

# ESTERLINE TECHNOLOGIES CORPORATION

## Corporate Governance Guidelines

### 1. General Role of the Board of Directors

The primary role of the Board is to oversee the business affairs and management of the Company, including appointing and overseeing senior management, for the benefit of its shareholders and other constituencies. The Company's management is responsible for conducting the day-to-day operations of the Company pursuant to appropriate delegation of authority and oversight by the Board.

### 2. Board Membership

#### (a) Size

The Board currently believes that Board membership of no fewer than 7 and no more than 12 directors is appropriate. The Nominating & Corporate Governance Committee will annually consider size of the Board when it considers candidates and nominees for the Board.

#### (b) Chairman of the Board; Lead Independent Director

The Board does not have a policy as to whether the Chairman of the Board shall be a non-management director or a member of management. Instead, the Board shall choose its Chairman in the manner that seems to be in the best interests of the Company in light of the applicable circumstances. When the Chairman of the Board is a member of the Company's management, then the Board must choose a Lead Independent Director from among its non-management directors.

The role of the Chairman of the Board shall be to coordinate the activities of the Board of Directors. The general responsibilities of the Chairman of the Board shall be set forth in the Company's bylaws. Specific responsibilities of the Chairman of the Board shall include to conduct meetings of the Board and of shareholders; schedule Board meetings, develop agendas for Board and Committee meetings, and define and monitor the quality and timeliness of information for directors, in order to allow the Board and Committees to perform their duties; approve, with appropriate consultation with directors, the retention of consultants to the Board; interview, together with the Chairman of, and as appropriate, the other members of, the Nominating & Corporate Governance Committee, all Board candidates; consult with the Nominating & Corporate Governance Committee with respect to Board nominations; serve as principal liaison between the Independent Directors and senior management; and recommend the membership of the various Board Committees, together with the Nominating & Corporate Governance Committee. If the Chairman of the Board is not a member of management, additional specific responsibilities of the Chairman of the Board include to chair and develop the agenda for meetings of the non-management directors and evaluate, together with the Compensation Committee, the performance of the CEO.

The Lead Independent Director, if appointed, shall serve at times that the Board does not have a non-management Chairman and shall have the general responsibilities of the Lead Independent Director set forth in the Company's bylaws.

The Board will consider whether the roles of the Chairman of the Board and the Chief Executive Officer should be separate in connection with Chief Executive Officer succession planning.

(c) Number of Independent Directors

A substantial majority of the Board should be independent as determined under the New York Stock Exchange rules and regulations, with at least a majority of directors deemed independent at any given time. Generally, no more than two (2) employees of the Company should concurrently sit on the Board.

(d) Independence: Defining Independence for this Board

An independent director is a director who has been affirmatively determined by the Board to have no material relationship with the Company or its management (either directly or as a partner, significant shareholder or executive officer of an organization that has a material relationship with the Company).

In addition, the Board will not deem a director independent if within the last three (3) years:

- The director was an employee of the Company.
- The director was affiliated with or employed by an independent public accounting firm for the Company (or of an affiliate).
- The director was part of an interlocking directorate in which an executive officer of the Company serves on the compensation committee (or the board if no compensation committee) of another company that concurrently employed the director.
- The director has an immediate family member falling in any of the foregoing categories.

The Board shall also apply any additional independence standards adopted by the New York Stock Exchange or the Securities and Exchange Commission.

The Board must approve any contributions or pledges by the Company in excess of \$50,000 per year to any non-profit organization for which a director serves as an executive officer, director, trustee or in an equivalent policy-making role.

For purposes of determining director independence for audit committee purposes, the following additional requirements apply:

- A director cannot receive, directly or indirectly, any consulting or advisory fees or any other compensation other than director's fees from the Company;
- A director cannot be an "affiliated person" of the Company or any of its subsidiaries (as such term is defined under applicable federal securities laws and regulations), except as specifically permitted under such laws and regulations or official interpretations thereof.

In addition, in making its independence determinations the Board should consider any director affiliation, relationship or transaction brought to the attention of the Nominating & Corporate Governance Committee pursuant to sections 2(d) and 2(e) of these Corporate Governance Guidelines.

The Board will periodically review the independence of each of the Company's directors pursuant to the provisions of this section 2(d).

(e) Independence: Avoiding Conflicts

Each director should immediately advise the Chairman of the Board and the Chairman of the Nominating & Corporate Governance Committee of any proposed or current affiliation, relationship or transaction with any entity (including non-profits and governmental agencies) or individual that may create a

potential conflict of interest or be inconsistent with Company policies or values. The Nominating & Corporate Governance Committee must determine if such affiliation is cause for the Board to suggest that the director take appropriate action to avoid the conflict. Each director must be alert to his or her responsibilities to other organizations which could, if fulfilled, cause a director to no longer be considered independent.

If a director has a personal interest in any matter before the Board or a Committee, the director must disclose the interest to the full Board or Committee, as the case may be, and excuse himself or herself from participation in any discussion or action relating to the matter, as appropriate.

(f) Director Change In Circumstances

Directors must notify the Company in advance whenever possible upon a material change in their employment status, outside affiliation, or other circumstance that might affect their qualifications in accordance with Board Policy 01. If such a change has already occurred, or if sufficient advance notice is not given, the notice will constitute an offer to resign. The Board will decide in each case whether the resignation must necessarily be accepted.

(g) Other Boards and Committees

No director may serve on more than five (5) public company boards or more than two (2) public company audit committees (or their equivalents) