies to classify all deferred tax assets and liabilities as noncurrent on the balance sheet instead of separating deferred taxes into current and noncurrent amounts. ASU 2015-17 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is allowed for financial statements that have not been previously issued. Entities may elect to adopt the guidance either prospectively or retrospectively to all prior periods (i.e., the balance sheet for each period is adjusted). During fiscal 2016, the Company adopted this standard retrospectively to all prior periods and resulting in a reclass of $145.4 million from a current deferred tax asset to a noncurrrent deferred tax liability on the Consolidated Balance Sheet. The adoption did not have a material impact on the Company’s financial position, results of operations or cash flows.

In September 2015, the FASB issued ASU 2015-16, Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments. ASU 2015-16 eliminates the requirement that an acquirer in a business combination account for measurement-period adjustments retrospectively. Instead, an acquirer will recognize a measurement-period adjustment during the period in which it determines the amount of the adjustment. ASU 2015-16 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted. The Company adopted this standard effective January 1, 2016. The adoption did not have a material impact on the Company's financial position, results of operations or cash flows.

In April 2015, the FASB issued ASU 2015-03, Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs. ASU 2015-03 requires companies to present debt issuance costs as a direct deduction from the carrying value of that debt liability. ASU 2015-03 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is allowed for financial statements that have not been previously issued. Entities would apply the new guidance retrospectively to all prior periods. Effective April 1, 2015, the Company adopted this standard. The adoption did not have a material impact on the Company’s financial position, results of operations or cash flows. In accordance with ASC 2015-15, the Company has excluded debt issuance costs relating to revolving debt instruments as a direct deduction to debt.

In May 2014, the FASB issued guidance codified in Accounting Standards Codification ("ASC") 606, Revenue Recognition - Revenue from Contracts with Customers, which amends the guidance in former ASC 605, Revenue Recognition. The objective of ASC 606 is to establish a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and will supersede most of the existing revenue recognition guidance. The principle of ASC 606 is that an entity will recognize revenue at the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled. ASC 606 is effective for interim and annual reporting periods beginning after December 15, 2016, and can be adopted by the Company using either a full retrospective or modified retrospective approach, with early adoption prohibited. The Company is currently evaluating ASC 606 and has not determined the impact it may have on the Company’s consolidated results of operations, financial position or cash flows nor decided on the method of adoption.

Forward-Looking Statements

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 relating to our future operations and prospects, including statements that are based on current projections and expectations about the markets in which we operate, and management's beliefs concerning future performance and capital requirements based upon current available information. Such statements are based on management's beliefs as well as assumptions made by and information currently available to management. When used in this document, words like "may," "might," "will," "expect," "anticipate," "believe," "potential," and similar expressions are intended to identify forward-looking statements. Actual results could differ materially from management's current expectations. For example, there can be no assurance that additional capital will not be required or that additional capital, if required, will be available on reasonable terms, if at all, at such times and in such amounts as may be needed by us. In addition to these factors, among other factors that could cause actual results to differ materially, are uncertainties relating to the integration of acquired businesses, general economic conditions affecting our business segments, dependence of certain of our businesses on certain key customers, the risk that we will not realize all of the anticipated benefits from acquisitions as well as competitive factors relating to the aerospace industry. For a more detailed discussion of these and other factors affecting us, see the risk factors described in "Item 1A. Risk Factors."

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Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Commodity Price Risk

Some contracts with our suppliers for raw materials, component parts and other goods are short-term contracts, which are subject to termination on a relatively short-term basis. The prices of our raw materials and component parts fluctuate depending on market conditions, and substantial increases in prices could increase our operating costs, which, as a result of our fixed-price contracts, we may not be able to recoup through increases in the prices of our products. We generally do not employ forward contracts or other financial instruments to hedge commodity price risk, although we continue to review a full range of business options focused on strategic risk management for all material commodities.

Any failure by our suppliers to provide acceptable raw materials, components, kits or subassemblies could adversely affect our production schedules and contract profitability. We assess qualification of suppliers and continually monitor them to control risk associated with such supply base reliance.

To a lesser extent, we also are exposed to fluctuations in the prices of certain utilities and services, such as electricity, natural gas, chemicals and freight. We utilize a range of long-term agreements to minimize procurement expense and supply risk in these areas.

Foreign Exchange Risk

In addition, even when revenues and expenses are matched, we must translate foreign denominated results of operations, assets and liabilities for our foreign subsidiaries to U.S. dollars in our consolidated financial statements. Consequently, increases and decreases in the value of the U.S. dollar as compared to the respective foreign currencies will affect our reported results of operations and the value of our assets and liabilities on our consolidated balance sheet, even if our results of operations or the value of those assets and liabilities has not changed in its original currency. These transactions could significantly affect the comparability of our results between financial periods and/or result in significant changes to the carrying value of our assets, liabilities and stockholders' equity.

We are subject to foreign currency exchange rate risk relating to receipts from customers and payments to suppliers in foreign currencies. We use foreign currency forward contracts to hedge the price risk associated with forecasted foreign denominated payments related to our ongoing business. Foreign currency forward contracts are sensitive to changes in foreign currency exchange rates. At March 31, 2016, a 10% change in the exchange rate in our portfolio of foreign currency contracts would not have material impact on our unrealized gains. Consistent with the use of these contracts to neutralize the effect of exchange rate fluctuations, such unrealized losses or gains would be offset by corresponding gains or losses, respectively, in the remeasurement of the underlying transactions being hedged. When taken together, these forward currency contracts and the offsetting underlying commitments do not create material market risk.

Interest Rate Risk

Our primary exposure to market risk consists of changes in interest rates on borrowings. An increase in interest rates would adversely affect our operating results and the cash flow available after debt service to fund operations and expansion. In addition, an increase in interest rates would adversely affect our ability to pay dividends on our common stock, if permitted to do so under certain of our debt arrangements, including the Credit Facility. We manage exposure to interest rate fluctuations by optimizing the use of fixed and variable rate debt. As of March 31, 2016, approximately 77% of our debt was fixed-rate debt. Our financing policy states that we generally maintain between 50% and 75% of our debt as fixed-rate debt, however, a portion of our variable debt is fixed through an interest rate swap. The information below summarizes our market risks associated with debt obligations and should be read in conjunction with Note 10 of "Notes to Consolidated Financial Statements."

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The following table presents principal cash flows and the related interest rates. Fixed interest rates disclosed represent the weighted-average rate as of March 31, 2016. Variable interest rates disclosed fluctuate with the LIBOR, federal funds rates and other weekly rates and represent the weighted-average rate at March 31, 2016.

Expected Years of Maturity

	Next 12 Months	13 - 24 Months	25 - 36 Months	37 - 48 Months	49 - 60 Months	Thereafter	Total
Fixed-rate cash flows (in thousands)	$42,383	$46,904	$51,832	$255,707	$15,527	$680,285	$1,092,638
Weighted-average interest rate (%)	4.31 %	4.36 %	4.41 %	4.68 %	5.02 %	2.18 %	
Variable-rate cash flows (in thousands)	$—	$191,300	$140,000	$—	$2,178	$—	$333,478
Weighted-average interest rate (%)	— %	1.29 %	0.95 %	— %	0.06 %	— %	

There are no other significant market risk exposures.

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Item 8. Financial Statements and Supplementary Data

of Independent Registered Public Accounting Firm
The Board of Directors and Stockholders of Triumph Group, Inc.
We have audited the accompanying consolidated balance sheets of Triumph Group, Inc. as of March 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive (loss) income, stockholders' equity, and cash flows for each of the three years in the period ended March 31, 2016. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.
We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.
In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Triumph Group, Inc. at March 31, 2016 and 2015, and the consolidated results of its operations and its cash flows for each of the three years in the period ended March 31, 2016, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.
We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Triumph Group, Inc.'s internal control over financial reporting as of March 31, 2016, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated May 27, 2016, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Philadelphia, Pennsylvania
May 27, 2016

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TRIUMPH GROUP, INC.
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except per share data)

	March 31, 2016	2015
ASSETS		
Current assets:		
Cash and cash equivalents	$20,984	$32,617
Trade and other receivables, less allowance for doubtful accounts of $6,492 and $6,475	444,208	521,601
Inventories, net of unliquidated progress payments of $123,155 and $189,923	1,184,238	1,280,274
Rotable assets	51,952	48,820
Prepaid expenses and other	41,259	23,069
Total current assets	1,742,641	1,906,381
Property and equipment, net	889,734	950,734
Goodwill	1,444,254	2,024,846
Intangible assets, net	649,612	966,365
Other, net	108,852	107,999
Total assets	$4,835,093	$5,956,325
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$42,441	$42,255
Accounts payable	410,225	429,134
Accrued expenses	683,208	411,848
Total current liabilities	1,135,874	883,237
Long-term debt, less current portion	1,374,879	1,326,345
Accrued pension and other postretirement benefits, noncurrent	664,664	538,381
Deferred income taxes, noncurrent	62,453	261,100
Other noncurrent liabilities	662,279	811,478
Stockholders' equity:		
Common stock, $.001 par value, 100,000,000 shares authorized, 52,460,020 and 52,460,020 shares issued; 49,328,999 and 49,273,053 shares outstanding	51	51
Capital in excess of par value	851,102	851,940
Treasury stock, at cost, 3,131,921 and 3,187,867 shares	(199,415)	(203,514)
Accumulated other comprehensive loss	(347,162)	(198,910)
Retained earnings	630,368	1,686,217
Total stockholders' equity	934,944	2,135,784
Total liabilities and stockholders' equity	$4,835,093	$5,956,325

See notes to consolidated financial statements.

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TRIUMPH GROUP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Year ended March 31,		
	2016	2015	2014
Net sales	$3,886,072	$3,888,722	$3,763,254
Operating costs and expenses:			
Cost of sales (exclusive of depreciation shown separately below)	3,597,299	3,141,453	2,911,802
Selling, general and administrative	287,349	285,773	254,715
Depreciation and amortization	177,755	158,323	164,277
Impairment of intangible assets	874,361	—	—
Restructuring	36,182	3,193	31,290
Curtailments, settlements and early retirement incentives	(1,244)	—	1,166
Legal settlement charge (gain), net	5,476	(134,693)	—
	4,977,178	3,454,049	3,363,250
Operating (loss) income	(1,091,106)	434,673	400,004
Interest expense and other	68,041	85,379	87,771
(Loss) income from continuing operations before income taxes	(1,159,147)	349,294	312,233
Income tax (benefit) expense	(111,187)	110,597	105,977
Net (loss) income	$(1,047,960)	$238,697	$206,256
Earnings per share—basic:			
Net (loss) income	$(21.29)	$4.70	$3.99
Weighted-average common shares outstanding—basic	49,218	50,796	51,711
Earnings per share—diluted:			
Net (loss) income	$(21.29)	$4.68	$3.91
Weighted-average common shares outstanding—diluted	49,218	51,005	52,787

See notes to consolidated financial statements.

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TRIUMPH GROUP, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(Dollars in thousands)

	Year ended March 31,		
	2016	2015	2014
Net (loss) income	$(1,047,960)	$238,697	$206,256
Other comprehensive (loss) income:			
Foreign currency translation adjustment	(12,065)	(46,949)	(3,315)
Defined benefit pension plans and other postretirement benefits:			
Amounts arising during the period - gains (losses), net of tax (expense) benefit:			
Prior service credit, net of taxes $14,725, $19 and $21, respectively	27,392	(31)	(37)
Actuarial gain (loss), net of taxes $86,261, $71,060, and ($27,546), respectively	(154,659)	(122,636)	45,995
Reclassification from net income - (gains) losses, net of tax expense (benefit):			
Amortization of net loss, net of taxes of ($1,263), $0 and ($5,647), respectively	2,119	—	9,402
Recognized prior service credits, net of taxes of $5,937, $3,864 and $6,814, respectively	(10,876)	(6,133)	(11,346)
Total defined benefit pension plans and other postretirement benefits, net of taxes	(136,024)	(128,800)	44,014
Cash flow hedges:			
Unrealized (loss) gain arising during period, net of tax benefit (expense) of $384, $2,463 and ($884), respectively	(527)	(4,098)	1,384
Reclassification of gain included in net earnings, net of tax expense of ($173), $42 and $11, respectively	364	(155)	(19)
Net unrealized (loss) gain on cash flow hedges, net of tax	(163)	(4,253)	1,365
Total other comprehensive income (loss)	(148,252)	(180,002)	42,064
Total comprehensive (loss) income	$(1,196,212)	$58,695	$248,320

See notes to consolidated financial statements.

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TRIUMPH GROUP, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Dollars in thousands)

	Outstanding Shares	Common Stock All Classes	Capital in Excess of Par Value	Treasury Stock	Accumulated Other Comprehensive (Loss) Income	Retained Earnings	Total
Balance at March 31, 2013	50,123,035	$ 50	$848,372	$—	$ (60,972)	$1,257,708	$2,045,158
Net income	—	—	—	—	—	206,256	206,256
Foreign currency translation adjustment	—	—	—	—	(3,315)	—	(3,315)
Pension liability adjustment, net of income taxes of $26,358	—	—	—	—	44,014	—	44,014
Change in fair value of interest rate swap, net of income taxes of ($945)	—	—	—	—	1,481	—	1,481
Change in fair value of foreign currency hedges, net of income taxes of $72	—	—	—	—	(116)	—	(116)
Issuance of stock upon conversion of convertible notes	2,290,755	2	14,000	—	—	—	14,002
Purchase of 300,000 shares of common stock	(300,000)	—	—	(19,134)	—	—	(19,134)
Exercise of stock options	18,170	—	290	—	—	—	290
Cash dividends ($0.16 per share)	—	—	—	—	—	(8,344)	(8,344)
Share-based compensation	61,413	—	6,306	—	—	—	6,306
Repurchase of restricted shares for minimum tax obligation	(34,353)	—	(2,726)	—	—	—	(2,726)
Excess tax benefit from exercise of stock options	—	—	39	—	—	—	39
Balance at March 31, 2014	52,159,020	52	866,281	(19,134)	(18,908)	1,455,620	2,283,911
Net income	—	—	—	—	—	238,697	238,697
Foreign currency translation adjustment	—	—	—	—	(46,949)	—	(46,949)
Pension liability adjustment, net of income taxes of ($74,763)	—	—	—	—	(128,800)	—	(128,800)
Change in fair value of interest rate swap, net of taxes, $2,014	—	—	—	—	(3,156)	—	(3,156)
Change in fair value of foreign currency hedges, net of income taxes, $490	—	—	—	—	(1,097)	—	(1,097)
	—	(1)	(19,386)	—	—	—	(19,387)

Settlement of convertible notes							
Deferred tax impact of convertible debt redemption	—	—	2,725	—	—	—	2,725
Purchase of 2,923,011 shares of common stock	(2,923,011)	—	—	(184,380)	—	—	(184,380)
Exercise of stock options	45,782	—	720	—	—	—	720
Cash dividends ($0.16 per share)	—	—	—	—	—	(8,100)	(8,100)
Share-based compensation	1,600	—	1,272	—	—	—	1,272
Repurchase of restricted shares for minimum tax obligation	(10,338)	—	(673)	—	—	—	(673)
Excess tax benefit from exercise of stock options	—	—	1,001	—	—	—	1,001
Balance at March 31, 2015	49,273,053	51	851,940	(203,514)	(198,910)	1,686,217	2,135,784
Net loss	—	—	—	—	—	(1,047,960)	(1,047,960)
Foreign currency translation adjustment	—	—	—	—	(12,065)		(12,065)
Pension liability adjustment, net of income taxes of $76,210	—	—	—	—	(136,024)	—	(136,024)
Change in fair value of interest rate swap, net of taxes, $636	—	—	—	—	(1,146)	—	(1,146)
Change in fair value of foreign currency hedges, net of income taxes of ($425)	—	—	—	—	983	—	983
Cash dividends ($0.16 per share)	—	—	—	—	—	(7,889)	(7,889)
Share-based compensation	36,598	—	(590)	3,247	—	—	2,657
Repurchase of restricted shares for minimum tax obligation	(1,528)	—	(96)	—	—	—	(96)
Employee stock purchase plan	20,876	—	(152)	852	—	—	700
Balance at March 31, 2016	49,328,999	$ 51	$851,102	$(199,415)	$ (347,162)	$630,368	$934,944

See notes to consolidated financial statements.

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TRIUMPH GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)

	Year ended March 31, 2016	2015	2014
Operating Activities			
Net (loss) income	$(1,047,960)	$238,697	$206,256
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	177,755	158,323	164,277
Impairment of intangible assets	874,361	—	—
Amortization of acquired contract liability	(132,363)	(75,733)	(42,629)
Curtailments, settlements and early retirement incentives	(1,244)	—	1,166
Accretion of debt discount	—	1,577	1,946
Other amortization included in interest expense	3,904	8,135	6,702
Provision for doubtful accounts receivable	1,996	172	2,191
Provision (benefit) for deferred income taxes	(118,302)	105,277	102,869
Employee stock compensation	2,657	1,272	4,653
Changes in other current assets and liabilities, excluding the effects of acquisitions:			
Accounts receivable	73,083	69,500	(46,378)
Inventories	294,360	49,536	(94,341)
Rotable assets	(843)	(7,153)	(6,813)
Prepaid expenses and other current assets	(6,958)	1,589	(406)
Accounts payable, accrued expenses and income taxes payable	53,914	95,167	(60,209)
Accrued pension and other postretirement benefits	(87,559)	(180,569)	(100,929)
Other	(2,938)	1,542	(3,218)
Net cash provided by operating activities	83,863	467,332	135,137
Investing Activities			
Capital expenditures	(80,047)	(110,004)	(206,414)
Reimbursements of capital expenditures from insurance and other	—	653	9,086
Proceeds from sale of assets	6,069	3,167	45,047
Acquisitions, net of cash acquired	(54,051)	38,281	(94,456)
Net cash used in investing activities	(128,029)	(67,903)	(246,737)
Financing Activities			
Net (decrease) increase in revolving credit facility	(8,256)	(46,150)	98,557
Proceeds from issuance of long-term debt	134,797	508,960	451,003
Retirement of debt and capital lease obligations	(80,917)	(655,860)	(416,645)
Payment of deferred financing costs	(185)	(6,487)	(3,297)
Purchase of common stock	—	(184,380)	(19,134)
Dividends paid	(7,889)	(8,100)	(8,344)
Net (repayment) proceeds of government grant	(5,000)	(3,198)	3,456
Repurchase of restricted shares for minimum tax obligations	(96)	(673)	(2,726)
Proceeds from exercise of stock options, including excess tax benefit of $0, $1,001, and $39 in 2016, 2015, and 2014	—	720	329
Net cash provided by (used in) financing activities	32,454	(395,168)	103,199
Effect of exchange rate changes on cash	79	(642)	5,362
Net change in cash and cash equivalents	(11,633)	3,619	(3,039)
Cash and cash equivalents at beginning of year	32,617	28,998	32,037
Cash and cash equivalents at end of year	$20,984	$32,617	$28,998

See notes to consolidated financial statements.

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TRIUMPH GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)

1. BACKGROUND AND BASIS OF PRESENTATION

Triumph Group, Inc. ("Triumph") is a Delaware corporation which, through its operating subsidiaries, designs, engineers, manufactures and sells products for the global aerospace original equipment manufacturers ("OEMs") of aircraft and aircraft components and repairs and overhauls aircraft components and accessories for commercial airline, air cargo carrier and military customers on a worldwide basis. Triumph and its subsidiaries (collectively, the "Company") is organized based on the products and services that it provides. Under this organizational structure, the Company has three reportable segments: the Aerostructures Group, the Aerospace Systems Group and the Aftermarket Services Group.

The Aerostructures segment consists of the Company's operations that manufacture products primarily for the aerospace OEM market. The Aerostructures segment's revenues are derived from the design, manufacture, assembly and integration of metallic and composite aerostructures and structural components, including aircraft wings, fuselage sections, tail assemblies, engine nacelles, flight control surfaces, and helicopter cabins. Further, the segment's operations also design and manufacture composite assemblies for floor panels and environmental control system ducts. These products are sold to various aerospace OEMs on a global basis.

The Aerospace Systems segment consists of the Company's operations that also manufacture products primarily for the aerospace OEM market. The segment's operations design and engineer mechanical and electromechanical controls, such as hydraulic systems, main engine gearbox assemblies, engine control systems, accumulators, mechanical control cables and non-structural cockpit components. These products are sold to various aerospace OEMs on a global basis.

The Aftermarket Services segment consists of the Company's operations that provide maintenance, repair and overhaul services to both commercial and military markets on components and accessories manufactured by third parties. Maintenance, repair and overhaul revenues are derived from services on auxiliary power units, airframe and engine accessories, including constant-speed drives, cabin compressors, starters and generators, and pneumatic drive units. In addition, the segment's operations repair and overhaul thrust reversers, nacelle components and flight control surfaces. The segment's operations also perform repair and overhaul services and supply spare parts for various types of cockpit instruments and gauges for a broad range of commercial airlines on a worldwide basis.

Repair services generally involve the replacement of parts and/or the remanufacture of parts, which is similar to the original manufacture of the part. The processes that the Company performs related to repair and overhaul services are essentially the repair of wear parts or replacement of parts that are beyond economic repair. The repair service generally involves remanufacturing a complete part or a component of a part.

The accompanying consolidated financial statements include the accounts of Triumph and its wholly-owned subsidiaries. Intercompany accounts and transactions have been eliminated from the consolidated financial statements.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

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TRIUMPH GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except per share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash Equivalents

Cash equivalents consist of highly liquid investments with a maturity of three months or less at the time of purchase. Fair value of cash equivalents approximates carrying value.

Trade and Other Receivables, net

Trade and other receivables are recorded net of an allowance for doubtful accounts. Trade and other receivables include amounts billed and currently due from customers, amounts currently due but unbilled, certain estimated contract changes and amounts retained by the customer pending contract completion. Unbilled amounts are generally billed and collected within one year. The Company performs ongoing credit evaluations of its customers and generally does not require collateral. The Company records the allowance for doubtful accounts based on prior experience and for specific collectibility matters when they arise. The Company writes off balances against the reserve when collectibility is deemed remote. The Company's trade and other receivables are exposed to credit risk; however, the risk is limited due to the diversity of the customer base.

Trade and other receivables, net comprised of the following:

	March 31,	
	2016	2015
Billed	$407,275	$475,668
Unbilled	25,742	39,222
Total trade receivables	433,017	514,890
Other receivables	17,683	13,186
Total trade and other receivables	450,700	528,076
Less: Allowance for doubtful accounts	(6,492)	(6,475)
Total trade and other receivables, net	$444,208	$521,601

Inventories

The Company records inventories at the lower of cost (average-cost or specific-identification methods) or market. Costs on long-term contracts and programs in progress represent recoverable costs incurred for production or contract-specific facilities and equipment, allocable operating overhead and advances to suppliers. Pursuant to contract provisions, agencies of the U.S. Government and certain other customers have title to, or a security interest in, inventories related to such contracts as a result of advances, performance-based payments, and progress payments. The Company reflects those advances and payments as an offset against the related inventory balances. The Company expenses general and administrative costs related to products and services provided essentially under commercial terms and conditions as incurred. The Company determines the costs of inventories by the first-in, first-out or average cost methods.

Work-in-process inventory includes capitalized pre-production costs. Company policy allows for the capitalization of pre-production costs after it establishes a contractual arrangement with a customer that explicitly states that the cost of recovery of pre-production costs is allowed.

Capitalized pre-production costs include nonrecurring engineering, planning and design, including applicable overhead, incurred before production is manufactured on a regular basis. Significant customer-directed work changes can also cause pre-production costs to be incurred (see Note 5 for further discussion).

Advance Payments and Progress Payments

Advance payments and progress payments received on contracts-in-process are first offset against related contract costs that are included in inventory, with any excess amount reflected in current liabilities under the Accrued expenses caption within the accompanying Consolidated Balance Sheets.

Property and Equipment
Property and equipment, which includes equipment under capital lease and leasehold improvements, are recorded at cost and depreciated over the estimated useful lives of the related assets, or the lease term if shorter in the case of leasehold improvements, by the straight-line method. Buildings and improvements are depreciated over a period of 15 to 39.5 years, and machinery and equipment are depreciated over a period of 7 to 15 years (except for furniture, fixtures and computer equipment which are depreciated over a period of 3 to 10 years).
Goodwill and Intangible Assets
The Company accounts for purchased goodwill and intangible assets in accordance with Accounting Standards Codification ("ASC") 350, Intangibles—Goodwill and Other. Under ASC 350, purchased goodwill and intangible assets with indefinite lives are not amortized; rather, they are tested for impairment on at least an annual basis. Intangible assets with finite lives are amortized over their useful lives. Upon acquisition, critical estimates are made in valuing acquired intangible assets, which include but are not limited to: future expected cash flows from customer contracts, customer lists, and estimating cash flows from projects when completed; tradename and market position, as well as assumptions about the period of time that customer relationships will continue; and discount rates. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from the assumptions used in determining the fair values.
The Company's operating segments of Aerostructures, Aerospace Systems and Aftermarket Services are also its reporting units. The Chief Executive Officer is the Company's Chief Operating Decision Maker ("CODM"). The Company's CODM evaluates performance and allocates resources based upon review of segment information. Each of the operating segments is comprised of a number of operating units which are considered to be components. The components, for which discrete financial information exists, are aggregated for purposes of goodwill impairment testing. The Company's acquisition strategy is to acquire companies that complement and enhance the capabilities of the operating segments of the Company. Each acquisition is assigned to either the Aerostructures reporting unit, the Aerospace Systems reporting unit or the Aftermarket Services reporting unit. The goodwill that results from each acquisition is also assigned to the reporting unit to which the acquisition is allocated, because it is that reporting unit which is intended to benefit from the synergies of the acquisition.
The Company assesses whether goodwill impairment exists using both the qualitative and quantitative assessments. The qualitative assessment involves determining whether events or circumstances exist that indicate it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. If based on this qualitative assessment the Company determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount or if the Company elects not to perform a qualitative assessment, a quantitative assessment is performed using a two-step approach required by ASC 350 to determine whether a goodwill impairment exists at the reporting unit.
The first step of the quantitative test is to compare the carrying amount of the reporting unit's assets to the fair value of the reporting unit. If the fair value exceeds the carrying value, no further evaluation is required and no impairment loss is recognized. If the carrying amount exceeds the fair value, then the second step is required to be completed, which involves allocating the fair value of the reporting unit to each asset and liability using the guidance in ASC 805, with the excess being applied to goodwill. An impairment loss occurs if the amount of the recorded goodwill exceeds the implied goodwill. The determination of the fair value of our reporting units is based, among other things, on estimates of future operating performance of the reporting unit being valued. We are required to complete an impairment test for goodwill and record any resulting impairment losses at least annually. Changes in market conditions, among other factors, may have an impact on these estimates and require interim impairment assessments.
When performing the two-step quantitative impairment test, the Company's methodology includes the use of an income approach which discounts future net cash flows to their present value at a rate that reflects the Company's cost of capital, otherwise known as the discounted cash flow method ("DCF"). These estimated fair values are based on estimates of future cash flows of the businesses. Factors affecting these future cash flows include the continued

market acceptance of the products and services offered by the businesses, the development of new products and services by the businesses and the underlying cost of development, the future cost structure of the businesses, and future technological changes. The Company also incorporates market multiples for comparable companies in determining the fair value of our reporting units. Any such impairment would be recognized in full in the reporting period in which it has been identified.

During the third quarter of fiscal 2016, the Company performed an interim assessment of the fair value of our goodwill and indefinite-lived intangible assets due to potential indicators of impairment related to the continued decline in our stock price during the third quarter. The Company's assessment focused on the Aerostructures reporting unit since it had significant changes in its economic indicators and adjusted for select changes in the risk adjusted discount rate to consider both the current return requirements of the market and the risks inherent in the reporting unit, expected long-term growth rate and cash flow projections to determine if any decline in the estimated fair value of a reporting unit could result in a goodwill impairment. We concluded that the goodwill was not impaired as of the interim impairment assessment date. However, the excess of the fair value over the carrying value was within 5% for the Company's Aerostructures reporting unit. The amount of goodwill for our Aerostructures reporting unit amounted to $1,420,195 as of the interim testing date.

In the fourth quarter of fiscal 2016, the Company performed the quantitative assessment for each of the Company's three reporting units, which indicated that the fair value of goodwill for the Aerostructures reporting unit did not exceed its carrying amount. After evaluating whether other assets within the reporting unit were impaired in accordance with ASC 350, we concluded on the implied goodwill under Step 2 resulting in a $597,603 impairment of goodwill to Aerostructures reporting unit. The assessment for the Company's Aerospace Systems and Aftermarket Services reporting units indicated that the fair value of their respective goodwill exceeded the carrying amount. We incurred no impairment of goodwill as a result of our annual goodwill impairment tests in fiscal 2015 or 2014 (see Note 7 for further discussion).

As of March 31, 2015, the Company had a $438,400 indefinite-lived intangible asset associated with the tradenames acquired in the acquisitions of Vought Aircraft Industries, Inc. ("Vought") and Embee, Inc. ("Embee"). The Company assesses whether indefinite-lived intangible assets impairment exists using both the qualitative and quantitative assessments. The qualitative assessment involves determining whether events or circumstances exist that indicate it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount. If based on this qualitative assessment, the Company determines it is not more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount or if the Company elects not to perform a qualitative assessment, a quantitative assessment is performed to determine whether an indefinite-lived intangible asset impairment exists. We test the indefinite-lived intangible assets for impairment by comparing the carrying value to the fair value based on current revenue projections of the related operations, under the relief from royalty method. Any excess of the carrying value over the amount of fair value is recognized as an impairment.

During the third quarter of the fiscal year ended March 31, 2016, the Company performed an interim assessment of fair value on our indefinite-lived intangible assets due to indicators of impairment related to the continued decline in our stock price during the fiscal third quarter. Based on the Company's evaluation,the Company concluded that the Vought tradename had a fair value of $195,800 (Level 3) compared to a carrying value of $425,000. Accordingly, the Company recorded a non-cash impairment charge during the fiscal year ended March 31, 2016, of $229,200, which is presented on the accompanying Consolidated Statements of Operations as "Impairment of intangible assets". The decline in fair value compared to the carrying value of the Vought tradename is the result of declining revenues from production rate reductions and the slower than previously projected ramp in Bombardier Global 7000/8000 and the timing of associated earnings.

In the fourth quarter of fiscal 2016, the Company performed its annual impairment test for each of the Company's indefinite-lived intangible assets, which indicated that the Vought and Embee tradenames had a fair value of $163,000 (Level 3) compared to a carrying value of $209,200. The decline in fair value of the tradenames is the result of the increase in discount rate during the fourth quarter, which required the Company to assess whether events and/or circumstances have changed regarding the indefinite-life conclusion. As a result the Company incurred a non-cash impairment charge of $46,200 presented on the accompanying Consolidated Statements of Operations as "Impairment of intangible assets" to the Vought and Embee tradenames. Additionally, it was determined that the tradenames will be amortized over their remaining estimated useful life of 20 years. The Company incurred no impairment of indefinite-lived assets as a result of our annual indefinite-lived assets impairment tests in fiscal 2015 or 2014.

Finite-lived intangible assets are amortized over their useful lives ranging from 3 to 32 years. The Company continually evaluates whether events or circumstances have occurred that would indicate that the remaining estimated useful lives of long-lived assets, including intangible assets, may warrant revision or that the remaining balance may not be recoverable. Intangible assets are evaluated for indicators of impairment. When factors indicate that long-lived assets, including intangible assets, should be evaluated for possible impairment, an estimate of the related undiscounted cash flows over the remaining life of the long-lived assets, including intangible assets, is used to measure recoverability. Some of the more important factors management considers include the Company's financial performance relative to expected and historical performance, significant changes in the way the Company manages its operations, negative events that have occurred, and negative industry and economic trends. If the estimated fair value is less than the carrying amount, measurement of the impairment will be based on the difference between the carrying value and fair value of the asset group, generally determined based on the present value of expected future cash flows associated with the use of the asset.

Deferred Financing Costs
Financing costs are deferred and amortized to Interest expense and other in the accompanying Consolidated Statements of Operations over the related financing period using the effective interest method or the straight-line method when it does not differ materially from the effective interest method. The Company records deferred financing costs as a direct deduction from the carrying value of that debt liability; however, the policy does exclude deferred financing costs relating to revolving debt instruments. These deferred financing costs are recorded in Other, net in the accompanying Consolidated Balance Sheets as of March 31, 2016 and 2015. Total deferred financing costs, net of accumulated amortization of $14,131 and $17,850, respectively, are recorded as of March 31, 2016 and 2015. Make-whole payments in connection with early debt retirements are classified as cash flows used in financing activities.
Acquired Contract Liabilities, net
In connection with several of our acquisitions, we assumed existing long-term contracts. Based on our review of these contracts, we concluded that the terms of certain contracts to be either more or less favorable than could be realized in market transactions as of the date of the acquisition. As a result, we recognized acquired contract liabilities, net of acquired contract assets as of the acquisition date of each respective acquisition, based on the present value of the difference between the contractual cash flows of the executory contracts and the estimated cash flows had the contracts been executed at the acquisition date. The liabilities principally relate to long-term life of program contracts that were initially executed at several years prior to the respective acquisition (see Note 3 for further discussion).
The Company measured these net liabilities under the measurement provisions of ASC 820, Fair Value Measurements, which is based on the price to transfer the obligation to a market participant at the measurement date, assuming that the net liabilities will remain outstanding in the marketplace. Fair value estimates are based on a complex series of judgments about future events and uncertainties and rely heavily on estimates and assumptions. The judgments used to determine the estimated fair value assigned to each long-term contracts can materially impact our results of operations.
Included in the net sales of the Aerostructure and Aerospace Systems groups is the non-cash amortization of acquired contract liabilities recognized as fair value adjustments through purchase accounting from various acquisitions. The Company recognized net amortization of contract liabilities of $132,363, $75,733 and $42,629 in the fiscal years ended March 31, 2016, 2015 and 2014, respectively, and such amounts have been included in revenues in results of operations. The balance of the liability as of March 31, 2016 is $522,680 and, based on the expected delivery schedule of the underlying contracts, the Company estimates annual amortization of the liability as follows: 2017—$125,241; 2018—$117,544; 2019—$77,990; 2020—$59,660; and 2021—$59,659.
Revenue Recognition
Revenues are generally recognized in accordance with the contract terms when products are shipped, delivery has occurred or services have been rendered, pricing is fixed or determinable, and collection is reasonably assured. The Company's policy with respect to sales returns and allowances generally provides that the customer may not return products or be given allowances, except at the Company's option. Accruals for sales returns, other allowances and estimated warranty costs are provided at the time of shipment based upon past experience.
A significant portion of the Company's contracts are within the scope of ASC 605-35, Revenue Recognition —Construction-Type and Production-Type Contracts, and revenue and costs on contracts are recognized using the percentage-of-completion method of accounting. Accounting for the revenue and profit on a contract requires estimates of (1) the contract value or total contract revenue, (2) the total costs at completion, which is equal to the sum of the actual incurred costs to date on the contract and the estimated costs to complete the contract's scope of work and (3) the measurement of progress towards completion. Depending on the contract, the Company measures progress

toward completion using either the cost-to-cost method or the units-of-delivery method, with the great majority measured under the units-of-delivery method.

- Under the cost-to-cost method, progress toward completion is measured as the ratio of total costs incurred to estimated total costs at completion. Costs are recognized as incurred. Profit is determined based on estimated profit margin on the contract multiplied by progress toward completion. Revenue represents the sum of costs and profit on the contract for the period.

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- Under the units-of-delivery method, revenue on a contract is recorded as the units are delivered and accepted during the period at an amount equal to the contractual selling price of those units. The costs recorded on a contract under the units-of-delivery method are equal to the total costs at completion divided by the total units to be delivered. As contracts can span multiple years, the Company often segments the contracts into production lots for the purposes of accumulating and allocating cost. Profit is recognized as the difference between revenue for the units delivered and the estimated costs for the units delivered.

Adjustments to original estimates for a contract's revenues, estimated costs at completion and estimated total profit are often required as work progresses under a contract, as experience is gained and as more information is obtained, even though the scope of work required under the contract may not change, or if contract modifications occur. These estimates are also sensitive to the assumed rate of production. Generally, the longer it takes to complete the contract quantity, the more relative overhead that contract will absorb. The impact of revisions in cost estimates is recognized on a cumulative catch-up basis in the period in which the revisions are made. Provisions for anticipated losses on contracts are recorded in the period in which they become probable ("forward losses") and are first offset against costs that are included in inventory, with any remaining amount reflected in accrued contract liabilities in accordance with ASC 605-35. Revisions in contract estimates, if significant, can materially affect results of operations and cash flows, as well as valuation of inventory. Furthermore, certain contracts are combined or segmented for revenue recognition in accordance with ASC 605-35.

For the fiscal year ended March 31, 2016, cumulative catch-up adjustments resulting from changes in contract values and estimated costs that arose during the fiscal year decreased operating (loss) income, net (loss) income and earnings per share by approximately $(596,213), $(539,023) and $(10.95), respectively. The cumulative catch-up adjustments to operating income for the fiscal year ended March 31, 2016 included gross favorable adjustments of approximately $32,954 and gross unfavorable adjustments of approximately $(629,167), which includes provisions for forward losses of $561,158 on the Bombardier Global 7000/8000 ("Bombardier") and 747-8 programs.

For the fiscal year ended March 31, 2015, cumulative catch-up adjustments resulting from changes in estimates decreased operating income, net income and earnings per share by approximately $(156,048), $(106,639) and $(2.09), respectively. The cumulative catch-up adjustments to operating income for the fiscal year ended March 31, 2015 included gross favorable adjustments of approximately $4,653 and gross unfavorable adjustments of approximately $(160,701) which includes a provision for forward losses of $151,992 on the 747-8 program.

For the fiscal year ended March 31, 2014, cumulative catch-up adjustments resulting from changes in estimates decreased operating income, net income and earnings per share by approximately $(53,166) $(35,121) and $(0.67), respectively. The cumulative catch-up adjustments to operating income for the fiscal year ended March 31, 2014 included gross favorable adjustments of approximately $14,341 and gross unfavorable adjustments of approximately $(67,507).

Amounts representing contract change orders or claims are only included in revenue when such change orders or claims have been settled with the customer and to the extent that units have been delivered. Additionally, some contracts may contain provisions for revenue sharing, price re-determination, requests for equitable adjustments, change orders or cost and/or performance incentives. Such amounts or incentives are included in contract value when the amounts can be reliably estimated and their realization is reasonably assured.

Although fixed-price contracts, which extend several years into the future, generally permit the Company to keep unexpected profits if costs are less than projected, the Company also bears the risk that increased or unexpected costs may reduce profit or cause the Company to sustain losses on the contract. In a fixed-price contract, the Company must fully absorb cost overruns, notwithstanding the difficulty of estimating all of the costs the Company will incur in performing these contracts and in projecting the ultimate level of revenue that may otherwise be achieved.

The Company recognized a provision for forward losses associated with our long-term contracts on the 747-8 and Bombardier programs. There is still risk similar to what we have experienced on the 747-8 and Bombardier programs. Particularly, our ability to manage risks related to supplier performance, execution of cost reduction strategies, hiring and retaining skilled production and management personnel, quality and manufacturing execution, program schedule delays and many other risks, will determine the ultimate performance of these long-term programs.

The Aftermarket Services Group provides repair and overhaul services, certain of which services are provided under long-term power-by-the-hour contracts, comprising approximately 6% of the segment's net sales. The Company applies the proportional performance method to recognize revenue under these contracts. Revenue is recognized over the contract period as units are delivered based on the relative value in proportion to the total estimated contract consideration. In estimating the total contract consideration, management evaluates the projected utilization of its customer's fleet over the term of the contract, in connection with the related estimated repair and overhaul servicing requirements to the fleet based on such utilization. Changes in utilization of the fleet by customers, among other factors, may have an impact on these estimates and require adjustments to estimates of revenue to be realized.

Shipping and Handling Costs

The cost of shipping and handling products is included in cost of products sold.

Research and Development Expense

Research and development ("R&D") expense (which includes certain amounts subject to reimbursement from customers) was approximately $103,031, $108,062 and $82,494 for the fiscal years ended March 31, 2016, 2015 and 2014, respectively.

Retirement Benefits

Defined benefit pension plans are recognized in the consolidated financial statements on an actuarial basis. A significant element in determining the Company's pension income (expense) is the expected long-term rate of return on plan assets. This expected return is an assumption as to the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the projected pension benefit obligation. The Company applies this assumed long-term rate of return to a calculated value of plan assets, which recognizes changes in the fair value of plan assets in a systematic manner over five years. This produces the expected return on plan assets that is included in pension income (expense). The difference between this expected return and the actual return on plan assets is deferred. The net deferral of past asset gains (losses) affects the calculated value of plan assets and, ultimately, future pension income (expense).

The Company periodically experiences events or makes changes to its benefit plans that result in curtailment or special charges. Curtailments are recognized when events occur that significantly reduce the expected years of future service of present employees or eliminates the benefits for a significant number of employees for some or all of their future service.

Curtailment losses are recognized when it is probable the curtailment will occur and the effects are reasonably estimable. Curtailment gains are recognized when the related employees are terminated or a plan amendment is adopted, whichever is applicable.

As required under ASC 715, Compensation — Retirement Benefits, the Company remeasures plan assets and obligations during an interim period whenever a significant event occurs that results in a material change in the net periodic pension cost. The determination of significance is based on judgment and consideration of events and circumstances impacting the pension costs.

At March 31 of each year, the Company determines the fair value of its pension plan assets as well as the discount rate to be used to calculate the present value of plan liabilities. The discount rate is an estimate of the interest rate at which the pension benefits could be effectively settled. In estimating the discount rate, the Company looks to rates of return on high-quality, fixed-income investments currently available and expected to be available during the period to maturity of the pension benefits. The Company uses a portfolio of fixed-income securities, which receive at least the second-highest rating given by a recognized ratings agency.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. When determining fair value measurements for assets and liabilities required to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and also considers assumptions that market participants would use when pricing an asset or liability. The fair value hierarchy has three levels of inputs that may be used to measure fair value: Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities; Level 2—Unadjusted quoted prices in active markets for similar assets or liabilities, or unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability; and Level 3—Unobservable inputs for the asset or liability.

The Company has applied fair value measurements to its interest rate swap (see Note 10) and to its pension and postretirement plan assets (see Note 15).

Foreign Currency Translation

The determination of the functional currency for the Company's foreign subsidiaries is made based on appropriate economic factors. The functional currency of the Company's subsidiaries Triumph Aviation Services—Asia and Triumph Structures—Thailand is the U.S. dollar since that is the currency in which that entity primarily generates and expends cash. The functional currency of the Company's remaining subsidiaries is the local currency, since that is the currency in which those entities primarily generate and expend cash. Assets and liabilities of these subsidiaries are translated at the rates of exchange at the balance sheet date. Income and expense items are translated at average monthly rates of exchange. The resultant translation adjustments are included in accumulated other comprehensive income (see Note 13). Gains and losses arising from foreign currency transactions of these subsidiaries are included in net (loss) income.

Income Taxes

The Company accounts for income taxes using the asset and liability method. The asset and liability method requires recognition of deferred tax assets and liabilities for expected future tax consequences of temporary differences that currently exist between tax bases and financial reporting bases of the Company's assets and liabilities. A valuation allowance is provided on deferred taxes if it is determined that it is more likely than not that the asset will not be realized. The Company recognizes penalties and interest accrued related to income tax liabilities in the provision for income taxes in its Consolidated Statements of Operations.

Significant management judgment is required to determine the amount of benefit to be recognized in relation to an uncertain tax position. The Company uses a two-step process to evaluate tax positions. The first step requires an entity to determine whether it is more likely than not (greater than 50% chance) that the tax position will be sustained. The second step requires an entity to recognize in the financial statements the benefit of a tax position that meets the more-likely-than-not recognition criterion. The amounts ultimately paid upon resolution of issues raised by taxing authorities may differ materially from the amounts accrued and may materially impact the financial statements of the Company in future periods.

Recently Issued Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, Leases (Topic 842). ASU 2016-02 requires lessees to recognize assets and liabilities for most leases. ASU 2016-02 is effective for annual periods beginning after December 15, 2018. Early adoption is permitted. Full retrospective application is prohibited. ASU 2016-02's transition provision are applied using a modified retrospective approach at the beginning of the earliest comparative period presented in the financial statements. The Company is currently evaluating ASU 2016-02 and has not determined the impact it may have on the Company’s consolidated results of operations, financial position or cash flows nor decided on the method of adoption.

In November 2015, the FASB issued ASU 2015-17, Income Taxes (Subtopic 740-10): Balance Sheet Classification of Deferred Taxes. ASU 2015-17 requires companies to classify all deferred tax assets and liabilities as noncurrent on the balance sheet instead of separating deferred taxes into current and noncurrent amounts. ASU 2015-17 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016. Early adoption is allowed for financial statements that have not been previously issued. Entities may elect to adopt the guidance either prospectively or retrospectively to all prior periods (i.e., the balance sheet for each period is adjusted). Effective December 1, 2015, the Company adopted this standard retrospectively to all prior periods and resulting in a reclass of $145,352 from a current deferred tax asset to a noncurrrent deferred tax liability on the Consolidated Balance Sheet. The adoption did not have a material impact on the Company’s financial position, results of operations or cash flows.

In September 2015, the FASB issued ASU 2015-16, Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments. ASU 2015-16 eliminates the requirement that an acquirer in a business combination account for measurement-period adjustments retrospectively. Instead, an acquirer will recognize a measurement-period adjustment during the period in which it determines the amount of the adjustment. ASU 2015-16 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted. The Company adopted this standard effective January 1, 2016. The adoption did not have a material impact on the Company's financial position, results of operations or cash flows.

In April 2015, the FASB issued ASU 2015-03, Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs. ASU 2015-03 requires companies to present debt issuance costs as a direct deduction from the carrying value of that debt liability. ASU 2015-03 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is allowed for financial statements that have not been previously issued. Entities would apply the new guidance retrospectively to all prior periods. Effective April 1, 2015, the Company adopted this standard. The adoption did not have a material impact on the Company's financial position, results of operations or cash flows. In accordance with ASC 2015-15, the Company has excluded debt issuance costs relating to revolving debt instruments as a direct deduction to debt.

In May 2014, the FASB issued guidance codified in Accounting Standards Codification ("ASC") 606, Revenue Recognition - Revenue from Contracts with Customers, which amends the guidance in former ASC 605, Revenue Recognition. The objective of ASC 606 is to establish a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and will supersede most of the existing revenue recognition guidance. The principle of ASC 606 is that an entity will recognize revenue at the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled. ASC 606 is effective for interim and annual reporting periods beginning after December 15, 2017 and can be adopted by the Company using either a full retrospective or modified retrospective approach, with early adoption prohibited. The Company is currently evaluating ASC 606 and has not determined the impact it may have on the Company’s consolidated results of operations, financial position or cash flows nor decided on the method of adoption.

Stock-Based Compensation

The Company recognizes compensation expense for share-based awards based on the fair value of those awards at the date of grant. Stock-based compensation expense for fiscal years ended March 31, 2016, 2015 and 2014 was $2,657, $1,272 and $4,653, respectively. The Company has classified share-based compensation within selling, general and administrative expenses to correspond with the same line item as the majority of the cash compensation paid to employees. Upon the exercise of stock options or vesting of restricted stock, the Company first transfers treasury stock, then will issue new shares (see Note 16 for further details).

Supplemental Cash Flow Information

For the fiscal years ended March 31, 2016 and 2014, the Company paid $4,887 and $4,157, respectively, for income tax, net of income tax refunds received. For the fiscal year ended March 31, 2015, the Company received $22,241 for income tax refunds, net of payments. The Company made interest payments of $62,325, $82,425 and $81,100 for fiscal years ended March 31, 2016, 2015 and 2014, respectively.

During the fiscal years ended March 31, 2016, 2015 and 2014, the Company financed $188, $52 and $36 of property and equipment additions through capital leases, respectively. During the fiscal year ended March 31, 2014, the Company issued 2,290,755 shares in connection with certain redemptions of convertible senior subordinated notes (see Note 10).

Warranty Reserves

A reserve has been established to provide for the estimated future cost of warranties on our delivered products. The Company periodically reviews the reserves and adjustments are made accordingly. A provision for warranty on products delivered is made on the basis of historical experience and identified warranty issues. Warranties cover such factors as non-conformance to specifications and defects in material and workmanship. The majority of the Company's agreements include a three-year warranty, although certain programs have warranties up to 20 years. Warranty reserves are included in accrued expenses and other noncurrent liabilities on the Consolidated Balance Sheet. The warranty reserves for the fiscal years ended March 31, 2016 and 2015, were $112,937 and $112,140, respectively, of which a significant portion is offset by an indemnification asset.

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(Dollars in thousands, except per share data)

3. ACQUISITIONS

Acquisition of Fairchild Controls Corporation

Effective October 21, 2015, the Company acquired all of the outstanding shares of Fairchild Controls Corporation ("Fairchild"). Fairchild is a leading provider of proprietary thermal management systems, auxiliary power generation systems and related aftermarket spares and repairs. The acquired business operates as Triumph Thermal Systems-Maryland, Inc. and its results are included in Aerospace Systems Group from the date of acquisition.
The purchase price for Fairchild was $57,130, including a working capital adjustments. Goodwill in the amount of $16,529 was provisionally recognized for this acquisition and is calculated as the excess of consideration transferred over the net assets recognized and represents future economic benefits arising from other assets acquired that could not be individually identified and separately recognized such as assembled workforce. The goodwill is not deductible for tax purposes. The Company has also identified an intangible asset related to customer relationships valued at $18,000 with a weighted-average life of 12.0 years.
The accounting for the business combination is provisional and dependent upon valuations and other information for certain assets and liabilities which have not yet been identified, completed or obtained to a point where definitive estimates can be made. The process for estimating the fair values of identified intangible assets, certain tangible assets and assumed liabilities requires the use of judgment to determine the appropriate assumptions.
As the Company finalizes estimates of the fair value of certain assets acquired and liabilities assumed, the purchase price allocation for Fairchild is provisional. Additional purchase price adjustments will be recorded during the measurement period, not to exceed one year beyond the acquisition date. These adjustments may have a material impact on the Company's results of operations and financial position.
The table below presents the provisional estimated fair value of assets acquired and liabilities assumed on the acquisition date based on the best information the Company has received to date, in accordance with Accounting Standards Codification Topic 805, Business Combinations ("ASC 805"). These estimates will be revised as the Company finalizes valuations of tangible and intangible assets, certain liabilities assumed and other information related to the Fairchild acquisition. Accordingly, the amounts below report the Company's best estimate of fair value based on the information available at this time:

	October 21, 2015
Cash	$ 9,065
Accounts receivable	8,859
Inventory	15,069
Prepaid expenses	263
Property and equipment	6,632
Goodwill	16,529
Intangible assets	18,000
Deferred taxes	3,992
Total assets	$ 78,409
Accounts payable	$ 1,284
Accrued expenses	12,128
Other noncurrent liabilities	7,867
Total liabilities	$ 21,279

The provisional amounts recognized are based on the Company's best estimate using information that it has obtained as of the reporting date. The Company will finalize its estimate once it is able to determine that it has obtained all necessary information that existed as of the acquisition date related to this matter or one year following the acquisition of Fairchild, whichever is earlier.

TRIUMPH GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except per share data)

The Fairchild acquisition has been accounted for under the acquisition method and, accordingly, is included in the consolidated financial statements from the effective date of acquisition. The Company incurred $569 in acquisition-related costs in connection with the Fairchild acquisition.
The following table presents information for the Fairchild acquisition which are included in the Company's Consolidated Statements of Operations from its date of acquisition through the end of fiscal 2016:

	For the Year Ended March 31, 2016
Net sales	$17,698
Operating income	1,792

FISCAL 2015 ACQUISITIONS
Assumption of Spirit AeroSystems Holdings, Inc. - Gulfstream G650 and G280 Wing Programs
Effective December 30, 2014, a wholly-owned subsidiary of the Company, Triumph Aerostructures - Tulsa LLC, doing business as Triumph Aerostructures-Vought Aircraft Division-Tulsa, completed the acquisition of the Gulfstream G650 and G280 wing programs (the "Tulsa Programs") located in Tulsa, Oklahoma, from Spirit AeroSystems, Inc. The acquisition of the Tulsa Programs establishes the Company as a leader in fully integrated wing design, engineering and production and advances its standing as a strategic Tier One Capable aerostructures supplier. The acquired business operates as Triumph Aerostructures-Vought Aircraft Division-Tulsa and its results are included in the Aerostructures Group from the date of acquisition.
The Company received $160,000 in cash plus assets required to run the business from Spirit-Tulsa to cover the anticipated future cash flow needs of the programs. Goodwill in the amount of $80,122 was recognized for this acquisition and is calculated as the excess of consideration transferred over the net assets recognized and represents future economic benefits arising from other assets acquired that could not be individually identified and separately recognized such as assembled workforce. The goodwill is not deductible for tax purposes.
The following condensed balance sheet represents the amounts assigned to each major asset and liability caption in the aggregate from the acquisition for the Tulsa Programs, in accordance with ASC 805:

	December 30, 2014
Inventory	$ 78,660
Property and equipment	15,409
Goodwill	80,122
Deferred taxes	52,777
Other noncurrent assets	68,941
Total assets	$ 295,909
Accounts payable	$ 1,782
Accrued expenses	17,588
Acquired contract liabilities	368,448
Other noncurrent liabilities	68,091
Total liabilities	$ 455,909

Based on the information accumulated during the measurement period, the Company has recognized an accrued warranty liability of $74,132 and a related indemnification asset of $68,941 for amounts reimbursed by the seller. The Company finalized its estimates after it was able to determine that it had obtained all necessary information that existed as of the acquisition date related to these matters.

(Dollars in thousands, except per share data)

The Tulsa Programs acquisition has been accounted for under the acquisition method and, accordingly, is included in the consolidated financial statements from the effective date of acquisition. The Company incurred $5,000 in acquisition-related costs in connection with the Tulsa Programs acquisition, which is recorded in selling, general and administrative expenses in the accompanying Consolidated Statements of Operations.

Acquisition of North American Aircraft Services, Inc.

Effective October 17, 2014, the Company acquired the ownership of all of the outstanding shares of North American Aircraft Services, Inc. and its affiliates ("NAAS"). NAAS is based in San Antonio, Texas, with fixed-based operator units throughout the United States as well as international locations and delivers line maintenance and repair, fuel leak detection and fuel bladder cell repair services. The acquired business operates as Triumph Aviation Services - NAAS Division and its results are included in Aftermarket Services Group from the date of acquisition.

The purchase price for the NAAS acquisition was $44,520, net of working capital adjustment of $167. Goodwill in the amount of $25,217 was recognized for this acquisition and is calculated as the excess of consideration transferred over the net assets recognized and represents future economic benefits arising from other assets acquired that could not be individually identified and separately recognized such as assembled workforce. The goodwill is not deductible for tax purposes. The Company has also identified an intangible asset related to customer relationships valued at $17,000 with a weighted-average life of 11.0 years.

The following condensed balance sheet represents the amounts assigned to each major asset and liability caption in the aggregate from the acquisition of NAAS, in accordance with ASC 805:

	October 17, 2014
Cash	$ 818
Accounts receivable	4,939
Inventory	848
Property and equipment	216
Goodwill	25,217
Intangible assets	17,000
Other assets	225
Total assets	$ 49,263
Accounts payable	$ 232
Accrued expenses	911
Other noncurrent liabilities	3,600
Total liabilities	$ 4,743

The Company finalized its estimates after it was able to determine that it had obtained all necessary information that existed as of the acquisition date related to these matters.

The NAAS acquisition has been accounted for under the acquisition method and, accordingly, is included in the consolidated financial statements from the effective date of acquisition. The NAAS acquisition was funded by the Company's long-term borrowings in place at the date of acquisition. The Company incurred $654 in acquisition-related costs in connection with the NAAS acquisition, which is recorded in selling, general and administrative expenses in the accompanying Consolidated Statements of Operations.

Acquisition of GE Aviation - Hydraulic Actuation

Effective June 27, 2014, the Company acquired the hydraulic actuation business of GE Aviation ("GE"). GE's hydraulic actuation business consists of three facilities located in Yakima, Washington, Cheltenham, England and the Isle of Man and is a technology leader in actuation systems. GE's key product offerings include complete landing gear actuation systems, door actuation, nose-wheel steerings, hydraulic fuses, manifolds flight control actuation and locking mechanisms for the commercial,

(Dollars in thousands, except per share data)

military and business jet markets. The acquired business operates as Triumph Actuation Systems-Yakima and Triumph Actuation Systems-UK & IOM and its results are included in Aerospace Systems Group from the date of acquisition.

The purchase price for the GE acquisition was $75,609, which included cash paid at closing, working capital adjustments, and deferred payments of $6,000 paid in fiscal 2016. Goodwill in the amount of $150,772 was recognized for this acquisition and is calculated as the excess of consideration transferred over the net assets recognized and represents future economic benefits arising from other assets acquired that could not be individually identified and separately recognized such as assembled workforce. The goodwill is deductible for tax purposes. The Company has also identified an intangible asset related to customer relationships and technology valued at $26,472 with a weighted-average life of 12.0 years.

The following condensed balance sheet represents the amounts assigned to each major asset and liability caption in the aggregate from the acquisition of GE, in accordance with ASC 805:

	June 27, 2014
Cash	$4,608
Accounts receivable	35,376
Inventory	49,585
Property and equipment	30,985
Goodwill	150,772
Intangible assets	26,472
Deferred taxes	63,341
Other assets	2,023
Total assets	$363,162
Accounts payable	$17,734
Accrued expenses	37,483
Acquired contract liabilities	232,336
Total liabilities	$287,553

Based on the information accumulated through the measurement period and the Company's assessment of the probable outcome of warranty claims, the Company has recognized a liability of $24,514. The provisional amounts recognized are based on the Company's best estimate using information that it has obtained as of the reporting date. The Company finalized its estimates after it was able to determine that it had obtained all necessary information that existed as of the acquisition date related to these matters.

The GE acquisition has been accounted for under the acquisition method and, accordingly, is included in the consolidated financial statements from the effective date of acquisition. The GE acquisition was funded by the Company's long-term borrowings in place at the date of acquisition. The Company incurred $1,834 in acquisition-related costs in connection with the GE acquisition, which is recorded in selling, general and administrative expenses in the accompanying Consolidated Statements of Operations.

The acquisitions of the Tulsa Programs, NAAS and GE are referred to in this report as the "fiscal 2015 acquisitions."

FISCAL 2014 ACQUISITIONS

Acquisition of Insulfab Product Line (Chase Corporation)

Effective October 7, 2013, the Company's wholly-owned subsidiary, Triumph Insulation Systems, LLC, acquired substantially all of the assets comprising the Insulfab product line from Chase Corporation ("Insulfab"). Insulfab primarily focuses on manufacturing high-quality, engineered barrier laminates used in aerospace applications. The purchase price for the Insulfab acquisition was $7,394 in cash at closing and in January 2014, after the working capital was finalized the Company

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paid $2,516 in cash. The results for Triumph Insulation Systems, LLC will continue to be included in the Aerostructures Group.

Acquisition of General Donlee Canada, Inc.

Effective October 4, 2013, the Company acquired all of the issued and outstanding shares of General Donlee Canada, Inc. ("General Donlee"). General Donlee is based in Toronto, Canada, and is a leading manufacturer of precision machined products for the aerospace, nuclear and oil and gas industries. The purchase price for the General Donlee acquisition was $56,622 plus assumed debt of $32,382, which was settled at closing. Additionally, on October 7, 2013, the Company, at its option, called General Donlee's Convertible Notes for $26,000, which were paid on November 12, 2013. The Company incurred $766 in acquisition-related costs in connection with the General Donlee acquisition, which is recorded in selling, general and administrative expenses in the accompanying Consolidated Statements of Operations. The acquired business now operates as Triumph Gear Systems-Toronto ULC and its results are included in the Aerospace Systems Group.

Acquisition of Primus Composites

Effective May 6, 2013, the Company acquired four related entities collectively comprising the Primus Composites ("Primus") business from Precision Castparts Corp. The acquired business, which includes two manufacturing facilities in Farnborough, England and Rayong, Thailand, operates as Triumph Structures - Farnborough and Triumph Structures - Thailand and is included in the Aerostructures Group. Together, Triumph Structures - Farnborough and Triumph Structures - Thailand constitute a global supplier of composite and metallic propulsion and structural composites and assemblies. In addition to its composite operations, the Thailand operation also machines and processes metal components. The purchase price for the Primus acquisition was $33,530 in cash and $30,000 in assumed debt settled at closing. The Company incurred $743 in acquisition-related costs in connection with the Primus acquisition, which is recorded in selling, general and administrative expenses in the accompanying Consolidated Statements of Operations.

The acquisitions of Insulfab, General Donlee and Primus are referred to in this report as the "fiscal 2014 acquisitions."

4. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

Sale of Triumph Aerospace Systems - Wichita

In January 2014, the Company sold all of the shares of Triumph Aerospace Systems-Wichita, Inc. ("TAS-Wichita") for total cash proceeds of $23,000. As a result of the sale of TAS-Wichita, the Company recognized no gain or loss. The operating results of TAS-Wichita were included in the Aerostructures Group through the date of disposal.

The Company expects to have significant continuing involvement in the business and markets of the disposed entities, as defined by ASC 250-20, Discontinued Operations; and therefore as a result, the disposal group does not meet the criteria to be classified as discontinued operations.

Sale of Triumph Instruments - Burbank and Triumph Instruments - Ft. Lauderdale

In April 2013, the Company sold the assets and liabilities of Triumph Instruments - Burbank and Triumph Instruments - Ft. Lauderdale ("Triumph Instruments") for total proceeds of $11,200, including cash received at closing of $9,676 a note of $1,500, and the remaining amount held in escrow and received in the second quarter of fiscal 2014, resulting in a loss of $1,462 recognized during the year ended March 31, 2013. The operating results are included in the Aftermarket Services Group through the date of disposal.

The Company expects to have significant continuing involvement in the business and markets of the disposed entities, as defined by ASC 250-20, Discontinued Operations; and therefore as a result, the disposal group does not meet the criteria to be classified as discontinued operations.

To measure the amount of loss related to Triumph Instruments, the Company compared the fair value of assets and liabilities at the evaluation date to the carrying amount at the end of the month prior to the evaluation date. The sale of the Triumph Instruments assets and liabilities are categorized as Level 2 within the fair value hierarchy. The key assumption included the negotiated sales price of the assets and the assumptions of the liabilities (see Note 2 for definition of levels).

(Dollars in thousands, except per share data)

5. INVENTORIES

Inventories are stated at the lower of cost (average-cost or specific-identification methods) or market. The components of inventories are as follows:

	March 31, 2016	2015
Raw materials	$81,989	$73,168
Work-in-process	1,100,660	1,305,390
Finished goods	124,744	91,639
Less: unliquidated progress payments	(123,155)	(189,923)
Total inventories	$1,184,238	$1,280,274

According to the provisions of U.S. Government contracts, the customer has title to, or a security interest in, substantially all inventories related to such contracts. Included above is total net inventory on government contracts of $27,635 and $70,121, respectively, at March 31, 2016 and 2015.

Work-in-process inventory includes capitalized pre-production costs on newer development programs. Capitalized pre-production costs include nonrecurring engineering, planning and design, including applicable overhead, incurred before production is manufactured on a regular basis. Significant customer-directed work changes can also cause pre-production costs to be incurred. These costs are typically recovered over a contractually determined number of ship set deliveries. The balance of development program inventory, comprised principally of capitalized pre-production costs, excluding progress payments related to the Company's contracts with Bombardier for the Global 7000/8000 program ("Bombardier") and Embraer for the second generation E-Jet ("Embraer") are as follows:

	March 31, 2016		
	Inventory	Forward Loss Provision	Total Inventory, net
Bombardier	$412,809	$(399,758)	$13,051
Embraer	151,904	—	151,904
Total	$564,713	$(399,758)	$164,955

	March 31, 2015		
	Inventory	Forward Loss Provision	Total Inventory, net
Bombardier	$266,739	$—	$266,739
Embraer	68,112	—	68,112
Total	$334,851	$—	$334,851

In the fourth quarter of the fiscal year ended March 31, 2016, we recorded a $399,758 forward loss charge for the Bombardier Global 7000/8000 wing program. Under our contract for this program, we have the right to design, develop and manufacture wing components over the initial 300 ship sets . The Global 7000/8000 contract provides for fixed pricing and requires us to fund certain up-front development expenses, with certain milestone payments made by Bombardier. The Global 7000/8000 program charge resulted in the impairment of previously capitalized pre-production costs due to the combination of cost recovery uncertainty, higher than anticipated non-recurring costs and increased forecasted costs on recurring production. The increases in costs were driven by several factors, including: changing technical requirements, increased spending on the design and engineering phase of the program and uncertainty regarding cost reduction and cost recovery initiatives with our customer and suppliers. Further cost increases or an inability to meet revised recurring cost forecasts on the Global 7000/8000 program may result in additional forward loss reserves in future periods, while improvements in future costs compared to current estimates may result in favorable adjustments if forward loss reserves are no longer required.

The Company is still in the pre-production stages for the Bombardier and Embraer programs, as these aircrafts are not scheduled to enter service until 2018, or later. Transition of these programs from development to recurring production levels is

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dependent upon the success of the programs at achieving flight testing and certification, as well as the ability of the Bombardier and Embraer programs to generate acceptable levels of aircraft sales. The failure to achieve these milestones and level of sales or significant cost overruns may result in additional forward losses.

6. PROPERTY AND EQUIPMENT

Net property and equipment at March 31, 2016 and 2015, is:

	March 31,	
	2016	2015
Land	$72,204	$72,893
Construction in process	40,772	53,475
Buildings and improvements	371,336	374,763
Furniture, fixtures and computer equipment	159,511	146,834
Machinery and equipment	989,423	947,149
	1,633,246	1,595,114
Less: accumulated depreciation	743,512	644,380
	$889,734	$950,734

Depreciation expense for the fiscal years ended March 31, 2016, 2015 and 2014 was $122,197, $108,347 and $117,553, respectively, which includes depreciation of assets under capital lease. Included in furniture, fixtures and computer equipment above is $93,047 and $84,098, respectively, of capitalized software at March 31, 2016 and 2015, which were offset by accumulated depreciation of $66,760 and $55,304, respectively.

7. GOODWILL AND OTHER INTANGIBLE ASSETS

The following is a summary of the changes in the carrying value of goodwill by reportable segment, for the fiscal years ended March 31, 2016 and 2015:

	Aerostructures	Aerospace Systems	Aftermarket Services	Total
Balance, March 31, 2015	$ 1,420,208	$523,253	$ 81,385	$2,024,846
Goodwill recognized in connection with acquisitions	—	16,529	—	16,529
Impairment of goodwill	(597,603)	—	—	(597,603)
Effect of exchange rate changes	196	216	70	482
Balance, March 31, 2016	$ 822,801	$539,998	$ 81,455	$1,444,254

	Aerostructures	Aerospace Systems	Aftermarket Services	Total
Balance, March 31, 2014	$ 1,339,993	$395,912	$ 55,986	$1,791,891
Goodwill recognized in connection with acquisitions	79,345	150,772	25,291	255,408
Effect of exchange rate changes	870	(23,431)	108	(22,453)
Balance, March 31, 2015	$ 1,420,208	$523,253	$ 81,385	$2,024,846

Consistent with the Company's policy described here within, the Company performs Step 1 of the goodwill impairment test on an interim basis upon the occurrence of events or substantive changes in circumstances that indicate a reporting unit's carrying value may be less than its fair value. During the third quarter of the fiscal year ended March 31, 2016, the Company performed an interim assessment of the fair value of its goodwill and indefinite-lived intangible assets due to indicators of impairment related to the continued decline in the Company's stock price during the third quarter. The Company performed Step 1 of the goodwill impairment test which included using a combination of both the market and income approaches to estimate the fair value of each reporting unit.

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The Company's assessment focused on the Aerostructures reporting unit since it had significant changes in its economic indicators and adjusted for select changes in the risk adjusted discount rate to consider both the current return requirements of the market and the risks inherent in the reporting unit, expected long-term growth rate and cash flow projections to determine if any decline in the estimated fair value of a reporting unit could result in a goodwill impairment. The decline in fair value compared to carrying value of the goodwill is the result of declining revenues from production rate reductions and the slower than previously projected ramp in Bombardier Global 7000/8000 and the timing of associated earnings. The Company concluded that the goodwill was not impaired as of the interim impairment assessment date. However, the excess of the fair value over the carrying value was within 5% for the Aerostructures reporting unit. The amount of goodwill for the Aerostructures reporting unit amounted to $1,420,195 at December 31, 2015.

During the fourth quarter of the fiscal year ended March 31, 2016, consistent with the Company's policy described here within, the Company performed its annual assessment of the fair value of goodwill. The Company concluded that the goodwill related to the Aerostructures reporting unit was impaired as of the annual testing date. The Company concluded that the goodwill had an implied fair value of $822,801 (Level 3) compared to a carrying value of $1,420,195. Accordingly, the Company recorded a non-cash impairment charge during the fourth quarter of the fiscal year ending March 31, 2016, of $597,603, which is presented on the accompanying Consolidated Statements of Operations as "Impairment of intangible assets". The decline in fair value is the result of continued declines in stock price and related market multiples for stock price to EBITDA of both the Company and our peer group. Going forward, the Company will continue to monitor the performance of this reporting unit in relation to the key assumptions in our analysis.

In the event that market multiples for stock price to EBITDA in the aerospace and defense markets decrease, or the expected EBITDA and cash flows for the Company's reporting units decreases, an additional goodwill impairment charge may be required, which would adversely affect the Company's operating results and financial condition. If management determines that impairment exists, the impairment will be recognized in the period in which it is identified.

Intangible Assets

The components of intangible assets, net are as follows:

	March 31, 2016			
	Weighted-Average Life (in Years)	Gross Carrying Amount	Accumulated Amortization	Net
Customer relationships	16.4	$683,309	$(215,546)	$467,763
Product rights, technology and licenses	11.7	55,739	(37,695)	18,044
Noncompete agreements and other	16.1	2,881	(718)	2,163
Tradenames	20.0	163,000	(1,358)	161,642
Total intangibles, net		$904,929	$(255,317)	$649,612

	March 31, 2015			
	Weighted-Average Life (in Years)	Gross Carrying Amount	Accumulated Amortization	Net
Customer relationships	16.5	$683,272	$(180,765)	$502,507
Product rights, technology and licenses	11.8	56,302	(33,208)	23,094
Noncompete agreements and other	15.9	2,929	(565)	2,364
Tradenames	Indefinite-lived	438,400	—	438,400
Total intangibles, net		$1,180,903	$(214,538)	$966,365

During the third quarter of the fiscal year ended March 31, 2016, the Company performed an interim assessment of fair value on our indefinite-lived intangible assets due to indicators of impairment related to the continued decline in our stock price during the fiscal third quarter. The Company estimated the fair value of the tradenames using the relief-from-royalty method, which uses several significant assumptions, including revenue projections that consider historical and estimated future results, general economic and market conditions, as well as the impact of planned business and operational strategies. The following estimates and assumptions were also used in the relief-from-royalty method:

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- Royalty rates between 2% and 4% based on market observed royalty rates and profit split analysis; and
- Discount rates between 12% and 13% based on the required rate of return for the tradename assets.

Based on the Company's evaluation of indefinite-lived assets, including the tradenames, the Company concluded that the Vought tradename had a fair value of $195,800 (Level 3) compared to a carrying value of $425,000. Accordingly, the Company recorded a non-cash impairment charge during the third quarter of the fiscal year ended March 31, 2016, of $229,200, which is presented on the accompanying Consolidated Statements of Operations as "Impairment of intangible assets". The decline in fair value compared to carrying value of the Vought tradename is the result of declining revenues from production rate reductions and the slower than previously projected ramp in Bombardier Global 7000/8000 and the timing of associated earnings.

During the fourth quarter of the fiscal year ended March 31, 2016, the Company performed its annual assessment of fair value on our indefinite-lived intangible assets. The Company estimated the fair value of the tradenames using the relief-from-royalty method, which uses several significant assumptions, including revenue projections that consider historical and estimated future results, general economic and market conditions, as well as the impact of planned business and operational strategies. The following estimates and assumptions were also used in the relief-from-royalty method:

- Royalty rates between 2% and 4% based on market observed royalty rates and profit split analysis; and
- Discount rate of 14% based on the required rate of return for the tradename assets,which increased from our interim assessment driven by increased risk due to continued declines in stock price and related market multiples for stock price to EBITDA of both the Company and our peer group and increased interest rates.

Based on the Company's evaluation of indefinite-lived assets, including the tradenames, the Company concluded that the Vought and Embee tradenames had a fair value of $163,000 (Level 3) compared to a carrying value of $209,200. Accordingly, the Company recorded a non-cash impairment charge during the fiscal year ended March 31, 2016 of $46,200, which is presented on the accompanying Consolidated Statements of Operations as "Impairment of intangible assets". The decline in fair value of the Vought and Embee tradenames is the result of declining revenues from production rate reductions and the slower than previously projected ramp in Bombardier Global 7000/8000 and the timing of associated earnings. Additionally, it was determined that the tradenames will be amortized over their remaining estimated useful life of 20 years.

In the event of significant loss of revenues and related earnings associated with the Vought and Embee tradenames, further impairment charges may be required, which would adversely affect our operating results.

Amortization expense for the fiscal years ended March 31, 2016, 2015 and 2014, was $54,620, $49,976 and $46,724, respectively. Amortization expense for the five fiscal years succeeding March 31, 2016, by year is expected to be as follows: 2017: $55,386; 2018: $53,853; 2019: $52,278; 2020: $49,922; 2021: $49,900 and thereafter: $388,273.

8. ACCRUED EXPENSES

Accrued expenses are composed of the following items:

	March 31,	
	2016	2015
Accrued pension	$3,621	$3,940
Deferred revenue, advances and progress billings	78,932	33,463
Accrued other postretirement benefits	16,246	20,116
Accrued compensation and benefits	114,149	114,777
Accrued interest	16,933	16,624
Warranty reserve	31,975	34,521
Accrued workers' compensation	17,033	16,500
Accrued income tax	2,469	2,516
Loss contract reserve	307,934	99,559

All other	93,916	68,860
Total accrued expenses	$683,208	$411,848

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9. LEASES

At March 31, 2016, future minimum payments under noncancelable operating leases with initial or remaining terms of more than one year were as follows: 2017—$27,904; 2018—$24,541; 2019—$21,677; 2020—$17,931; 2021—$15,712 and thereafter—$60,540 through 2031. In the normal course of business, operating leases are generally renewed or replaced by other leases.

Total rental expense was $33,279, $34,762 and $41,508 for the fiscal years ended March 31, 2016, 2015 and 2014, respectively.

10. LONG-TERM DEBT

Long-term debt consists of the following:

	March 31, 2016	2015
Revolving credit facility	$140,000	$148,255
Term loan	337,500	356,250
Receivable securitization facility	191,300	100,000
Capital leases	74,513	91,913
Senior notes due 2021	375,000	375,000
Senior notes due 2022	300,000	300,000
Other debt	7,978	7,978
Less: Debt issuance costs	(8,971)	(10,796)
	1,417,320	1,368,600
Less: current portion	42,441	42,255
	$1,374,879	$1,326,345

Revolving Credit Facility

In May 2014, the Company amended and restated its existing credit agreement (the “Credit Facility”) with its lenders to (i) increase the maximum amount allowed for the receivable securitization facility (the "Securitization Facility") and (ii) amend certain other terms and covenants.

In November 2013, the Company amended and restated its Credit Facility with its lenders to (i) provide for a $375,000 term loan with a maturity date of May 14, 2019 (the "2013 Term Loan"), (ii) maintain a Revolving Line of Credit under the Credit Facility of $1,000,000, with a $250,000 accordion feature, (iii) extend the maturity date to November 19, 2018, and (iv) amend certain other terms and covenants. In connection with the amendment to the Credit Facility, the Company incurred approximately $2,795 of financing costs. These costs, along with the $6,507 of unamortized financing costs prior to the amendment, are being amortized over the remaining term of the Credit Facility.

The Company will repay the outstanding principal amount of the 2013 Term Loan in quarterly installments, on the first business day of each January, April, July and October, commencing April 2014.

The obligation under the Credit Facility and related documents are secured by liens on substantially all assets of the Company and its domestic subsidiaries pursuant to an Amended and Restated Guarantee and Collateral Agreement, dated as of November 19, 2013, among the administrative agent, the Company and the subsidiaries of the Company party thereto.

Pursuant to the Credit Facility, the Company can borrow, repay and re-borrow revolving credit loans, and cause to be issued letters of credit, in an aggregate principal amount not to exceed $1,000,000 outstanding at any time. The Credit Facility bears interest at either: (i) LIBOR plus between 1.38% and 2.50%; (ii) the prime rate; or (iii) an overnight rate at the option of the Company. The applicable interest rate is based upon the Company’s ratio of total indebtedness to earnings before interest, taxes, depreciation and amortization. In addition, the Company is required to pay a commitment fee of between 0.25% and 0.45% on the unused portion of the Credit Facility. The Company's obligations under the Credit Facility are guaranteed by the Company's domestic subsidiaries.

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At March 31, 2016, there were $140,000 in outstanding borrowings and $25,709 in letters of credit under the Credit Facility primarily to support insurance policies. At March 31, 2015, there were $148,255 in borrowings and $35,384 in letters of credit outstanding. The level of unused borrowing capacity under the Credit Facility varies from time to time depending in part upon the Company's compliance with financial and other covenants set forth in the related agreement. The Credit Facility contains certain affirmative and negative covenants including limitations on specified levels of indebtedness to earnings before interest, taxes, depreciation and amortization, and interest coverage requirements, and includes limitations on, among other things, liens, mergers, consolidations, sales of assets, payment of dividends and incurrence of debt. If an event of default were to occur under the Credit Facility, the lenders would be entitled to declare all amounts borrowed under it immediately due and payable. The occurrence of an event of default under the Credit Facility could also cause the acceleration of obligations under certain other agreements. The Company is in compliance with all such covenants as of March 31, 2016. As of March 31, 2016, the Company had borrowing capacity under the Credit Facility of $834,291 after reductions for borrowings and letters of credit outstanding under the Credit Facility.

In connection with the Company amending and restating the Credit Facility to add the 2013 Term Loan, the Company also entered into an interest rate swap agreement through November 2018 to reduce its exposure to interest on the variable rate portion of its long-term debt. On the date of inception, the Company designated the interest rate swap as a cash flow hedge in accordance with FASB guidance on accounting for derivatives and hedges and linked the interest rate swap to the 2013 Term Loan. The Company formally documented the hedging relationship between 2013 Term Loan and the interest rate swap, as well as its risk-management objective and strategy for undertaking the hedge, the nature of the risk being hedged, how the hedging instrument's effectiveness will be assessed and a description of the method of measuring the ineffectiveness. The Company also formally assesses, both at the hedge's inception and on a quarterly basis, whether the derivative item is highly effective offsetting changes in cash flows.

As of March 31, 2016 and 2015, the interest rate swap agreement had a notional amount of $337,500 and $356,250, respectively, and a fair value of $4,526 and $2,743, respectively, which is recorded in other comprehensive income net of applicable taxes (Level 2). The interest rate swap settles on a monthly basis when interest payments are made. These settlements occur through the maturity date.

In May 2016, the Company entered into a Sixth Amendment to the Third Amended and Restated Credit Agreement, among the Company, the Subsidiary Co-Borrowers, the lenders party thereto and the Administrative Agent (the “Sixth Amendment” and the Credit Facility, as amended by the Sixth Amendment, the “Credit Facility”), pursuant to which those lenders electing to enter into the Sixth Amendment extended the expiration date for the revolving line of credit and the maturity date for the term loan by five years to May 3, 2021. Lenders holding revolving credit commitments aggregating $940,000 elected to extend the expiration date for the revolving line of credit, and Lenders holding approximately $324,500 of term loans (out of an aggregate outstanding term loan balance of approximately $330,000) elected to extend the term loan maturity date.

In addition, the Sixth Amendment amended the Credit Facility to, among other things, (i) modify certain financial covenants to allow for the add-back of certain cash and non-cash charges, (ii) amend the total leverage ratio financial covenant to provide for a gradual reduction in the maximum permitted total leverage ratio commencing with the fiscal year ending March 31, 2018, (iii) increase the interest rate, commitment fee and letter of credit fee pricing provisions for the highest pricing tier, (iv) establish the interest rate, commitment fee and letter of credit fee pricing at the highest pricing tier until the Company delivers its compliance certificate for its fiscal year ending March 31, 2017, (v) increase the minimum revolver availability threshold test in connection with the Company making certain permitted investments, certain additional permitted dividends, permitted acquisitions and permitted payments of certain types of indebtedness, and (vi) decrease the maximum senior secured leverage ratio threshold test in connection with the Company making certain permitted investments, certain permitted dividends, permitted acquisitions and permitted payments of certain types of indebtedness during the period from the date of the Sixth Amendment until the Company delivers its compliance certificate for the fiscal year ending March 31, 2017.

Receivables Securitization Program

In November 2014, the Company amended its receivable securitization facility (the "Securitization Facility"), increasing the purchase limit from $175,000 to $225,000 and extending the term through November 2017. In connection with the Securitization Facility, the Company sells on a revolving basis certain eligible accounts receivable to Triumph Receivables, LLC, a wholly owned special-purpose entity, which in turn sells a percentage ownership interest in the receivables to commercial paper conduits sponsored by financial institutions. The Company is the servicer of the accounts receivable under the Securitization Facility. As of March 31, 2016, the maximum amount available under the Securitization Facility was $225,000. Interest rates are based on prevailing market rates for short-term commercial paper plus a program fee and a commitment fee. The program fee is 0.40% on the amount outstanding under the Securitization Facility. Additionally, the commitment fee is 0.40% on 100% of the maximum amount available under the Securitization Facility. At March 31, 2016,

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$191,300 was outstanding under the Securitization Facility. In connection with amending the Securitization Facility, the Company incurred approximately $252 of financing costs. These costs, along with the $341 of unamortized financing costs prior to the amendment, are being amortized over the life of the Securitization Facility. The Company securitizes its accounts receivable, which are generally non-interest bearing, in transactions that are accounted for as borrowings pursuant to the Transfers and Servicing topic of the ASC.
The agreement governing the Securitization Facility contains restrictions and covenants which include limitations on the making of certain restricted payments, creation of certain liens, and certain corporate acts such as mergers, consolidations and the sale of substantially all assets. The Company was in compliance with all such covenants as of March 31, 2016.
Capital Leases
During the fiscal years ended March 31, 2016, 2015 and 2014, the Company entered into new capital leases in the amounts of $188, $52 and $36, respectively, to finance a portion of the Company's capital additions for the respective years. During the fiscal years ended March 31, 2016, 2015 and 2014, the Company obtained financing for existing fixed assets in the amount of $6,497, $37,608 and $30,503, respectively.
Senior Notes due 2021
On February 26, 2013, the Company issued $375,000 principal amount of 4.875% Senior Notes due 2021 (the "2021 Notes"). The 2021 Notes were sold at 100% of principal amount and have an effective interest yield of 4.875%. Interest on the 2021 Notes accrues at the rate of 4.875% per annum and is payable semiannually in cash in arrears on April 1 and October 1 of each year, commencing on October 1, 2013. In connection with the issuance of the 2021 Notes, the Company incurred approximately $6,327 of costs, which were deferred and are being amortized on the effective interest method over the term of the 2021 Notes.
The 2021 Notes are the Company's senior unsecured obligations and rank equally in right of payment with all of its other existing and future senior unsecured indebtedness and senior in right of payment to all of its existing and future subordinated indebtedness. The 2021 Notes are guaranteed on a full, joint and several basis by each of the Guarantor Subsidiaries.
The Company may redeem some or all of the 2021 Notes prior to April 1, 2017, by paying a "make-whole" premium. The Company may redeem some or all of the 2021 Notes on or after April 1, 2017, at specified redemption prices. In addition, prior to April 1, 2016, the Company may redeem up to 35% of the 2021 Notes with the net proceeds of certain equity offerings at a redemption price equal to 104.875% of the aggregate principal amount plus accrued and unpaid interest, if any, subject to certain limitations set forth in the indenture governing the 2021 Notes (the "2021 Indenture").
The Company is obligated to offer to repurchase the 2021 Notes at a price of (i) 101% of their principal amount plus accrued and unpaid interest, if any, as a result of certain change of control events and (ii) 100% of their principal amount plus accrued and unpaid interest, if any, in the event of certain asset sales. These restrictions and prohibitions are subject to certain qualifications and exceptions.
The 2021 Indenture contains covenants that, among other things, limit the Company's ability and the ability of any of the Guarantor Subsidiaries to (i) grant liens on its assets, (ii) make dividend payments, other distributions or other restricted payments, (iii) incur restrictions on the ability of the Guarantor Subsidiaries to pay dividends or make other payments, (iv) enter into sale and leaseback transactions, (v) merge, consolidate, transfer or dispose of substantially all of their assets, (vi) incur additional indebtedness, (vii) use the proceeds from sales of assets, including capital stock of restricted subsidiaries, and (viii) enter into transactions with affiliates.
Subsequent to year end, to ensure that the Company had full access to our Revolving Credit Facility (the "Credit Facility") during fiscal 2017, the Company obtained approval from the holders of the 2021 Notes to amend the terms of the indenture to conform with the 2022 Notes (as defined below) which allows for a higher level of secured debt. Absent this consent, the Company would have been restricted as to the level of new borrowings under the Credit Facility during fiscal 2017.

Further, to mitigate the risk of failing to obtain the consent and to ensure the Company had adequate liquidity through fiscal 2017, the Company chose to make a significant draw on the Credit Facility in early April 2016, taking the outstanding balance to approximately $800,000. The Company paid down substantially all of the draw to the Credit Facility upon receiving consent from the holders of the 2021 Notes in May 2016.

Senior Notes Due 2022

On June 3, 2014, the Company issued $300,000 principal amount of 5.250% Senior Notes due 2022 (the "2022 Notes"). The 2022 Notes were sold at 100% of principal amount and have an effective interest yield of 5.250%. Interest on the 2022

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Notes accrues at the rate of 5.250% per annum and is payable semiannually in cash in arrears on June 1 and December 1 of each year, commencing on December 1, 2014. In connection with the issuance of the 2022 Notes, the Company incurred approximately $4,990 of costs, which were deferred and are being amortized on the effective interest method over the term of the 2022 Notes.

The 2022 Notes are the Company's senior unsecured obligations and rank equally in right of payment with all of its other existing and future senior unsecured indebtedness and senior in right of payment to all of its existing and future subordinated indebtedness. The 2022 Notes are guaranteed on a full, joint and several basis by each of the Guarantor Subsidiaries.

The Company may redeem some or all of the 2022 Notes prior to June 1, 2017, by paying a "make-whole" premium. The Company may redeem some or all of the 2022 Notes on or after June 1, 2017, at specified redemption prices. In addition, prior to June 1, 2017, the Company may redeem up to 35% of the 2022 Notes with the net proceeds of certain equity offerings at a redemption price equal to 105.250% of the aggregate principal amount plus accrued and unpaid interest, if any, subject to certain limitations set forth in the indenture governing the 2022 Notes (the "2022 Indenture").

The Company is obligated to offer to repurchase the 2022 Notes at a price of (i) 101% of their principal amount plus accrued and unpaid interest, if any, as a result of certain change-of-control events and (ii) 100% of their principal amount plus accrued and unpaid interest, if any, in the event of certain asset sales. These restrictions and prohibitions are subject to certain qualifications and exceptions.

The 2022 Indenture contains covenants that, among other things, limit the Company's ability and the ability of any of the Guarantor Subsidiaries to (i) grant liens on its assets, (ii) make dividend payments, other distributions or other restricted payments, (iii) incur restrictions on the ability of the Guarantor Subsidiaries to pay dividends or make other payments, (iv) enter into sale and leaseback transactions, (v) merge, consolidate, transfer or dispose of substantially all of their assets, (vi) incur additional indebtedness, (vii) use the proceeds from sales of assets, including capital stock of restricted subsidiaries, and (viii) enter into transactions with affiliates.

Receivables Purchase Agreement

On March 28, 2016, the Company entered into a Purchase Agreement ("Receivables Purchase Agreement") to sell certain accounts receivables to a financial institution without recourse. The Company is the servicer of the accounts receivable under the Receivables Purchase Agreement. As of March 31, 2016, the maximum amount available under the Receivables Purchase Agreement was $90,000. Interest rates are based on LIBOR plus 0.65% - 0.70%. As of March 31, 2016, the Company sold $89,900 worth of eligible accounts receivable.

Senior Subordinated Notes Due 2017

On November 16, 2009, the Company issued $175,000 principal amount of 8.00% Senior Subordinated Notes due 2017 (the "2017 Notes"). The 2017 Notes were sold at 98.56% of principal amount and had effective interest yield of 8.25%. Interest on the 2017 Notes was payable semiannually in cash in arrears on May 15 and November 15 of each year. In connection with the issuance of the 2017 Notes, the Company incurred approximately $4,390 of costs, which were deferred and amortized on the effective interest method over the term of the 2017 Notes.

On November 15, 2013, the Company completed the redemption of the 2017 Notes. The principal amount of $175,000 was redeemed at a price of 104% plus accrued and unpaid interest. As a result of the redemption, the Company recognized a pre-tax loss on redemption of $11,069, consisting of early termination premium, unamortized discount and deferred financing fees and is presented on the accompanying Consolidated Statements of Operations as a component of "Interest expense and other" for the year ended March 31, 2014.

Senior Notes due 2018

On June 16, 2010, in connection with the acquisition of Vought, the Company issued $350,000 principal amount of 8.63% Senior Notes due 2018 (the "2018 Notes"). The 2018 Notes were sold at 99.27% of principal amount and had effective interest yield of 8.75%. Interest on the 2018 Notes accrued at the rate of 8.63% per annum and was payable semiannually in cash in arrears on January 15 and July 15 of each year, commencing on January 15, 2011. In

connection with the issuance of the 2018 Notes, the Company incurred approximately $7,307 of costs, which were deferred and amortized on the effective interest method over the term of the 2018 Notes.
On June 23, 2014, the Company completed the redemption of the 2018 Notes. The principal amount of $350,000 was redeemed at a price of 104.79% plus accrued and unpaid interest. As a result of the redemption, the Company recognized a pre-tax loss on redemption of $22,615, consisting of early termination premium, write-off of unamortized discount and deferred

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financing fees and was recorded on the Consolidated Statements of Operations as a component of "Interest expense and other" for the fiscal year ended March 31, 2015.

Convertible Senior Subordinated Notes

On May 22, 2014, the Company announced the redemption of the Convertible Notes. The redemption price for the Convertible Notes was equal to the sum of 100% of the principal amount of the Convertible Notes outstanding, plus accrued and unpaid interest on the Convertible Notes up to, but not including, the redemption date of June 23, 2014. The Convertible Notes were able to be converted at the option of the holder.

The Convertible Notes were eligible for conversion upon meeting certain conditions as provided in the indenture governing the Convertible Notes. For the periods from January 1, 2011 through June 23, 2014, the Convertible Notes were eligible for conversion. During the fiscal year ended March 31, 2015, the Company settled the conversion of $12,834 in principal value of the Convertible Notes, with the principal and the conversion benefit settled in cash. During the fiscal year ended March 31, 2014, the Company settled the conversion of $96,535 in principal value of the Convertible Notes, as requested by the respective holders, with the principal settled in cash and the conversion benefit settled through the issuance of 2,290,755 shares.

To be included in the calculation of diluted earnings per share, the average price of the Company's common stock for the fiscal year must exceed the conversion price per share of $27.12. The average price of the Company's common stock for the fiscal years ended March 31, 2015 and 2014, was $65.11 and $73.94, respectively. Therefore, 40,177 and 811,083 additional shares, respectively, were included in the diluted earnings per share calculation for the fiscal years ended March 31, 2015 and 2014, respectively.

Financial Instruments Not Recorded at Fair Value

Carrying amounts and the related estimated fair values of the Company's long-term debt not recorded at fair value in the financial statements are as follows:

March 31, 2016		March 31, 2015	
Carrying Value	Fair Value	Carrying Value	Fair Value
$1,417,320	$1,354,961	$1,368,600	$1,358,306

The fair value of the long-term debt was calculated based on either interest rates available for debt with terms and maturities similar to the Company's existing debt arrangements or broker quotes on our existing debt (Level 2 inputs).

Interest paid on indebtedness during the fiscal years ended March 31, 2016, 2015 and 2014 amounted to $62,325, $82,425 and $81,100, respectively. Interest capitalized during the fiscal years ended March 31, 2016, 2015 and 2014 was $668, $284 and $4,246, respectively.

As of March 31, 2016, the maturities of long-term debt are as follows: 2017—$42,441; 2018—$238,268; 2019—$191,891; 2020—$255,704; 2021—$17,705; and thereafter—$680,282 through 2021.

(Dollars in thousands, except per share data)

11. OTHER NONCURRENT LIABILITIES

Other noncurrent liabilities are composed of the following items:

	March 31,	
	2016	2015
Acquired contract liabilities, net	$522,680	$656,524
Deferred grant income	4,670	20,354
Accrued workers' compensation	15,942	15,657
Environmental contingencies	7,613	8,638
Accrued warranties	80,898	77,620
Income tax reserves	4,798	3,690
Legal contingencies	—	9,500
All other	25,678	19,495
Total other noncurrent liabilities	$662,279	$811,478

12. INCOME TAXES

The components of pretax (loss) income are as follows:

	Year ended March 31,		
	2016	2015	2014
Foreign	$(13,673)	$(429)	$3,482
Domestic	(1,145,474)	349,723	308,751
	$(1,159,147)	$349,294	$312,233

The components of income tax expense are as follows:

	Year ended March 31,		
	2016	2015	2014
Current:			
Federal	$2,074	$391	$672
State	615	178	1,346
Foreign	4,426	4,751	1,090
	7,115	5,320	3,108
Deferred:			
Federal	(148,069)	114,260	100,191
State	29,020	(1,857)	3,102
Foreign	747	(7,126)	(424)
	(118,302)	105,277	102,869
	$(111,187)	$110,597	$105,977

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A reconciliation of the statutory federal income tax rate to the effective tax rate is as follows:

	Year ended March 31,		
	2016	2015	2014
Statutory federal income tax rate	35.0 %	35.0 %	35.0 %
State and local income taxes, net of federal tax benefit	1.8	0.5	0.9
Goodwill impairment	(15.8)	—	—
Miscellaneous permanent items and nondeductible accruals	(0.2)	(0.7)	0.5
Research and development tax credit	0.7	(1.9)	(1.8)
Foreign tax credits	0.2	(0.2)	—
Valuation allowance	(13.4)	—	—
Other	1.3	(1.0)	(0.7)
Effective income tax rate	9.6 %	31.7 %	33.9 %

The components of deferred tax assets and liabilities are as follows:

	March 31,	
	2016	2015
Deferred tax assets:		
Net operating loss and other credit carryforwards	$105,731	$186,172
Inventory	139,006	4,171
Accruals and reserves	45,343	43,989
Pension and other postretirement benefits	252,234	186,806
Acquired contract liabilities, net	191,061	241,077
Other	—	—
	733,375	662,215
Valuation allowance	(157,246)	(1,472)
Net deferred tax assets	576,129	660,743
Deferred tax liabilities:		
Deferred revenue	253,705	411,947
Property and equipment	140,781	144,641
Goodwill and other intangible assets	219,120	342,785
Prepaid expenses and other	6,754	4,812
	620,360	904,185
Net deferred tax liabilities	$44,231	$243,442

A valuation allowance, if needed, reduces deferred tax assets to the amount expected to be realized. When determining the amount of net deferred tax assets that are more likely than not to be realized, the Company assesses all available positive and negative evidence. This evidence includes, but is not limited to, prior earnings history, expected future earnings, carry-back and carry-forward periods and the feasibility of ongoing tax strategies that could potentially enhance the likelihood of the realization of a deferred tax asset. The weight given to the positive and negative evidence is commensurate with the extent the evidence may be objectively verified. As such, it is generally difficult for positive evidence regarding projected future taxable income exclusive of reversing taxable temporary differences to outweigh objective negative evidence of recent financial reporting losses.

Based on these criteria and the relative weighting of both the positive and negative evidence available, and in particular the activity surrounding the Company's prior earnings history, including the forward losses and intangible impairments previously recognized, management determined that it was necessary to establish a valuation allowance against principally all of its net deferred tax assets at March 31, 2016. Given the objectivity verifiable negative evidence of a three-year cumulative loss and the weighting of all available positive evidence, the Company excluded projected taxable income (aside from reversing taxable

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temporary differences) from the assessment of income that could be used as a source of taxable income to realize the deferred tax assets. Valuation allowances recorded against the consolidated net deferred tax asset in fiscal 2016 were $155,774.

As of March 31, 2016, the Company has federal and state net operating loss carryforwards of $589,548 expiring in various years through 2035. The Company also has a foreign net operating loss carryforward of $109,532.

The effective income tax rate for the fiscal year ended March 31, 2016, was 9.6% as compared to 31.7% for the fiscal year ended March 31, 2015. The effective income tax rate for the fiscal year ended March 31, 2016, included the benefit of $5,592 from a decrease to the state deferred tax rate, the benefit from the retroactive reinstatement of the R&D tax credit of $8,443 and the valuation allowance of $155,774. The effective tax rate was also impacted by the non-deductible portion of the goodwill impairment of $183,067.

The Company has been granted income tax holiday as an incentive to attract foreign investment by the Government of Thailand. The tax holidays expire in various years through 2026. We do not have any other tax holidays in the jurisdictions in which we operate. The income tax benefit attributable to the tax status of our subsidiaries in Thailand was approximately $(439) or $(0.01) per diluted share in fiscal 2016, $1,930 or $0.04 per diluted share in fiscal 2015 and $347 or $0.01 per diluted share in fiscal 2014.

At March 31, 2016, cumulative undistributed earnings of foreign subsidiaries, for which no U.S. income or foreign withholding taxes have been recorded is $74,363. As the Company currently intends to indefinitely reinvest all such earnings, no provision has been made for income taxes that may become payable upon distribution of such earnings, and it is not practicable to determine the amount of the related unrecognized deferred income tax liability.

The Company has classified uncertain tax positions as noncurrent income tax liabilities unless expected to be paid in one year. Penalties and tax-related interest expense are reported as a component of income tax expense. As of March 31, 2016 and 2015, the total amount of accrued income tax-related interest and penalties was $239 and $207, respectively.

During the fiscal years ended March 31, 2016, 2015 and 2014, the Company added $32, $4 and $32 of interest and penalties related to activity for identified uncertain tax positions, respectively.

As of March 31, 2016 and 2015, the total amount of unrecognized tax benefits was $9,212 and $8,348, respectively, all of which would impact the effective rate, if recognized. The Company anticipates that total unrecognized tax benefits may be reduced by $0 in the next 12 months.

With a few exceptions, the Company is no longer subject to U.S. federal income tax examinations for fiscal years ended before March 31, 2011, state or local examinations for fiscal years ended before March 31, 2012, or foreign income tax examinations by tax authorities for fiscal years ended before March 31, 2010.

As of March 31, 2016, the Company is subject to examination in 1 state and no foreign jurisdictions. The Company has filed appeals in a prior state examination related to fiscal years ended March 31, 1999 through March 31, 2005. Because of net operating losses acquired as part of the acquisition of Vought, the Company is subject to U.S. federal income tax examinations and various state jurisdiction examinations for the years ended December 31, 2001, and after related to previously filed Vought tax returns. The Company believes appropriate provisions for all outstanding issues have been made for all jurisdictions and all open years.

A reconciliation of the liability for uncertain tax positions, which are included in noncurrent liabilities for the fiscal years ended March 31, 2016 and 2015 follows:

	Year ended March 31,		
	2016	2015	2014
Beginning balance	$8,826	$9,293	$7,710
Additions for tax positions related to the current year	669	962	774
Additions for tax positions of prior years	175	178	1,475
Reductions for tax positions of prior years	—	(1,607)	(666)

Ending Balance	$9,670	$8,826	$9,293

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13. STOCKHOLDERS' EQUITY

In February 2014, the Company's Board of Directors authorized an increase in the Company's existing stock repurchase program by up to 5,000,000 shares of its common stock in addition to the 500,800 shares authorized under prior authorizations. During the fiscal years ended March 31, 2015, the Company repurchased 2,923,011 of its common stock for $184,380. As a result, as of May 27, 2016, the Company remains able to purchase an additional 2,277,789 shares. Repurchases may be made from time to time in open market transactions, block purchases, privately negotiated transactions or otherwise at prevailing prices. No time limit has been set for completion of the program.

During the fiscal year ended March 31, 2015, the Company settled the conversion of $12,834, in principal value of the Convertible Notes, as requested by the respective holders, with the principal and the conversion benefit settled in cash.

The holders of the common stock are entitled to one vote per share on all matters to be voted upon by the stockholders of Triumph.

The Company has preferred stock of $0.01 par value, 250,000 shares authorized. At March 31, 2016 and 2015, zero shares of preferred stock were outstanding.

Accumulated Other Comprehensive Loss

Changes in accumulated other comprehensive loss ("AOCI") by component for the years ended March 31, 2016 and 2015 were as follows:

	Currency Translation Adjustment	Unrealized Gains and Losses on Derivative Instruments	Defined Benefit Pension Plans and Other Postretirement Benefits	Total (1)
Balance March 31, 2014	$ 198	$ 1,496	$ (20,602)	$ (18,908)
OCI before reclassifications	(46,949)	(4,098)	(122,667)	(173,714)
Amounts reclassified from AOCI	—	(155)	(6,133) (2)	(6,288)
Net current period OCI	(46,949)	(4,253)	(128,800)	(180,002)
Balance March 31, 2015	(46,751)	(2,757)	(149,402)	(198,910)
OCI before reclassifications	(12,065)	(527)	(127,267)	(139,859)
Amounts reclassified from AOCI	—	364	(8,757) (2)	(8,393)
Net current period OCI	(12,065)	(163)	(136,024)	(148,252)
Balance March 31, 2016	$ (58,816)	$ (2,920)	$ (285,426)	$ (347,162)

(1) Net of tax.
(2) Includes amortization of actuarial losses and recognized prior service (credits) costs, which are included in the net periodic pension cost of which a portion is allocated to production as inventoried costs.

14. EARNINGS PER SHARE

The following is a reconciliation between the weighted-average common shares outstanding used in the calculation of basic and diluted earnings per share:

	Year ended March 31,		
	2016	2015	2014
	(thousands)		
Weighted-average common shares outstanding—basic	49,218	50,796	51,711
Net effect of dilutive stock options and nonvested stock	—	169	265
Net effect of convertible debt	—	40	811

Weighted-average common shares outstanding—diluted	49,218	51,005	52,787

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15. EMPLOYEE BENEFIT PLANS

Defined Contribution Pension Plan

The Company sponsors a defined contribution 401(k) plan, under which salaried and certain hourly employees may defer a portion of their compensation. Eligible participants may contribute to the plan up to the allowable amount as determined by the plan of their regular compensation before taxes. The Company generally matches contributions up to 50% of the first 6% of compensation contributed by the participant. All contributions and Company matches are invested at the direction of the employee in one or more investment options offered under the plan. Company matching contributions vest immediately and aggregated $17,462, $20,020 and $21,208 for the fiscal years ended March 31, 2016, 2015 and 2014, respectively.

Defined Benefit Pension and Other Postretirement Benefit Plans

The Company sponsors several defined benefit pension plans covering some of its employees. Most employees are ineligible to participate in the plans or have ceased to accrue additional benefits under the plans. Benefits under the defined benefit plans are based on years of service and, for most non-represented employees, on average compensation for certain years. It is the Company's policy to fund at least the minimum amount required for all qualified plans, using actuarial cost methods and assumptions acceptable under applicable government regulations, by making payments into a trust separate from us.

In addition to the defined benefit pension plans, the Company provides certain health care and life insurance benefits for eligible retired employees. Such benefits are unfunded as of March 31, 2016. Employees achieve eligibility to participate in these contributory plans upon retirement from active service if they meet specified age and years of service requirements. Election to participate for some employees must be made at the date of retirement. Qualifying dependents of eligible retirees at the date of retirement are also eligible for medical coverage. Current plan documents reserve the right to amend or terminate the plans at any time, subject to applicable collective bargaining requirements for represented employees. From time to time, changes have been made to the benefits provided to various groups of plan participants. Premiums paid by the Company for most retirees for medical coverage prior to age 65 are capped and are based on years of service. Overall premiums are adjusted annually for changes in the cost of the plans as determined by an independent actuary. In addition to this medical inflation cost-sharing feature, the plans also have provisions for deductibles, co-payments, coinsurance percentages, out-of-pocket limits, schedules of reasonable fees, preferred provider networks, coordination of benefits with other plans and a Medicare carve-out.

The Company also sponsors an unfunded supplemental executive retirement plan ("SERP") that provides retirement benefits to certain key employees.

In accordance with ASC 715, the Company has recognized the funded status of the benefit obligation as of March 31, 2016 and 2015, in the accompanying Consolidated Balance Sheets. The funded status is measured as the difference between the fair value of the plans' assets and the PBO or accumulated postretirement benefit obligation of the plan. The majority of the plan assets are publicly traded investments which were valued based on the market price as of the measurement date. Investments that are not publicly traded were valued based on the estimated fair value of those investments based on our evaluation of data from fund managers and comparable market data.

The following table sets forth the Company's consolidated defined benefit pension plans for its union and non-union employees and its SERP as of March 31, 2016 and 2015, and the amounts recorded in the Consolidated Balance Sheets at March 31, 2016 and 2015. Company contributions include amounts contributed directly to plan assets and indirectly as benefits are paid from the Company's assets. Benefit payments reflect the total benefits paid from the plans and the Company's assets. Information on the plans includes both the domestic qualified and nonqualified plans and the foreign qualified plans.

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	Pension Benefits		Other Postretirement Benefits	
	Year ended March 31,		Year ended March 31,	
	2016	2015	2016	2015
Change in projected benefit obligations				
Projected benefit obligation at beginning of year	$2,479,319	$2,160,708	$239,267	$311,012
Service cost	10,902	12,902	1,186	2,868
Interest cost	88,708	90,576	7,669	12,332
Actuarial loss (gain)	37,342	341,719	2,030	(61,261)
Acquisitions	—	39,575	—	—
Plan amendments	7,395	50	(49,512)	—
Participant contributions	212	145	2,323	3,339
Special termination benefits	724	—	—	—
Benefits paid	(192,652)	(158,638)	(23,062)	(29,023)
Currency translation adjustment	(1,635)	(7,718)	—	—
Projected benefit obligation at end of year	$2,430,315	$2,479,319	$179,901	$239,267
Accumulated benefit obligation at end of year	$2,419,305	$2,464,418	$179,901	$239,267
Assumptions used to determine benefit obligations at end of year				
Discount rate	3.25 - 3.93%	3.78 %	3.73 %	3.66 %
Rate of compensation increase	3.50 - 4.50%	3.50 %	N/A	N/A

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	Pension Benefits		Other Postretirement Benefits	
	Year ended March 31,		Year ended March 31,	
	2016	2015	2016	2015
Change in fair value of plan assets				
Fair value of plan assets at beginning of year	$2,156,148	$1,933,269	$—	$—
Actual return on plan assets	(39,482)	236,782	—	—
Settlements	—	—	—	—
Participant contributions	212	145	2,323	3,339
Company contributions	3,021	112,338	20,739	25,684
Acquisitions	—	39,651	—	—
Benefits paid	(192,652)	(158,638)	(23,062)	(29,023)
Currency translation adjustment	(1,562)	(7,399)	—	—
Fair value of plan assets at end of year	$1,925,685	$2,156,148	$—	$—
Funded status (underfunded)				
Funded status	$(504,630)	$(323,171)	$(179,901)	$(239,267)
Reconciliation of amounts recognized in the consolidated balance sheets				
Pension asset—noncurrent	$—	$—	$—	$—
Accrued benefit liability—current	(3,621)	(3,940)	(16,246)	(20,116)
Accrued benefit liability—noncurrent	(501,009)	(319,231)	(163,655)	(219,151)
Net amount recognized	$(504,630)	$(323,171)	$(179,901)	$(239,267)
Reconciliation of amounts recognized in accumulated other comprehensive income				
Prior service credits	$(6,755)	$(20,155)	$(47,384)	$(8,682)
Actuarial losses (gains)	569,435	340,034	(66,480)	(74,615)
Income tax (benefits) expenses related to above items	(205,406)	(118,445)	42,016	31,265
Unamortized benefit plan costs (gains)	$357,274	$201,434	$(71,848)	$(52,032)

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The components of net periodic benefit cost for fiscal years ended March 31, 2016, 2015 and 2014 are as follows:

	Pension Benefits			Other Postretirement Benefits		
	Year Ended March 31,			Year Ended March 31,		
	2016	2015	2014	2016	2015	2014
Components of net periodic pension cost						
Service cost	$10,902	$12,902	$12,854	$1,186	$2,868	$3,060
Interest cost	88,708	90,576	92,938	7,669	12,332	12,552
Expected return on plan assets	(162,285)	(150,565)	(147,545)	—	—	—
Amortization of prior service credit cost	(4,038)	(5,288)	(6,731)	(10,810)	(4,529)	(4,529)
Amortization of net loss	9,488	—	13,487	(6,106)	—	—
Curtailment gain	(1,968)	—	(395)	—	—	—
Settlements	—	—	1,561	—	—	—
Special termination benefits	724	—	—	—	—	—
Total net periodic benefit (income) expense	$(58,469)	$(52,375)	$(33,831)	$(8,061)	$10,671	$11,083
Assumptions used to determine net periodic pension cost						
Discount rate	3.31 - 4.11%	4.32%	4.07%	3.66%	4.14%	3.79%
Expected long-term rate on assets	6.50 - 8.25%	8.25%	8.25%	N/A	N/A	N/A
Rate of compensation increase	3.50 - 4.50%	3.50%	3.50%	N/A	N/A	N/A

The discount rate is determined annually as of each measurement date, based on a review of yield rates associated with long-term, high-quality corporate bonds. At the end of each year, the discount rate is primarily determined using the results of bond yield curve models based on a portfolio of high-quality bonds matching notional cash inflows with the expected benefit payments for each significant benefit plan.

The expected return on plan assets is determined based on a market-related value of plan assets, which is a smoothed asset value. The market-related value of assets is calculated by recognizing investment performance that is different from that expected on a straight-line basis over five years. Actuarial gains and losses are amortized over the average remaining life expectancy of inactive participants for plans that are predominantly inactive and over the expected future service for active participants for other plans, but only to the extent unrecognized gains or losses exceed a corridor equal to 10% of the greater of the projected benefit obligation or market-related value of assets.

During the fourth quarter of the fiscal year ended March 31, 2016, the Company changed the method it uses to estimate the service and interest components of net periodic benefit cost for the Company's pension and other postretirement benefit plans. This new estimation approach discounts the individual expected cash flows underlying the service cost and interest cost by applying the specific spot rates derived from the yield curve used to discount the cash flows reflected in the measurement of the benefit obligation. Historically, the Company estimated these service and interest cost components utilizing a single weighted-average discount rate derived from the yield curve used to measure the benefit obligation at the beginning of the period.

The Company made this change to provide a more precise measurement of service and interest costs by improving the correlation between projected benefit cash flows to the corresponding spot yield curve rates. The Company has accounted for this change as a change in accounting estimate that is inseparable from a change in accounting principle pursuance to ASC 250, Accounting Changes and Error Corrections and accordingly have accounted for it prospectively. While the benefit obligation measured under this approach is unchanged from that determined under the prior approach, the more granular application of the spot rates will reduce the service and interest cost for the pension and OPEB plans for the fiscal year ending March 31, 2017, by approximately $20,000. The spot rates used to determine service and interest costs the U.S. plans ranged from 0.60%to 9.75%. Under the Company's prior methodology, these rates would have resulted in weighted-average rates for service cost and interest

cost of 3.86% for the U.S. Pension plans and 3.73% for the OPEB plans. The new approach will be used to measure the service cost and interest cost for our pension and OPEB plans for the fiscal year ending March 31, 2017.
Effective April 1, 2015, the Company changed the period over which actuarial gains and losses are being amortized for its U.S. pension plans from the average remaining future service period of active plan participants to the average life expectancy of inactive plan participants. This change was made because the Company has determined that as of that date almost all plan participants are inactive.
During the fiscal year ended March 31, 2015, the Society of Actuaries released new mortality tables that reflect increased life expectancy for participants of U.S. pension plans. The Company has reflected these new tables, along with an updated projection scale of mortality improvements, in the measurement of our U.S. pension and other postretirement benefit plans as of March 31, 2015. This change resulted in an increase in the benefit obligation.
The Company periodically experiences events or makes changes to its benefit plans that result in curtailment or special charges. Curtailments are recognized when events occur that significantly reduce the expected years of future service of present employees or eliminates the benefits for a significant number of employees for some or all of their future service.
Curtailment losses are recognized when it is probable the curtailment will occur and the effects are reasonably estimable. Curtailment gains are recognized when the related employees are terminated or a plan amendment is adopted, whichever is applicable.
As required under ASC 715, the Company remeasures plan assets and obligations during an interim period whenever a significant event occurs that results in a material change in the net periodic pension cost. The determination of significance is based on judgment and consideration of events and circumstances impacting the pension costs.
The following summarizes the key events whose effects on net periodic benefit cost and obligations are included in the tables above:

- In March 2016, one of the Company's union-represented groups of employees ratified a new collective bargaining agreement. The agreement includes an amendment to the other postretirement benefits plan, for which participants will no longer receive a benefit after the fiscal year ended March 31, 2016. This change resulted in the termination of the plan and as a result, the plan's liability was eliminated as of March 31, 2016 and the Company recognized a credit of approximately $2,297. Additionally, the agreement includes an amendment to the pension plan, under which participants will no longer continue to accrue a benefit after the fiscal year ending March 31, 2021. This change resulted in a curtailment gain of approximately $1,516 and is presented on the accompanying Consolidated Statements of Operations within "Curtailments, settlements and early retirement incentives."
- In February 2016, one of the Company's union-represented groups of employees ratified a new collective bargaining agreement. The agreement includes an amendment to the pension plan, under which effective January 1, 2017, actively accruing participants will no longer accrue benefits once they reach 30 years of service under the plan. This change resulted in a curtailment gain of approximately $3,314 and is presented on the accompanying Consolidated Statements of Operations within "Curtailments, settlements and early retirement incentives."
- In May 2015 and February 2016 the Company offered enhanced retirement benefits to employees of one of its union-represented groups. In order to receive these enhanced benefits, eligible employees had to agree to retire within a special window period. This change resulted in a special termination charge of approximately $724 and is presented on the accompanying Consolidated Statements of Operations within "Curtailments, settlements and early retirement incentives."
- In April 2015, the Company's largest union-represented group of employees ratified a new collective bargaining agreement. The agreement includes an amendment to the pension plan, under which participants will no longer accrue benefits after 30 years of service under the plan. This change resulted in a curtailment gain of approximately $2,863 and is presented on the accompanying Consolidated Statements of Operations within "Curtailments, settlements and early retirement incentives."
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In March 2014, the Company announced an amendment to the retirement plan of its non-represented employee participants. Effective March 1, 2015, actively accruing participants with 30 years of service will no longer continue to accrue a benefit. Those changes resulted in a decrease in the projected pension obligation of $14,355 and a related curtailment gain of $8,427 and is presented on the accompanying Consolidated Statements of Operations as "Curtailments, settlements and early retirement incentives".

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- In March 2014, in connection with the Company's relocation plan, the Company has restructured the remaining workforce resulting in the termination of a number of defined benefit plan participants. The Company concluded that these terminations will result in a significant reduction in the remaining service period and recorded a curtailment loss of $8,031 and is presented on the accompanying Consolidated Statements of Operations as "Curtailment, settlements and early retirement incentives". This curtailment loss included an increase in the projected pension obligation of $6,503. Additionally, as part of the layoffs, the Company recorded an early retirement incentive severance charge of $916 and is presented on the accompanying Consolidated Statements of Operations in "Curtailments, settlements and early retirement incentives."
- In December 2013, the Company completed an incentive offer in the form of lump-sum payments to non-represented deferred vested employees who were not of retirement age in lieu of any future benefits. In addition, cumulative lump-sum payments to union-represented plan participants for previously offered early retirement incentives exceeded the service and interest costs of the respective plan. The aforementioned changes led to a remeasurement of the affected plan's assets and obligations as of December 2013, which resulted in a $118,391 decrease in projected benefit obligation. Additionally, these distributions resulted in settlement charges of $1,561 and are presented on the accompanying Consolidated Statements of Operations within "Curtailments, settlements and early retirement incentives."

The following table shows those amounts expected to be recognized in net periodic benefit costs during the fiscal year ending March 31, 2017:

	Pension Benefits	Other Postretirement Benefits
Amounts expected to be recognized in FY 2017 net periodic benefit costs		
Prior service cost (credit)	$(1,782)	$ (13,464)
Actuarial (loss) gain	$(11,985)	$ 6,588

Expected Pension Benefit Payments

The total estimated future benefit payments for the pension plans are expected to be paid from the plan assets and company funds. The other postretirement plan benefit payments reflect the Company's portion of the funding. Estimated future benefit payments from plan assets and Company funds for the next ten years are as follows:

Year	Pension Benefits	Other Postretirement Benefits*
2017	$187,571	$ 16,547
2018	172,446	15,973
2019	167,732	15,550
2020	165,695	14,953
2021	162,720	14,432
2022 - 2026	773,657	61,392

* Net of expected Medicare Part D subsidies of $730 to $1,220 per year.

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Plan Assets, Investment Policy and Strategy
The table below sets forth the Company's target asset allocation for fiscal 2016 and the actual asset allocations at March 31, 2016 and 2015.

Asset Category	Target Allocation Fiscal 2016	Actual Allocation March 31, 2016	2015
Equity securities	40 - 50%	48 %	45 %
Fixed income securities	40 - 50%	48	51
Alternative investment funds	0 - 10%	4	4
Total		100%	100%

Pension plan assets are invested in various asset classes that are expected to produce a sufficient level of diversification and investment return over the long-term. The investment goals are to exceed the assumed actuarial rate of return over the long-term within reasonable and prudent levels of risks and to meet future obligations. Asset/liability studies are conducted on a regular basis to provide guidance in setting investment goals for the pension portfolio and its asset allocation. The asset allocation aims to prudently achieve a strong, risk-adjusted return while seeking to minimize funding level volatility and improve the funded status of the plans. The pension plans currently employ a liability-driven investment ("LDI") approach, where assets and liabilities move in the same direction. The goal is to limit the volatility of the funding status and cover part, but not all, of the changes in liabilities. Most of the liabilities' changes are due to interest rate movements.

To balance expected risk and return, allocation targets are established and monitored against acceptable ranges. All investment policies and procedures are designed to ensure that the plans' investments are in compliance with the Employee Retirement Income Security Act of 1974 ("ERISA"). Guidelines are established defining permitted investments within each asset class. Each investment manager has contractual guidelines to ensure that investments are made within the parameters of their asset class or in the case of multi-asset class managers, the parameters of their multi-asset class strategy. Certain investments are not permitted at any time, including investment directly in employer securities and uncovered short sales.

The tables below provide the fair values of the Company's plan assets at March 31, 2016 and 2015, by asset category. The table also identifies the level of inputs used to determine the fair value of assets in each category (see Note 2 for definition of levels).

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March 31, 2016

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	$24,302	$3,151	$—	$27,453
Equity securities				
International	162,168	—	—	162,168
U.S. equity	78,155	—	—	78,155
U.S. commingled fund	570,500	5,226	—	575,726
International commingled fund	44,613	53,167	—	97,780
Fixed income securities				
Corporate bonds	—	25,121	—	25,121
Government securities	—	159,432	—	159,432
U.S. commingled fund	622,605	74,447	—	697,052
International commingled fund	9,555	8,709	—	18,264
Other fixed income	—	7,286	—	7,286
Other				
Private equity and infrastructure	—	—	71,571	71,571
Insurance contracts	—	—	1,349	1,349
Other	—	1,493	—	1,493
Total investment in securities—assets	$1,511,898	$338,032	$72,920	$1,922,850
Receivables				3,249
Payables				(414)
Total plan assets				$1,925,685

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March 31, 2015

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	$91,499	$1,562	$—	$93,061
Equity securities				
International	181,061	—	—	181,061
U.S. equity	72,911	—	—	72,911
U.S. commingled fund	619,297	—	—	619,297
International commingled fund	47,366	68,165	—	115,531
Fixed income securities				
Corporate bonds	—	25,604	—	25,604
Government securities	—	182,456	—	182,456
U.S. commingled fund	676,557	90,341	—	766,898
International commingled fund	10,174	3,512	—	13,686
Other fixed income	—	8,415	—	8,415
Other				
Private equity and infrastructure	—	—	79,692	79,692
Insurance contracts	—	—	920	920
Total investment in securities—assets	$1,698,865	$380,055	$80,612	$2,159,532
Receivables				2,609
Payables				(5,993)
Total plan assets				$2,156,148

Cash equivalents and other short-term investments are primarily held in registered short-term investment vehicles which are valued using a market approach based on quoted market prices of similar instruments.

Public equity securities, including common stock, are primarily valued using a market approach based on the closing fair market prices of identical instruments in the principal market on which they are traded. Commingled funds that are open-ended mutual funds for which the fair value per share is determined and published by the respective mutual fund sponsor and is the basis for current observable transactions are categorized as Level 1 fair value measures. All other commingled investment funds for which the Company uses NAV as a practical expedient to estimate fair value per unit are categorized as Level 2 as long as they do not have redemption restrictions as of the measurement date. All commingled investment funds with redemption restrictions as of the measurement date are categorized as Level 3, if any. The NAV is the total value of the fund divided by the number of shares outstanding.

Corporate, government agency bonds and mortgage-backed securities are primarily valued using a market approach with inputs that include broker quotes, benchmark yields, base spreads and reported observable trades for identical or comparable instruments.

Other investments include private equity and infrastructure funds and insurance contracts. Investments in private equity and infrastructure funds are carried at estimated fair value based on NAV as a practical expedient and other appropriate adjustments to NAV as determined based on an evaluation of data provided by fund managers, including valuations of the underlying investments derived using inputs such as cost, operating results, discounted future cash flows, and market-based comparable data.

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The following table represents a rollforward of the balances of our pension plan assets that are valued using Level 3 inputs:

	March 31, 2015, Balance	Acquisitions	Net Purchases (Sales)	Net Realized Appreciation (Depreciation)	Net Unrealized Appreciation (Depreciation)	March 31, 2016, Balance
Private equity funds	$79,692	$ —	$(15,184)	$ (15,223)	$ 22,286	$71,571
Insurance contracts	920	—	—	—	429	1,349
Total	$80,612	$ —	$(15,184)	$ (15,223)	$ 22,715	$72,920

	March 31, 2014, Balance	Acquisitions	Net Purchases (Sales)	Net Realized Appreciation (Depreciation)	Net Unrealized Appreciation (Depreciation)	March 31, 2015, Balance
Private equity funds	$89,113	$ —	$(20,757)	$ (1,002)	$ 12,338	$79,692
Insurance contracts	—	920	—	—	—	920
Total	$89,113	$ 920	$(20,757)	$ (1,002)	$ 12,338	$80,612

Assumptions and Sensitivities
The discount rate is determined as of each measurement date, based on a review of yield rates associated with long-term, high-quality corporate bonds. The calculation separately discounts benefit payments using the spot rates from a long-term, high-quality corporate bond yield curve.
The effect of a 25 basis-point change in discount rates as of March 31, 2016, is shown below:

	Pension Benefits	Other Postretirement Benefits
Increase of 25 basis points		
Obligation	*$(66,900)	$ (3,685)
Net periodic expense	(300)	(292)
Decrease of 25 basis points		
Obligation	*$70,100	$ 3,837
Net periodic expense	300	303

* Excludes impact to plan assets due to the LDI investment approach discussed above under "Plan Assets, Investment Policy and Strategy."
The long-term rate of return assumption represents the expected average rate of earnings on the funds invested to provide for the benefits included in the benefit obligations. The long-term rate of return assumption is determined based on a number of factors, including historical market index returns, the anticipated long-term asset allocation of the plans, historical plan return data, plan expenses and the potential to outperform market index returns. For fiscal 20116, the expected long-term rate of return on assets was 6.50 - 8.25%. For fiscal 2017, the expected long-term rate of return is 6.50 - 8.00%.
A significant factor used in estimating future per capita cost of covered health care benefits for our retirees and us is the health care cost trend rate assumption. The rate used at March 31, 2016, was 6.60% and is assumed to decrease gradually to 4.50% by fiscal 2027 and remain at that level thereafter. The effect of a one-percentage-point change in the healthcare cost trend rate in each year is shown below:

	Other Postretirement Benefits	
	One-Percentage-	One-Percentage-Point Decrease

	Point Increase	
Net periodic expense	$ 515	$ (439)
Obligation	7,698	(6,943)

Anticipated Contributions to Defined Benefit Plans

Assuming a normal retirement age of 65, the Company expects to contribute $40,000 to its defined benefit pension plans and $16,500 to its OPEB during fiscal 2017. No plan assets are expected to be returned to the Company in fiscal 2017.

(Dollars in thousands, except per share data)

16. STOCK COMPENSATION PLANS

The Company has stock incentive plans under which employees and non-employee directors may be granted options to purchase shares of the Company's common stock at the fair value at the time of the grant. Employee options and non-employee director options are fully vested as of March 31, 2016. There were no employee or non-employee director options granted during fiscal years ended March 31, 2016, 2015 and 2014.

Since fiscal 2006, the Company approved the granting of restricted stock as its primary form of share-based incentive. The restricted shares are subject to forfeiture should the grantee's employment be terminated prior to the third or fourth anniversary of the date of grant, and are included in capital in excess of par value. Restricted shares generally vest in full after three or four years. The fair value of restricted shares under the Company's restricted stock plans is determined by the product of the number of shares granted and the grant date market price of the Company's common stock. Certain of these awards contain performance conditions, in addition to service conditions. The fair value of restricted shares is expensed on a straight-line basis over the requisite service period of three or four years.

The Company recognized $2,657, $1,272 and $4,653 of share-based compensation expense during the fiscal years ended March 31, 2016, 2015 and 2014, respectively. The total income tax benefit recognized for share-based compensation arrangements for fiscal years ended March 31, 2016, 2015 and 2014, was $930, $445 and $1,629, respectively.

A summary of the Company's stock option activity and related information for its option plans for the fiscal year ended March 31, 2016, was as follows:

	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value
Outstanding at March 31, 2015	3,936	$ 15.37		
Exercised	—	—		
Forfeited	(3,936)	15.37		
Outstanding at March 31, 2016	—	$ —	0	$ —

During the fiscal year ended March 31, 2016, the balance of outstanding stock options expired. The intrinsic value of stock options exercised during the fiscal years ended March 31, 2015 and 2014, was $2,234 and $1,043, respectively.

At March 31, 2016 and 2015, 5,006,109 shares and 5,070,409 shares of common stock, respectively, were available for issuance under the plans. A summary of the status of the Company's nonvested shares of restricted stock and deferred stock units as of March 31, 2016, and changes during the fiscal year ended March 31, 2016, is presented below:

	Shares	Weighted-Average Grant Date Fair Value
Nonvested restricted stock and deferred stock units at March 31, 2015	175,382	$ 61.79
Granted	66,800	63.68
Vested	(55,289)	71.39
Forfeited	(17,002)	76.99
Nonvested restricted stock and deferred stock units at March 31, 2016	169,891	$ 57.88

The fair value of restricted stock which vested during fiscal 2016 was $3,297. The tax benefit from vested restricted stock was $96, $673 and $2,726 during the fiscal years ended March 31, 2016, 2015 and 2014, respectively. The weighted-average grant date fair value of share-based grants in the fiscal years ended March 31, 2016, 2015 and 2014, was $63.68, $64.44 and $79.80, respectively. Expected future compensation expense on restricted stock net of expected forfeitures, is approximately $2,590, which is expected to be recognized over the remaining weighted-average vesting period of 2.1 years.

During the fiscal years ended March 31, 2016, 2015 and 2014, 15,200, 8,800 and 7,875 deferred stock units were granted to the non-employee members of the Board of Directors, respectively, under the Directors' Plan. Each deferred stock unit represents the contingent right to receive one share of the Company's common stock. The deferred stock units vest over a three or four-year period and the shares of common stock underlying vested deferred stock units will be delivered on January 1 of the year following the year in which the non-employee director terminates service as a Director of the Company.

17. COMMITMENTS AND CONTINGENCIES

Real Estate Lease Litigation over Claims of American Brownfield MCIC, LLC

As previously disclosed, on June 13, 2013, American Brownfield MCIC, LLC (“American Brownfield”) filed suit (the “Lawsuit”) in the 298th Judicial District Court of Dallas County, Texas against Triumph Aerostructures, LLC (“Triumph Aerostructures”), a wholly-owned subsidiary of the Company, for amounts allegedly owed pursuant to a lease dated October 24, 2007, covering the use and occupancy of approximately 314 acres of land and improvements in Dallas, Texas, previously known as the Naval Weapons Industrial Reserve Plant (the “Jefferson Street Facility”). Triumph Aerostructures, the Company, and American Brownfield agreed to a mediated settlement of the Lawsuit, effective November 18, 2015. Under the terms of the settlement, American Brownfield was paid $5,000 on November 23, 2015, which is included in Legal settlement charge (gain), net, on the Consolidated Statements of Operations and is entitled to a second payment of $5,500 on or before May 20, 2016. The Lawsuit has been administratively closed, and will be dismissed with prejudice upon receipt by American Brownfield of the second payment. Also as part of the settlement, the Company has leased 272,683 square feet of space at the Jefferson Street Facility for a 15 year term beginning December 1, 2015, for annual base rent of $1,250.

Trade Secret Litigation over Claims of Eaton Corporation

On June 18, 2014, the Company announced it had settled all pending litigation involving the Company, its subsidiary, the employees and Eaton Corporation and several of its subsidiaries ("Eaton"). As it pertained to the lawsuit by Eaton claiming alleged misappropriation of trade secrets and intellectual property allegedly belonging to Eaton relating to the design and manufacture of hydraulic pumps and motors used in military and commercial aviation. As part of the settlement, Eaton agreed to pay the Company $135,300 in cash. During the fiscal year ended March 31, 2015, the Company received payment representing a gain on legal settlement, net of expense, of $134,693, which is included on the Consolidated Statements of Operations.

Other

Certain of the Company's business operations and facilities are subject to a number of federal, state, local and foreign environmental laws and regulations. Former owners generally indemnify the Company for environmental liabilities related to the assets and businesses acquired which existed prior to the acquisition dates. In the opinion of management, there are no significant environmental contingent liabilities which would have a material effect on the financial condition or operating results of the Company which are not covered by such indemnification.

The Company's risk related to pension projected obligations as of March 31, 2016, is significant. This amount is currently in excess of the related plan assets. Benefit plan assets are invested in a diversified portfolio of investments in both the equity and debt categories, as well as limited investments in real estate and other alternative investments. The market value of all of these investment categories may be adversely affected by external events and the movements and volatility in the financial markets, including such events as the current credit and real estate market conditions. Declines in the market values of our plan assets could expose the total asset balance to significant risk which may cause an increase to future funding requirements. The Company's potential risk related to OPEB projected obligations as of March 31, 2016, is also significant.

Some raw materials and operating supplies are subject to price and supply fluctuations caused by market dynamics. The Company's strategic sourcing initiatives seek to find ways of mitigating the inflationary pressures of the marketplace. In recent years, these inflationary pressures have affected the market for raw materials. However, the Company believes that raw material prices will remain stable through the remainder of fiscal 2017 and after that, experience increases that are in line with inflation. Additionally, the Company generally does not employ forward contracts or other financial instruments to hedge commodity price risk.

The Company's suppliers' failure to provide acceptable raw materials, components, kits and subassemblies would adversely affect production schedules and contract profitability. The Company maintains an extensive qualification and performance surveillance system to control risk associated with such supply base reliance. The Company is dependent on third parties for certain information technology services. To a lesser extent, the Company is also exposed to fluctuations in the prices of certain utilities and services, such as electricity, natural gas, chemical processing and freight. The Company utilizes a range of long-term agreements and strategic aggregated sourcing to optimize procurement expense and supply risk in these categories.

In the ordinary course of business, the Company is also involved in disputes, claims, lawsuits, and governmental and regulatory inquiries that it deems to be immaterial. Some may involve claims or potential claims of substantial damages, fines or penalties. While the Company cannot predict the outcome of any pending or future litigation or proceeding and no

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assurances can be given, the Company does not believe that any pending matter will have a material effect, individually or in the aggregate, on its financial position or results of operations.

18. RESTRUCTURING COSTS

Fiscal 2016 Restructuring

During the fiscal year ended March 31, 2016, the Company committed to a restructuring of certain of its businesses as well as the consolidation of certain of its facilities ("2016 Restructuring Plan"). The Company expects to reduce its footprint by approximately 3.5 million square feet and to reduce head count by 1,200 employees. Over the next few fiscal years, the Company estimates that it will record aggregate pre-tax charges of $150,000 to $160,000 related to these programs, which represent employee termination benefits, contract termination costs, accelerated depreciation and facility closure and other exit costs, and will result in future cash outlays. For the fiscal year ended March 31, 2016, the Company recorded charges of $80,956 related to this program including, accelerated depreciation of $22,392 and severance of $16,300.

The following table provides a summary of the Company's current aggregate cost estimates by major type of expense associated with the 2016 Restructuring Plan:

Type of expense	Total estimated amount expected to be incurred
Termination benefits	$ 26,000
Facility closure and other exit costs (1)	40,000
Contract termination costs	25,000
Accelerated depreciation charges (2)	34,000
Other (3)	30,000
	$ 155,000

(1) Includes costs to transfer product lines among facilities and outplacement and employee relocation costs.
(2) Accelerated depreciation charges are recorded as part of Depreciation and amortization on the Consolidated Statement of Operations.
(3) Consists of other costs directly related to the plan, including project management, legal and regulatory costs.

The restructuring charges recognized for the fiscal year ended March 31, 2016, by type and by segment consisted of the following:

	Aerostructures	Aerospace Systems	Aftermarket Services	Corporate	Total
Termination benefits	$ 11,379	$ 463	$ 397	$ 4,061	$ 16,300
Facility closure and other exit costs	14,295	—	—	—	14,295
Other	—	—	—	5,587	5,587
Total Restructuring	25,674	463	397	9,648	36,182
Depreciation and Amortization	8,861	3,368	145	—	12,374
Included in Cost of sales					
Contract termination costs	12,100	—	—	—	12,100
Accelerated depreciation	10,018	—	—	—	10,018
Other	6,032	4,250	—	—	10,282
Total	$ 62,685	$ 8,081	$ 542	$ 9,648	$ 80,956

Termination benefits include employee retention, severance and benefit payments for terminated employees. Facility closure costs include general operating costs incurred subsequent to production shutdown as well as equipment relocation and other associated costs. Contract termination costs include costs associated with terminating existing leases and supplier agreements. Other costs include legal, outplacement and employee relocation costs and other employee-related costs.

Relocation to Red Oak

During the fiscal year ended March 31, 2013, the Company committed to relocate the operations of its largest facility in Dallas, Texas and to expand its Red Oak, Texas ("Red Oak") facility to accommodate this relocation. The Company incurred approximately $86,640 in capital expenditures during the fiscal years ended March 31, 2014, associated with this plan. The Company incurred $3,193 and $31,290 of moving expenses related to the relocation during the fiscal year ended March 31, 2015 and 2014, shown separately on the Consolidated Statements of Operations. The relocation was substantially completed during the fiscal year ended March 31, 2014.

19. CUSTOMER CONCENTRATION

Trade accounts receivable from The Boeing Company ("Boeing") represented approximately 18% and 13% of total accounts receivable as of March 31, 2016 and 2015, respectively. Trade accounts receivable from Gulfstream Aerospace Corporation ("Gulfstream") represented approximately 6% and 16% of total accounts receivable as of March 31, 2016 and 2015, respectively. The Company had no other significant concentrations of credit risk.

Sales to Boeing for fiscal 2016 were $1,472,641, or 38% of net sales, of which $1,237,523, $200,020 and $35,098 were from the Aerostructures segment, the Aerospace Systems segment and the Aftermarket Services segment, respectively. Sales to Boeing for fiscal 2015 were $1,634,367, or 42% of net sales, of which $1,441,892, $161,196 and $31,279 were from the Aerostructures segment, the Aerospace Systems segment and the Aftermarket Services segment, respectively. Sales to Boeing for fiscal 2014 were $1,689,635, or 45% of net sales, of which $1,576,113, $87,374 and $26,148 were from the Aerostructures segment, the Aerospace Systems segment and the Aftermarket Services segment, respectively.

Sales to Gulfstream for fiscal 2016 were $476,327, or 12% of net sales, of which $472,627, $3,492 and $208 were from the Aerostructures segment, the Aerospace Systems segment and the Aftermarket Services segment, respectively. Sales to Gulfstream for fiscal 2015 were $338,719, or 9% of net sales, of which $334,948, $3,745 and $26 were from the Aerostructures segment, the Aerospace Systems segment and the Aftermarket Services segment, respectively. Sales to Gulfstream for fiscal 2014 were $290,028, or 8% of net sales, of which $285,252, $4,279 and $497 were from the Aerostructures segment, the Aerospace Systems segment and the Aftermarket Services segment, respectively.

No other single customer accounted for more than 10% of the Company's net sales; however, the loss of any significant customer, including Boeing and/or Gulfstream, could have a material adverse effect on the Company and its operating subsidiaries.

The Company currently generates a majority of its revenue from clients in the commercial aerospace industry, the business jet industry and the military. The Company's growth and financial results are largely dependent on continued demand for its products and services from clients in these industries. If any of these industries experiences a downturn, clients in these sectors may conduct less business with the Company.

20. COLLECTIVE BARGAINING AGREEMENTS

Approximately 13% of the Company's labor force is covered under collective bargaining agreements. As of March 31, 2016, approximately 31% of the Company's collectively bargained workforce are working under contracts that have expired or are set to expire within one year.

The collective bargaining agreement with our union employees with International Association of Machinists and Aerospace Workers ("IAM") District 751 at our Spokane, Washington facility has expired. As of May 11, 2016, the workforce in Spokane of approximately 400 employees has elected to strike. While we are currently in negotiations with the workforce, we have implemented plans to continue production in Spokane with support from other locations.

21. SEGMENTS

The Company reports financial performance based on the following three reportable segments: the Aerostructures Group, the Aerospace Systems Group and the Aftermarket Services Group. The Company's CODM utilizes Adjusted EBITDA as a primary measure of profitability to evaluate performance of its segments and allocate resources.

The Aerostructures segment consists of the Company's operations that manufacture products primarily for the aerospace OEM market. The Aerostructures segment's revenues are derived from the design, manufacture, assembly and integration of metallic and composite aerostructures and structural components, including aircraft wings, fuselage sections, tail assemblies, engine nacelles, flight control surfaces as well as helicopter cabins. Further, the segment's operations also design and manufacture composite assemblies for floor panels and environmental control system ducts. These products are sold to various aerospace OEMs on a global basis. Effective April 1, 2015, the results for Triumph Group Mexico are included in the Aerostructures segment, as doing so better represents the type of work Triumph Group Mexico is performing. Previously, Triumph Group Mexico's results were included in Corporate.

The Aerospace Systems segment consists of the Company's operations that also manufacture products primarily for the aerospace OEM market. The segment's operations design and engineer mechanical and electromechanical controls, such as hydraulic systems, main engine gearbox assemblies, engine control systems, accumulators, mechanical control cables and non-structural cockpit components. These products are sold to various aerospace OEMs on a global basis.

The Aftermarket Services segment consists of the Company's operations that provide maintenance, repair and overhaul services to both commercial and military markets on components and accessories manufactured by third parties. Maintenance, repair and overhaul revenues are derived from services on auxiliary power units, airframe and engine accessories, including constant-speed drives, cabin compressors, starters and generators, and pneumatic drive units. In addition, the segment's operations repair and overhaul thrust reversers, nacelle components and flight control surfaces. The segment's operations also perform repair and overhaul services and supply spare parts for various types of cockpit instruments and gauges for a broad range of commercial airlines on a worldwide basis.

Segment Adjusted EBITDA is total segment revenue reduced by operating expenses (less depreciation and amortization) identifiable with that segment. Corporate includes general corporate administrative costs and any other costs not identifiable with one of the Company's segments, including restructuring of $10,347 for the fiscal year ended March 31, 2016.

Effective April 2016, the Company announced that it is realigning into four business units to better meet the evolving needs of its customers. The new structure better supports our go-to-market strategies and will allow us to more effectively satisfy the needs of our customers while continuing to deliver on our commitments, accelerate organic growth and drive predictable profitability.

The Company does not accumulate net sales information by product or service or groups of similar products and services, and therefore the Company does not disclose net sales by product or service because to do so would be impracticable.

(Dollars in thousands, except per share data)

Selected financial information for each reportable segment and the reconciliation of Adjusted EBITDA to operating income before interest is as follows:

	Year Ended March 31,		
	2016	2015	2014
Net sales:			
Aerostructures	$2,427,809	$2,510,371	$2,622,917
Aerospace systems	1,166,795	1,089,117	871,750
Aftermarket services	311,394	304,013	287,343
Elimination of inter-segment sales	(19,926)	(14,779)	(18,756)
	$3,886,072	$3,888,722	$3,763,254
(Loss) income before income taxes:			
Operating (loss) income:			
Aerostructures	$(1,274,777)	$120,985	$248,637
Aerospace systems	216,520	184,042	149,721
Aftermarket services	24,977	47,931	42,265
Corporate	(57,826)	81,715	(40,619)
	(1,091,106)	434,673	400,004
Interest expense and other	68,041	85,379	87,771
	$(1,159,147)	$349,294	$312,233
Depreciation and amortization:			
Aerostructures	$114,986	$102,296	$116,514
Aerospace systems	50,118	45,200	37,453
Aftermarket services	11,009	8,559	7,529
Corporate	1,642	2,268	2,781
	$177,755	$158,323	$164,277
Impairment charge of intangible assets:			
Aerostructures	$873,961	$—	$—
Aerospace systems	400	—	—
	$874,361	$—	$—
Amortization of acquired contract liabilities, net:			
Aerostructures	$90,778	$38,719	$25,207
Aerospace systems	41,585	37,014	17,422
	$132,363	$75,733	$42,629
Adjusted EBITDA:			
Aerostructures	$(364,538)	$184,562	$339,944
Aerospace systems	216,959	192,228	169,752
Aftermarket services	37,886	56,490	49,794
Corporate	(57,428)	(50,710)	(36,672)
	$(167,121)	$382,570	$522,818

(Dollars in thousands, except per share data)

	Year Ended March 31,		
	2016	2015	2014
Capital expenditures:			
Aerostructures	$45,478	$72,681	$168,715
Aerospace systems	30,883	30,531	21,935
Aftermarket services	2,700	5,645	13,940
Corporate	986	1,147	1,824
	$80,047	$110,004	$206,414

	March 31,	
	2016	2015
Total Assets:		
Aerostructures	$3,023,892	$4,097,397
Aerospace systems	1,437,977	1,460,142
Aftermarket services	350,674	375,752
Corporate	22,550	23,034
	$4,835,093	$5,956,325

During fiscal years ended March 31, 2016, 2015 and 2014, the Company had foreign sales of $797,976, $753,075 and $621,625, respectively. The Company reports as foreign sales those sales with delivery points outside of the United States. As of March 31, 2016 and 2015, the Company had foreign long-lived assets of $346,924 and $366,846, respectively.

22. SELECTED CONSOLIDATING FINANCIAL STATEMENTS OF PARENT, GUARANTORS AND NON-GUARANTORS

The 2021 Notes and the 2022 Notes are fully and unconditionally guaranteed on a joint and several basis by Guarantor Subsidiaries. The total assets, stockholder's equity, revenue, earnings and cash flows from operating activities of the Guarantor Subsidiaries exceeded a majority of the consolidated total of such items as of and for the periods reported. The only consolidated subsidiaries of the Company that are not guarantors of the 2021 Notes and the 2022 Notes (the "Non-Guarantor Subsidiaries") are: (i) the receivables securitization special purpose entity, and (ii) the foreign operating subsidiaries. The following tables present condensed consolidating financial statements including Triumph Group, Inc. (the "Parent"), the Guarantor Subsidiaries, and the Non-Guarantor Subsidiaries. Such financial statements include balance sheets as of March 31, 2016 and 2015, statements of operations and comprehensive income for the fiscal years ended March 31, 2016, 2015 and 2014, and statements of cash flows for the fiscal years ended March 31, 2016, 2015 and 2014.

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SUMMARY CONSOLIDATING BALANCE SHEETS:

	March 31, 2016				
	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated Total
Current assets:					
Cash and cash equivalents	$1,544	$201	$ 19,239	$—	$20,984
Trade and other receivables, net	2,057	127,968	314,183	—	444,208
Inventories	—	1,091,824	92,414	—	1,184,238
Rotable assets	—	35,451	16,501	—	51,952
Prepaid expenses and other	6,524	26,433	8,302	—	41,259
Total current assets	10,125	1,281,877	450,639	—	1,742,641
Property and equipment, net	7,324	746,455	135,955	—	889,734
Goodwill and other intangible assets, net	—	1,898,401	195,465	—	2,093,866
Other, net	11,878	76,262	20,712	—	108,852
Intercompany investments and advances	2,301,054	81,540	82,930	(2,465,524)	—
Total assets	$2,330,381	$4,084,535	$ 885,701	$(2,465,524)	$4,835,093
Current liabilities:					
Current portion of long-term debt	$28,473	$13,968	$ —	$—	$42,441
Accounts payable	11,154	346,602	52,469	—	410,225
Accrued expenses	44,856	599,921	38,431	—	683,208
Total current liabilities	84,483	960,491	90,900	—	1,135,874
Long-term debt, less current portion	1,120,570	63,009	191,300	—	1,374,879
Intercompany debt	171,480	1,972,729	330,176	(2,474,385)	—
Accrued pension and other postretirement benefits, noncurrent	7,315	654,201	3,148	—	664,664
Deferred income taxes and other	11,589	658,873	54,270	—	724,732
Total stockholders' equity	934,944	(224,768)	215,907	8,861	934,944
Total liabilities and stockholders' equity	$2,330,381	$4,084,535	$ 885,701	$(2,465,524)	$4,835,093

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SUMMARY CONSOLIDATING BALANCE SHEETS:

	March 31, 2015				
	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated Total
Current assets:					
Cash and cash equivalents	$620	$419	$ 31,578	$—	$32,617
Trade and other receivables, net	3,578	180,874	337,149	—	521,601
Inventories	—	1,200,941	79,333	—	1,280,274
Rotable assets	—	35,248	13,572	—	48,820
Prepaid and other	6,509	10,549	6,011	—	23,069
Total current assets	10,707	1,428,031	467,643	—	1,906,381
Property and equipment, net	8,209	807,070	135,455	—	950,734
Goodwill and other intangible assets, net	—	2,786,400	204,811	—	2,991,211
Other, net	13,805	80,806	13,388	—	107,999
Intercompany investments and advances	4,062,058	81,540	63,897	(4,207,495)	—
Total assets	$4,094,779	$5,183,847	$ 885,194	$(4,207,495)	$5,956,325
Current liabilities:					
Current portion of long-term debt	$19,024	$23,231	$ —	$—	$42,255
Accounts payable	8,919	382,143	38,072	—	429,134
Accrued expenses	38,275	326,694	46,879	—	411,848
Total current liabilities	66,218	732,068	84,951	—	883,237
Long-term debt, less current portion	1,155,299	71,046	100,000	—	1,326,345
Intercompany debt	719,525	1,769,564	407,722	(2,896,811)	—
Accrued pension and other postretirement benefits, noncurrent	7,517	527,741	3,123	—	538,381
Deferred income taxes and other	10,435	998,841	63,302	—	1,072,578
Total stockholders' equity	2,135,785	1,084,587	226,096	(1,310,684)	2,135,784
Total liabilities and stockholders' equity	$4,094,779	$5,183,847	$ 885,194	$(4,207,495)	$5,956,325

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TRIUMPH GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except per share data)

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME:

	Fiscal year ended March 31, 2016				
	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated Total
Net sales	$—	$3,577,733	$ 369,954	$ (61,615)	$3,886,072
Operating costs and expenses:					
Cost of sales	—	3,343,038	315,876	(61,615)	3,597,299
Selling, general and administrative	43,969	206,815	36,565	—	287,349
Depreciation and amortization	1,642	154,740	21,373	—	177,755
Impairment of intangible assets	—	874,361	—	—	874,361
Restructuring	10,347	25,835	—	—	36,182
Curtailments, settlements and early retirement incentives	(1,244)	—	—	—	(1,244)
Legal settlement charge, net	—	5,476	—	—	5,476
	54,714	4,610,265	373,814	(61,615)	4,977,178
Operating loss	(54,714)	(1,032,532)	(3,860)	—	(1,091,106)
Intercompany interest and charges	(206,998)	194,188	12,810	—	—
Interest expense and other	60,950	10,239	(3,148)	—	68,041
Income (loss) from continuing operations, before income taxes	91,334	(1,236,959)	(13,522)	—	(1,159,147)
Income tax expense (income)	17,161	(132,648)	4,300	—	(111,187)
Net income (loss)	74,173	(1,104,311)	(17,822)	—	(1,047,960)
Other comprehensive (loss) income	(163)	(136,024)	(12,065)	—	(148,252)
Total comprehensive income (loss)	$74,010	$(1,240,335)	$ (29,887)	$ —	$(1,196,212)

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TRIUMPH GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except per share data)

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME:

	Fiscal year ended March 31, 2015				
	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated Total
Net sales	$—	$3,592,062	$ 320,907	$ (24,247)	$3,888,722
Operating costs and expenses:					
Cost of sales	—	2,900,408	265,292	(24,247)	3,141,453
Selling, general and administrative	50,562	199,569	35,642	—	285,773
Depreciation and amortization	2,269	141,561	14,493	—	158,323
Restructuring charge	—	3,193	—	—	3,193
Legal settlement gain, net	(134,693)	—	—	—	(134,693)
	(81,862)	3,244,731	315,427	(24,247)	3,454,049
Operating (loss) income	81,862	347,331	5,480	—	434,673
Intercompany interest and charges	(205,075)	196,394	8,681	—	—
Interest expense and other	85,555	10,438	(10,614)	—	85,379
Income from continuing operations, before income taxes	201,382	140,499	7,413	—	349,294
Income tax expense (benefit)	58,049	54,359	(1,811)	—	110,597
Net income	143,333	86,140	9,224	—	238,697
Other comprehensive (loss)	(4,253)	(128,800)	(46,949)	—	(180,002)
Total comprehensive income (loss)	$139,080	$(42,660)	$ (37,725)	$ —	$58,695

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TRIUMPH GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except per share data)

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME:

	Fiscal year ended March 31, 2014				
	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated Total
Net sales	$—	$3,569,094	$ 197,987	$ (3,827)	$3,763,254
Operating costs and expenses:					
Cost of sales	—	2,760,627	155,002	(3,827)	2,911,802
Selling, general and administrative	36,670	192,422	25,623	—	254,715
Depreciation and amortization	2,782	152,593	8,902	—	164,277
Restructuring charge	—	31,290	—	—	31,290
Curtailments, settlements and early retirement incentives	1,166	—	—	—	1,166
	40,618	3,136,932	189,527	(3,827)	3,363,250
Operating (loss) income	(40,618)	432,162	8,460	—	400,004
Intercompany interest and charges	(215,079)	207,397	7,682	—	—
Interest expense and other	86,094	6,103	(4,426)	—	87,771
Income from continuing operations, before income taxes	88,367	218,662	5,204	—	312,233
Income tax expense	20,478	85,061	438	—	105,977
Net income	67,889	133,601	4,766	—	206,256
Other comprehensive income (loss)	1,481	43,898	(3,315)	—	42,064
Total comprehensive income	$69,370	$177,499	$ 1,451	$ —	$248,320

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TRIUMPH GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except per share data)

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS:

	Fiscal year ended March 31, 2016				
	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated Total
Net income (loss)	$74,173	$(1,104,311)	$ (17,822)	$ —	$(1,047,960)
Adjustments to reconcile net income to net cash (used in) provided by operating activities	(106,837)	1,207,850	24,629	6,181	1,131,823
Net cash (used in) provided by operating activities	(32,664)	103,539	6,807	6,181	83,863
Capital expenditures	(986)	(57,503)	(21,558)	—	(80,047)
Proceeds from sale of assets and businesses	—	5,877	192	—	6,069
Cash used for businesses and intangible assets acquired	—	(48,051)	(6,000)	—	(54,051)
Net cash used in investing activities	(986)	(99,677)	(27,366)	—	(128,029)
Net increase in revolving credit facility	(8,256)	—	—	—	(8,256)
Proceeds on issuance of debt	—	6,497	128,300	—	134,797
Retirements and repayments of debt	(19,024)	(24,893)	(37,000)	—	(80,917)
Payments of deferred financing costs	(185)	—	—	—	(185)
Dividends paid	(7,889)	—	—	—	(7,889)
Repayment of governmental grant	—	(5,000)	—	—	(5,000)
Repurchase of restricted shares for minimum tax obligation	(96)	—	—	—	(96)
Intercompany financing and advances	70,024	19,316	(83,159)	(6,181)	—
Net cash provided by (used in) financing activities	34,574	(4,080)	8,141	(6,181)	32,454
Effect of exchange rate changes on cash and cash equivalents	—	—	79	—	79
Net change in cash and cash equivalents	924	(218)	(12,339)	—	(11,633)
Cash and cash equivalents at beginning of year	620	419	31,578	—	32,617
Cash and cash equivalents at end of year	$1,544	$201	$ 19,239	$ —	$20,984

TRIUMPH GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except per share data)

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS:

	Fiscal year ended March 31, 2015				
	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated Total
Net income	$143,333	$86,140	$9,224	$—	$238,697
Adjustments to reconcile net income to net cash (used by)provided by operating activities	(154,295)	397,607	(25,590)	10,913	228,635
Net cash (used in) provided by operating activities	(10,962)	483,747	(16,366)	10,913	467,332
Capital expenditures	(905)	(92,686)	(16,413)	—	(110,004)
Reimbursements of capital expenditures	—	653	—	—	653
Proceeds from sale of assets and businesses	—	3,092	75	—	3,167
Cash used for businesses and intangible assets acquired	—	112,110	(73,829)	—	38,281
Net cash (used in) provided by investing activities	(905)	23,169	(90,167)	—	(67,903)
Net increase in revolving credit facility	(46,150)	—	—	—	(46,150)
Proceeds on issuance of debt	300,000	37,660	171,300	—	508,960
Retirements and repayments of debt	(401,232)	(20,928)	(233,700)	—	(655,860)
Purchase of common stock	(184,380)	—	—	—	(184,380)
Payments of deferred financing costs	(6,487)	—	—	—	(6,487)
Dividends paid	(8,100)	—	—	—	(8,100)
Repayment of governmental grant	—	(3,198)	—	—	(3,198)
Repurchase of restricted shares for minimum tax obligation	(673)	—	—	—	(673)
Proceeds from exercise of stock options, including excess tax benefit	720	—	—	—	720
Intercompany financing and advances	355,969	(521,180)	176,124	(10,913)	—
Net cash provided by (used in) financing activities	9,667	(507,646)	113,724	(10,913)	(395,168)
Effect of exchange rate changes on cash and cash equivalents	—	—	(642)	—	(642)
Net change in cash and cash equivalents	(2,200)	(730)	6,549	—	3,619
Cash and cash equivalents at beginning of year	2,820	1,149	25,029	—	28,998
Cash and cash equivalents at end of year	$620	$419	$31,578	$—	$32,617

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TRIUMPH GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except per share data)

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS:

	Fiscal year ended March 31, 2014				
	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated Total
Net income	$67,889	$133,601	$4,766	$—	$206,256
Adjustments to reconcile net income to net cash provided by operating activities	108,816	(170,631)	(3,502)	(5,802)	(71,119)
Net cash provided by (used in) operating activities	176,705	(37,030)	1,264	(5,802)	135,137
Capital expenditures	(2,381)	(185,794)	(18,239)	—	(206,414)
Reimbursements of capital expenditures	—	9,086	—	—	9,086
Proceeds from sale of assets and businesses	—	45,038	9	—	45,047
Cash used for businesses and intangible assets acquired	—	(6,505)	(87,951)	—	(94,456)
Net cash used in investing activities	(2,381)	(138,175)	(106,181)	—	(246,737)
Net increase in revolving credit facility	98,557	—	—	—	98,557
Proceeds on issuance of debt	375,000	30,503	45,500	—	451,003
Retirements and repayments of debt	(271,812)	(27,218)	(117,615)	—	(416,645)
Purchase of common stock	(19,134)	—	—	—	(19,134)
Payments of deferred financing costs	(3,297)	—	—	—	(3,297)
Dividends paid	(8,344)	—	—	—	(8,344)
Proceeds from governmental grant	—	3,456	—	—	3,456
Repurchase of restricted shares for minimum tax obligation	(2,726)	—	—	—	(2,726)
Proceeds from exercise of stock options, including excess tax benefit	329	—	—	—	329
Intercompany financing and advances	(343,187)	168,076	169,309	5,802	—
Net cash (used in) provided by financing activities	(174,614)	174,817	97,194	5,802	103,199
Effect of exchange rate changes on cash and cash equivalents	—	—	5,362	—	5,362
Net change in cash and cash equivalents	(290)	(388)	(2,361)	—	(3,039)
Cash and cash equivalents at beginning of year	3,110	1,537	27,390	—	32,037
Cash and cash equivalents at end of year	$2,820	$1,149	$25,029	$—	$28,998

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TRIUMPH GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except per share data)

23. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

	Fiscal 2016				Fiscal 2015			
	June 30	Sept. 30	Dec. 31 (7)	Mar. 31 (8)	June 30 (3) (4)	Sept. 30	Dec. 31 (5) (6)	Mar. 31
BUSINESS SEGMENT SALES								
Aerostructures	$611,838	$604,874	$553,627	$657,470	$612,160	$632,510	$560,346	$705,355
Aerospace Systems	277,647	280,155	288,288	320,705	219,852	288,902	279,198	301,165
Aftermarket Services	74,745	73,777	78,127	84,745	67,608	74,343	80,690	81,372
Inter-segment Elimination	(4,592)	(4,032)	(6,176)	(5,126)	(2,715)	(1,632)	(2,817)	(7,615)
TOTAL SALES	$959,638	$954,774	$913,866	$1,057,794	$896,905	$994,123	$917,417	$1,080,277
GROSS PROFIT (1)	$201,732	$197,742	$195,405	$(420,767)	$188,112	$197,566	$24,068	$237,071
OPERATING INCOME								
Aerostructures	$66,007	$67,099	$(187,265)	$(1,220,618)	$68,819	$70,008	$(104,231)	$86,389
Aerospace Systems	51,253	46,140	52,754	66,373	37,352	46,214	41,863	58,613
Aftermarket Services	9,987	9,125	12,402	(6,537)	10,504	11,620	12,490	13,317
Corporate	(19,381)	(12,317)	(4,141)	(21,987)	123,849	(13,144)	(11,388)	(17,602)
TOTAL OPERATING INCOME	$107,866	$110,047	$(126,250)	$(1,182,769)	$240,524	$114,698	(61,266)	$140,717
NET INCOME	$62,732	$61,612	$(88,649)	$(1,083,655)	$128,243	$67,446	(39,832)	$82,840
Basic Earnings (Loss) per share	$1.28	$1.25	$(1.80)	$(22.01)	$2.48	$1.32	$(0.79)	$1.66
Diluted Earnings (Loss) per share (2)	$1.27	$1.25	$(1.80)	$(22.01)	$2.46	$1.32	$(0.79)	$1.66

* Difference due to rounding.
(1) Gross profit includes depreciation.
(2) The sum of the diluted earnings per share for the four quarters does not necessarily equal the total year diluted earnings per share due to the dilutive effect of the potential common shares related to the convertible debt.
(3) Includes the results of GE from June 27, 2014 (date of acquisition) through March 31, 2015.
(4) Includes the Gain on Legal Settlement, net ($134,693).
(5) Includes the results of NAAS from October 17, 2014 (date of acquisition) through March 31, 2015.
(6) Includes the results of Tulsa Programs from December 30, 2014 (date of acquisition) through March 31, 2015, and a provision for forward losses of approximately $151,992 associated with our long-term contract on the 747-8 program.
(7)

Includes the results of Fairchild from October 21, 2015 (date of acquisition) through March 31, 2016 and impairment of intangible assets of $229,200.

(8) Includes impairment of intangible assets of $645,161, forward losses on the Bombardier and 747-8 programs of $561,158 and restructuring of $80,956.

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TRIUMPH GROUP, INC.
SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS
(Dollars in thousands)

	Balance at beginning of year	Additions charged to expense	Additions(1)	(Deductions)(2)	Balance at end of year
For year ended March 31, 2016:					
Allowance for doubtful accounts receivable	$ 6,475	2,028	(47)	(1,964)	$ 6,492
For year ended March 31, 2015:					
Allowance for doubtful accounts receivable	$ 6,535	171	85	(316)	$ 6,475
For year ended March 31, 2014:					
Allowance for doubtful accounts receivable	$ 5,372	2,191	6	(1,034)	$ 6,535

(1) Additions consist of trade and other receivable recoveries and miscellaneous adjustments.
(2) Deductions represent write-offs of related account balances.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure
None.

Item 9A. Controls and Procedures
Evaluation of Disclosure Controls and Procedures
We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.
As of March 31, 2016, we completed an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of March 31, 2016.

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MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Triumph Group, Inc. ("Triumph") is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Triumph's internal control system over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in condition, or that the degree of compliance with the policies or procedures may deteriorate.

Triumph's management assessed the effectiveness of Triumph's internal control over financial reporting as of March 31, 2016. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) ("COSO") in Internal Control—Integrated Framework. Based on management's assessment and those criteria, management believes that Triumph maintained effective internal control over financial reporting as of March 31, 2016.

Management's assessment of and conclusion on the effectiveness of Triumph's internal control over financial reporting did not include the internal controls of Triumph Thermal Systems - Maryland, which was acquired in the fiscal year ended March 31, 2016. The acquisition, which is more fully discussed in Note 3 to the consolidated financial statements for fiscal 2016, is included in the fiscal 2016 consolidated financial statements of Triumph Group, Inc. and represented total assets of approximately $61 million or 1% at March 31, 2016, and revenues of approximately $18 million or 0.5% for the year ended March 31, 2016. Under guidelines established by the SEC, companies are allowed to exclude acquisitions from their first assessment of internal control over financial reporting following the date of acquisition.

Triumph's independent registered public accounting firm, Ernst & Young LLP, has audited Triumph's effectiveness of Triumph's internal control over financial reporting. This report appears on the following page.

/s/ Daniel J. Crowley
Daniel J. Crowley
President, Chief Executive Officer and Director
/s/ Jeffrey L. McRae
Jeffrey L. McRae
Senior Vice President and
Chief Financial Officer
/s/ Thomas A. Quigley, III
Thomas A. Quigley, III
Vice President and Controller
May 27, 2016

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of Triumph Group, Inc.

We have audited Triumph Group, Inc.'s internal control over financial reporting as of March 31, 2016, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) ("the COSO criteria"). Triumph Group, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As indicated in the accompanying Management's Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Triumph Thermal Systems - Maryland, which is included in the fiscal year 2016 consolidated financial statements of Triumph Group, Inc. and constituted $61 million and $0.1 million of total and net assets, respectively, as of March 31, 2016, and $18 million and $0.1 million of revenues and net loss, respectively, for the year then ended. Our audit of internal control over financial reporting of Triumph Group, Inc. also did not include an evaluation of the internal control over financial reporting of Triumph Thermal Systems - Maryland.

In our opinion, Triumph Group, Inc. maintained, in all material respects, effective internal control over financial reporting as of March 31, 2016, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Triumph Group, Inc., as of March 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive (loss) income, stockholders' equity, and cash flows for each of the three years in the period ended March 31, 2016, of Triumph Group, Inc. and our report dated May 27, 2016, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Philadelphia, Pennsylvania

May 27, 2016

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Changes in Internal Control Over Financial Reporting

In addition to management's evaluation of disclosure controls and procedures as discussed above, we continue to review and enhance our policies and procedures for internal control over financial reporting.

We have developed and implemented a formal set of internal controls and procedures for financial reporting in accordance with the SEC's rules regarding management's report on internal controls. As a result of continued review and testing by management and by our internal and independent auditors, additional changes may be made to our internal controls and procedures. However, we did not make any changes to our internal control over financial reporting in the fourth quarter of fiscal 2016 that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required for directors is incorporated herein by reference to our definitive Proxy Statement for our 2016 Annual Meeting of Stockholders, which shall be filed within 120 days after the end of our fiscal year (the "2016 Proxy Statement"). Information required by this item concerning executive officers is included in Part I of this Annual Report on Form 10-K.

Section 16(a) Beneficial Ownership Reporting Compliance

The information required regarding Section 16(a) beneficial ownership reporting compliance is incorporated herein by reference to the 2016 Proxy Statement.

Code of Business Conduct

The information required regarding our Code of Business Conduct is incorporated herein by reference to the 2016 Proxy Statement.

Stockholder Nominations

The information required with respect to any material changes to the procedures by which stockholders may recommend nominees to the Company's board of directors is incorporated herein by reference to the 2016 Proxy Statement.

Audit Committee and Audit Committee Financial Expert

The information required with respect to the Audit Committee and Audit Committee financial experts is incorporated herein by reference to the 2016 Proxy Statement.

Item 11. Executive Compensation

The information required regarding executive compensation is incorporated herein by reference to the 2016 Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required under this item is incorporated herein by reference to the 2016 Proxy Statement.

Item 13. Certain Relationships and Related Transactions and Director Independence

The information required under this item is incorporated herein by reference to the 2016 Proxy Statement.

Item 14. Principal Accountant Fees and Services

The information required under this item is incorporated herein by reference to the 2016 Proxy Statement.

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PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) Financial Statements

(1) The following consolidated financial statements are included in Item 8 of this report:

(2) The following financial statement schedule is included in this report:

All other schedules have been omitted as not applicable or because the information is included elsewhere in the Consolidated Financial Statements or notes thereto.

(3) The following is a list of exhibits. Where so indicated by footnote, exhibits which were previously filed are incorporated by reference.

Exhibit Number	Description	Incorporated by Reference to Form	File No.	Exhibit(s)	Filing Date
2.1	Agreement and Plan of Merger, dated as of March 23, 2010, by and among Triumph Group, Inc., Vought Aircraft Industries, Inc., Spitfire Merger Corporation and TC Group, L.L.C., as the Holder Representative	8-K	001-12235	2.1	March 23, 2010
3.1	Amended and Restated Certificate of Incorporation	10-K	001-12235	3.1	May 22, 2009

	of Triumph Group, Inc.				
3.1.1	Certificate of Amendment of Amended and Restated Certificate of Incorporation of Triumph Group, Inc.	8-K	001-12235	3.1	July 20, 2012
3.2	Amended and Restated By-Laws of Triumph Group, Inc.	8-K/A	001-12235	3.2	August 2, 2012
4.1	Form of certificate evidencing Common Stock of Triumph Group, Inc.	S-1	333-10777	4	August 23, 1996
4.2	Indenture, dated as of September 18, 2006, between Triumph Group, Inc. and The Bank of New York Trust Company, N.A. relating to the 2.625% Convertible Senior Subordinated Notes Due 2026	8-K	001-12235	4.1	September 22, 2006
4.2.1	Form of the 2.625% Convertible Senior Subordinated Note Due 2026 (included as Exhibit A to Exhibit 4.1)	8-K	001-12235	4.2	September 22, 2006
4.3	Registration Rights Agreement, dated as of	8-K	001-12235	4.3	September 22, 2006

September 18, 2006, between Triumph Group, Inc. and Banc of America Securities LLC

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Exhibit Number	Description	Incorporated by Reference to Form	File No.	Exhibit(s)	Filing Date
4.4	Indenture, dated as of November 16, 2009, between Triumph Group, Inc. and U.S. Bank National Association, as trustee, relating to the 8% Senior Subordinated Notes due 2017.	8-K	001-12235	4.1	November 19, 2009
4.4.1	Form of 8% Senior Subordinated Notes due 2017 (included as Exhibit A to Indenture filed as Exhibit 4.1)	8-K	001-12235	4.2	November 19, 2009
4.5	Registration Rights Agreement, dated November 16, 2009, by and among Triumph Group, Inc., the Guarantors party thereto, and the other parties thereto.	8-K	001-12235	4.3	November 19, 2009
4.6	Indenture, dated as of June 16, 2010, between Triumph Group, Inc. and U.S. Bank National Association, as trustee, relating to the	8-K	001-12235	4.1	June 22, 2010

	8.625% Senior Subordinated Notes Due 2018				
4.7	Registration Rights Agreement, dated as of June 16, 2010, by and among Triumph Group, Inc., the Guarantors party thereto and the other parties thereto	8-K	001-12235	4.3	June 22, 2010
4.8	Indenture, dated as of February 26, 2013, between Triumph Group, Inc. and U.S. Bank National Association, as trustee	8-K	001-12235	4.1	March 1, 2013
4.8.1	Form of 4.875% Senior Subordinated Notes due 2021(included as Exhibit A to Exhibit 4.1)	8-K	001-12235	4.2	March 1, 2013
4.9	Registration Rights Agreement, dated February 26, 2013 between Triumph Group, Inc. and the parties named therein	8-K	001-12235	4.3	March 1, 2013
4.10	Indenture, dated as of June 3, 2014, between Triumph Group, Inc. and U.S. Bank National	8-K	001-12235	4.1	June 5, 2014

	Association, as trustee				
4.10.1	Form of 5.250% Senior Notes due 2022 (included as Exhibit A to the Indenture filed as Exhibit 4.1)	8-K	001-12235	4.2	June 5, 2014
4.11	Registration Rights Agreement, dated June 3, 2014, between Triumph Group, Inc. and parties named therein	8-K	001-12235	4.3	June 5, 2014
4.12	Second Supplemental Indenture dated as of May 18, 2016 by and among Triumph Group, Inc., the guarantors signatory thereto and U.S. Bank National Association, as trustee, relating to the 4.875% Senior Notes due 2021	#	#	#	#
10.1	Amended and Restated Directors' Stock Incentive Plan	10-K	001-12235	10.1	May 29, 2012
10.1.1	Form of Deferred Stock Unit Award Agreement under the Amended and Restated	10-K	001-12235	10.2	May 30, 2013

	Directors' Stock Incentive Plan				
10.2	Triumph Group, Inc. 2004 Stock Incentive Plan*	10-K	001-12235	10.3	May 30, 2013
10.2.1	Form of Stock Award Agreement under the 2004 Stock Incentive Plan*	10-K	001-12235	10.7	May 22, 2009
10.2.2	Form of letter confirming Stock Award Agreement under the 2004 Stock Incentive Plan*	10-K	001-12235	10.8	May 22, 2009
10.3	Triumph Group, Inc. Supplemental Executive Retirement Plan effective January 1, 2003*	10-K	001-12235	10.17	June 12, 2003

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Exhibit Number	Exhibit Description	Incorporated by Reference to Form	File No.	Exhibit(s)	Filing Date
10.4	Compensation for the non-employee members of the Board of Directors of Triumph Group, Inc.	10-K	001-12235	10.6	May 30, 2013
10.5	Description of the Triumph Group, Inc. Annual Cash Bonus Plan*	8-K	001-12235	10.1	July 31, 2007
10.6	Change of Control Employment Agreements with: Richard C. Ill and John B. Wright, II.	8-K	001-12235	10.1 and 10.3	March 13, 2008
10.7	Form of Receivables Purchase Agreement, dated August 7, 2008, by and among the Triumph Group, Inc., as Initial Servicer, Triumph Receivables, LLC, as Seller, the various Purchasers and Purchase Agents from time to time party thereto and PNC National Association, as Administrative Agent.	8-K	001-12235	10.1	August 12, 2008
10.8	Stockholders Agreement, dated as of March 23, 2010, among Triumph Group, Inc., Carlyle Partners III, L.P., Carlyle Partners II, L.P., Carlyle International Partners II, L.P., Carlyle-Aerostructures Partners, L.P., CHYP Holdings, L.L.C., Carlyle-Aerostructures Partners II, L.P., CP III Coinvestment, L.P., C/S International Partners,	8-K	001-12235	10.1	March 23, 2010

	Carlyle-Aerostructures International Partners, L.P., Carlyle-Contour Partners, L.P., Carlyle SBC Partners II, L.P., Carlyle International Partners III, L.P., Carlyle-Aerostructures Management, L.P., Carlyle-Contour International Partners, L.P., Carlyle Investment Group, L.P. and TC Group, L.L.C				
10.9	Third Amendment to Receivables Purchase Agreement, dated as of June 21, 2010, by and among Triumph Receivables LLC, Triumph Group, Inc., Market Street Funding LLC and PNC Bank, National Association	8-K	001-12235	10.1	June 25, 2010
10.10	Triumph Group, Inc. Executive Incentive Plan, effective September 28, 2010 *	10-Q	001-12235	10.1	November 5, 2010
10.11	Form of letter informing Triumph Group, Inc. executives they are eligible to participate in the Company's Long Term Incentive Plan *	10-K	001-12235	10.22	May 18, 2011
10.12	Form of letter informing Triumph Group, Inc. executives they have earned an award under the Company's Long Term Incentive Plan and the amount of the award *	10-K	001-12235	10.23	May 18, 2011
10.13	Sixth Amendment to Receivables Purchase Agreement, dated as of February 26, 2013, by and among Triumph Receivables LLC, Triumph Group, Inc., Market Street Funding	8-K	001-12235	10.1	March 1, 2013

LLC and PNC Bank,
National Association

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Exhibit Number	Description	Incorporated by Reference to			
		Form	File No.	Exhibit(s)	Filing Date
10.14	Form of Third Amended and Restated Credit Agreement, dated as of November 19, 2013, by and among Triumph Group, Inc., and the other Borrowers party thereto and the Guarantors party thereto and the Banks party thereto and PNC Bank, National Association, as Administrative Agent, PNC Capital Markets LLC, J.P. Morgan Securities, LLC, RBC Capital Markets, RBS Citizens, N.A., and Santander Bank, N.A., as Joint Lead Arrangers and Joint Bookrunners, JPMorgan Chase Bank N.A., Royal Bank of Canada, Citizens Bank of Pennsylvania, and Santander Bank, N.A., as Syndication Agents, the Bank of Tokyo-Mitsubishi UFJ, Ltd, U.S. Bank National Association, TD Bank, N.A., and Manufacturers and	8-K	001-12235	10.1	November 25, 2013

	Traders Trust Company, as Documentation Agents				
10.15	Form of Second Amended and Restated Guarantee and Collateral Agreement made by Triumph Group, Inc., and certain of its Subsidiaries in favor of PNC Bank, National Association, as Administrative Agent and as Collateral Agent for the other Secured Parties identified herein, dated as of November 19, 2013	8-K	001-12235	10.2	November 25, 2013
10.16	Triumph Group, Inc. 2013 Equity and Cash Incentive Plan*	10-K	001-12235	10.23	May 19, 2014
10.17	Form of letter regarding eligibility to participate in the Triumph Group, Inc. Restricted Stock Plan*	10-K	001-12235	10.24	May 19, 2014
10.18	Form of letter regarding grant of award under the Triumph Group, Inc. Executive Incentive Plan*	10-K	001-12235	10.25	May 19, 2014
10.19	Tenth Amendment to Receivables Purchase Agreement dated as of November 25, 2014	8-K	001-12235	10.1	November 26, 2014
10.20	Third Amendment to Third Amended	10-Q	001-12235	10.1	February 9, 2015

	and Restated Credit Agreement, dated as of February 2015, by and among Triumph Group, Inc. and the other Borrowers party thereto and the Guarantors party thereto and the Banks party thereto and PNC Bank, National Association, as Administrative Agent				
10.21	Separation letter agreement between Triumph Group, Inc. and Jeffry D. Frisby, dated April 7, 2015*	8-K	001-12235	10.1	April 8, 2015
10.22	The First Amendment of the Triumph Group, Inc. Supplemental Executive Retirement Plan, effective as of May 1, 2015*	8-K	001-12235	10.1	May 7, 2015
10.23	First Amendment to Triumph Group, Inc. 2013 Employee Stock Purchase Plan*	10-Q	001-12235	10.1	August 4, 2015
10.24	Consulting Agreement between Triumph Group, Inc. and Richard C. Ill, dated as of January 4, 2016*	8-K	001-12235	10.1	January 7, 2016
10.25	Employment agreement between Triumph Group, Inc. and Daniel J. Crowley, dated as of April 1, 2016*	8-K	001-12235	10.1	April 7, 2016

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Exhibit Number	Description	Incorporated by Reference to Form	File No.	Exhibit(s)	Filing Date
10.26	Form of Sixth Amendment to Third Amended and Restated Credit Agreement, dated May 3, 2016	8-K	001-12235	10.1	May 4, 2016
21.1	Subsidiaries of Triumph Group, Inc.	#	#	#	#
23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm	#	#	#	#
31.1	Principal Executive Officer Certification Required by Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as amended.	#	#	#	#
31.2	Principal Financial Officer Certification Required by Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as amended.	#	#	#	#
32.1	Principal Executive Officer Certification	##	##	##	##

	Required by Rule 13a-14(b) or Rule 15d-14(b) under the Securities Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350.				
32.2	Principal Financial Officer Certification Required by Rule 13a-14(b) or Rule 15d-14(b) under the Securities Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350.	##	##	##	##
101	The following financial information from Triumph Group, Inc.’s Annual Report on Form 10-K for the fiscal year ended March 31, 2016 formatted in XBRL: (i) Consolidated Balance Sheets as of March 31, 2016 and 2015; (ii) Consolidated Statements of Income for the fiscal years ended March 31, 2016, 2015 and 2014; (iii) Consolidated Statements of Stockholders’	#	#	#	#

Equity for the fiscal years ended March 31, 2016, 2015 and 2014; (iv) Consolidated Statements of Cash Flows for the fiscal years ended March 31, 2016, 2015 and 2014; (v) Consolidated Statements of Comprehensive Income for the fiscal years ended March 31, 2016, 2015 and 2014; and (vi) Notes to the Consolidated Financial Statements.

In accordance with Item 601(b)(4)(iii)(A) of Regulations S-K, copies of specific instruments defining the rights of holders of long-term debt of the Company or its subsidiaries are not filed herewith. Pursuant to this regulation, we hereby agree to furnish a copy of any such instrument to the SEC upon request

*Indicates management contract or compensatory plan or arrangement

#Filed herewith

##Furnished herewith

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed by the undersigned, thereunto duly authorized.

		TRIUMPH GROUP, INC.
		/s/ Daniel J. Crowley
		Daniel J. Crowley
Dated: May 27, 2016	By:	President, Chief Executive Officer and Director
		(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ Daniel J. Crowley Daniel J. Crowley	President, Chief Executive Officer and Director (Principal Executive Officer)	May 27, 2016
/s/ Jeffrey L. McRae Jeffrey L. McRae	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	May 27, 2016
/s/ Thomas A. Quigley III Thomas A. Quigley III	Vice President and Controller (Principal Accounting Officer)	May 27, 2016
/s/ Ralph E. Eberhart Ralph E. Eberhart	Chairman and Director	May 27, 2016
/s/ Paul Bourgon Paul Bourgon	Director	May 27, 2016
/s/ John G. Drosdick John G. Drosdick	Director	May 27, 2016
/s/ Richard C. Gozon Richard C. Gozon	Director	May 27, 2016
/s/ Dawne S. Hickton Dawne S. Hickton	Director	May 27, 2016
/s/ Richard C. Ill Richard C. Ill	Director	May 27, 2016
/s/ William L. Mansfield William L. Mansfield	Director	May 27, 2016
/s/ Adam J. Palmer Adam J. Palmer	Director	May 27, 2016
/s/ Joseph M. Silvestri Joseph M. Silvestri	Director	May 27, 2016
/s/ George Simpson George Simpson	Director	May 27, 2016

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EXHIBIT INDEX

Exhibit Number	Description	Incorporated by Reference to			
		Form	File No.	Exhibit(s)	Filing Date
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3.1	Amended and Restated Certificate of Incorporation of Triumph Group, Inc.	10-K	001-12235	3.1	May 22, 2009
3.1.1	Certificate of Amendment of Amended and Restated Certificate of Incorporation of Triumph Group, Inc.	8-K	001-12235	3.1	July 20, 2012
3.2	Amended and Restated By-Laws of Triumph Group, Inc.	8-K/A	001-12235	3.2	August 2, 2012
4.1	Form of certificate evidencing Common Stock of Triumph Group, Inc.	S-1	333-10777	4	August 23, 1996
4.2	Indenture, dated as of	8-K	001-12235	4.1	September 22, 2006

	September 18, 2006, between Triumph Group, Inc. and The Bank of New York Trust Company, N.A. relating to the 2.625% Convertible Senior Subordinated Notes Due 2026				
4.2.1	Form of the 2.625% Convertible Senior Subordinated Note Due 2026 (included as Exhibit A to Exhibit 4.1)	8-K	001-12235	4.2	September 22, 2006
4.3	Registration Rights Agreement, dated as of September 18, 2006, between Triumph Group, Inc. and Banc of America Securities LLC	8-K	001-12235	4.3	September 22, 2006
4.4	Indenture, dated as of November 16, 2009, between Triumph Group, Inc. and U.S. Bank National Association, as trustee, relating to the 8% Senior Subordinated Notes due 2017.	8-K	001-12235	4.1	November 19, 2009
4.4.1		8-K	001-12235	4.2	November 19, 2009

	Form of 8% Senior Subordinated Notes due 2017 (included as Exhibit A to Indenture filed as Exhibit 4.1)				
4.5	Registration Rights Agreement, dated November 16, 2009, by and among Triumph Group, Inc., the Guarantors party thereto, and the other parties thereto.	8-K	001-12235	4.3	November 19, 2009
4.6	Indenture, dated as of June 16, 2010, between Triumph Group, Inc. and U.S. Bank National Association, as trustee, relating to the 8.625% Senior Subordinated Notes Due 2018	8-K	001-12235	4.1	June 22, 2010
4.7	Registration Rights Agreement, dated as of June 16, 2010, by and among Triumph Group, Inc., the Guarantors party thereto and the other parties thereto	8-K	001-12235	4.3	June 22, 2010
4.8	Indenture, dated as of February 26,	8-K	001-12235	4.1	March 1, 2013

	2013, between Triumph Group, Inc. and U.S. Bank National Association, as trustee				
4.8.1	Form of 4.875% Senior Subordinated Notes due 2021(included as Exhibit A to Exhibit 4.1)	8-K	001-12235	4.2	March 1, 2013
4.9	Registration Rights Agreement, dated February 26, 2013 between Triumph Group, Inc. and the parties named therein	8-K	001-12235	4.3	March 1, 2013

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Exhibit Number	Exhibit Description	Incorporated by Reference to Form	File No.	Exhibit(s)	Filing Date
4.10	Indenture, dated as of June 3, 2014, between Triumph Group, Inc. and U.S. Bank National Association, as trustee	8-K	001-12235	4.1	June 5, 2014
4.10.1	Form of 5.250% Senior Notes due 2022 (included as Exhibit A to the Indenture filed as Exhibit 4.1)	8-K	001-12235	4.2	June 5, 2014
4.11	Registration Rights Agreement, dated June 3, 2014, between Triumph Group, Inc. and parties named therein	8-K	001-12235	4.3	June 5, 2014
4.12	Second Supplemental Indenture dated as of May 18, 2016 by and among Triumph Group, Inc., the guarantors signatory thereto and U.S. Bank National Association, as trustee, relating to the 4.875% Senior Notes due 2021	#	#	#	#
10.1	Amended and Restated Directors' Stock Incentive Plan	10-K	001-12235	10.1	May 29, 2012
10.1.1	Form of Deferred Stock Unit Award Agreement under the Amended and Restated Directors' Stock Incentive Plan	10-K	001-12235	10.2	May 30, 2013
10.2	Triumph Group, Inc. 2004 Stock Incentive Plan*	10-K	001-12235	10.3	May 30, 2013
10.2.1	Form of Stock Award Agreement under the 2004 Stock Incentive Plan*	10-K	001-12235	10.7	May 22, 2009
10.2.2	Form of letter confirming Stock	10-K	001-12235	10.8	May 22, 2009

	Award Agreement under the 2004 Stock Incentive Plan*				
10.3	Triumph Group, Inc. Supplemental Executive Retirement Plan effective January 1, 2003*	10-K	001-12235	10.17	June 12, 2003
10.4	Compensation for the non-employee members of the Board of Directors of Triumph Group, Inc.	10-K	001-12235	10.6	May 30, 2013
10.5	Description of the Triumph Group, Inc. Annual Cash Bonus Plan*	8-K	001-12235	10.1	July 31, 2007
10.6	Change of Control Employment Agreements with: Richard C. Ill and John B. Wright, II.	8-K	001-12235	10.1 and 10.3	March 13, 2008
10.7	Form of Receivables Purchase Agreement, dated August 7, 2008, by and among the Triumph Group, Inc., as Initial Servicer, Triumph Receivables, LLC, as Seller, the various Purchasers and Purchase Agents from time to time party thereto and PNC National Association, as Administrative Agent.	8-K	001-12235	10.1	August 12, 2008
10.8	Stockholders Agreement, dated as of March 23, 2010, among Triumph Group, Inc., Carlyle Partners III, L.P., Carlyle Partners II, L.P., Carlyle International Partners II, L.P., Carlyle-Aerostructures Partners, L.P., CHYP Holdings, L.L.C., Carlyle-Aerostructures	8-K	001-12235	10.1	March 23, 2010

Partners II, L.P., CP III
Coinvestment, L.P.,
C/S International
Partners,
Carlyle-Aerostructures
International Partners,
L.P., Carlyle-Contour
Partners, L.P., Carlyle
SBC Partners II, L.P.,
Carlyle International
Partners III, L.P.,
Carlyle-Aerostructures
Management, L.P.,
Carlyle-Contour
International Partners,
L.P., Carlyle
Investment Group, L.P.
and TC Group, L.L.C

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Exhibit Number	Description	Incorporated by Reference to Form	File No.	Exhibit(s)	Filing Date
10.9	Third Amendment to Receivables Purchase Agreement, dated as of June 21, 2010, by and among Triumph Receivables LLC, Triumph Group, Inc., Market Street Funding LLC and PNC Bank, National Association	8-K	001-12235	10.1	June 25, 2010
10.10.	Triumph Group, Inc. Executive Incentive Plan, effective September 28, 2010*	10-Q	001-12235	10.1	November 5, 2010
10.11	Form of letter informing Triumph Group, Inc. executives they are eligible to participate in the Company's Long Term Incentive Plan *	10-K	001-12235	10.22	May 18, 2011
10.12	Form of letter informing Triumph Group, Inc. executives they have earned an award under the Company's Long Term Incentive Plan and the amount of the award *	10-K	001-12235	10.23	May 18, 2011
10.13	Sixth Amendment to Receivables Purchase Agreement, dated as of February 26, 2013, by and among Triumph	8-K	001-12235	10.1	March 1, 2013

	Receivables LLC, Triumph Group, Inc., Market Street Funding LLC and PNC Bank, National Association *				
10.14	Form of Third Amended and Restated Credit Agreement, dated as of November 19, 2013, by and among Triumph Group, Inc., and the other Borrowers party thereto and the Guarantors party thereto and the Banks party thereto and PNC Bank, National Association, as Administrative Agent, PNC Capital Markets LLC, J.P. Morgan Securities, LLC, RBC Capital Markets, RBS Citizens, N.A., and Santander Bank, N.A., as Joint Lead Arrangers and Joint Bookrunners, JPMorgan Chase Bank N.A., Royal Bank of Canada, Citizens Bank of Pennsylvania, and Santander Bank, N.A., as Syndication Agents, the Bank of Tokyo-Mitsubishi UFJ, Ltd, U.S. Bank National	8-K	001-12235	10.1	November 25, 2013

	Association, TD Bank, N.A., and Manufacturers and Traders Trust Company, as Documentation Agents				
10.15	Form of Second Amended and Restated Guarantee and Collateral Agreement made by Triumph Group, Inc., and certain of its Subsidiaries in favor of PNC Bank, National Association, as Administrative Agent and as Collateral Agent for the other Secured Parties identified herein, dated as of November 19, 2013	8-K	001-12235	10.2	November 25, 2013
10.16	Triumph Group, Inc. 2013 Equity and Cash Incentive Plan*	10-K	001-12235	10.23	May 19, 2014
10.17	Form of letter regarding eligibility to participate in the Triumph Group, Inc. Restricted Stock Plan*	10-K	001-12235	10.24	May 19, 2014
10.18	Form of letter regarding grant of award under the Triumph Group, Inc. Executive Incentive Plan*	10-K	001-12235	10.25	May 19, 2014
10.19	Tenth Amendment to Receivables Purchase Agreement dated as of November	8-K	001-12235	10.1	November 26, 2014

25, 2014

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Exhibit Number	Description	Incorporated by Reference to Form	File No.	Exhibit(s)	Filing Date
10.20	Third Amendment to Third Amended and Restated Credit Agreement, dated as of February 2015, by and among Triumph Group, Inc. and the other Borrowers party thereto and the Guarantors party thereto and the Banks party thereto and PNC Bank, National Association, as Administrative Agent	10-Q	001-12235	10.1	February 9, 2015
10.21	Separation letter agreement between Triumph Group, Inc. and Jeffry D. Frisby, dated April 7, 2015*	8-K	001-12235	10.1	April 8, 2015
10.22	The First Amendment of the Triumph Group, Inc. Supplemental Executive Retirement Plan, effective as of May 1, 2015*	8-K	001-12235	10.1	May 7, 2015
10.23	First Amendment to Triumph Group, Inc. 2013 Employee Stock Purchase Plan*	10-Q	001-12235	10.1	August 4, 2015
10.24		8-K	001-12235	10.1	January 7, 2016

	Consulting Agreement between Triumph Group, Inc. and Richard C. Ill, dated as of January 4, 2016*				
10.25	Employment agreement between Triumph Group, Inc. and Daniel J. Crowley, dated as of April 1, 2016*	8-K	001-12235	10.1	April 7, 2016
10.26	Form of Sixth Amendment to Third Amended and Restated Credit Agreement, dated May 3, 2016	8-K	001-12235	10.1	May 4, 2016
21.1	Subsidiaries of Triumph Group, Inc.	#	#	#	#
23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm	#	#	#	#
31.1	Principal Executive Officer Certification Required by Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as amended.	#	#	#	#
31.2	Principal Financial Officer	#	#	#	#

	Certification Required by Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as amended.				
32.1	Principal Executive Officer Certification Required by Rule 13a-14(b) or Rule 15d-14(b) under the Securities Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350.	##	##	##	##
32.2	Principal Financial Officer Certification Required by Rule 13a-14(b) or Rule 15d-14(b) under the Securities Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350.	##	##	##	##
101	The following financial information from Triumph Group, Inc.'s Annual Report on Form 10-K for the fiscal year ended March 31, 2016 formatted in XBRL: (i) Consolidated Balance Sheets	#	#	#	#

as of March 31, 2016 and 2015; (ii) Consolidated Statements of Income for the fiscal years ended March 31, 2016, 2015 and 2014; (iii) Consolidated Statements of Stockholders' Equity for the fiscal years ended March 31, 2016, 2015 and 2014; (iv) Consolidated Statements of Cash Flows for the fiscal years ended March 31, 2016, 2015 and 2014; (v) Consolidated Statements of Comprehensive Income for the fiscal years ended March 31, 2016, 2015 and 2014; and (vi) Notes to the Consolidated Financial Statements.

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In accordance with Item 601(b)(4)(iii)(A) of Regulations S-K, copies of specific instruments defining the rights of holders of long-term debt of the Company or its subsidiaries are not filed herewith. Pursuant to this regulation, we hereby agree to furnish a copy of any such instrument to the SEC upon request
*Indicates management contract or compensatory plan or arrangement
#Filed herewith
##Furnished herewith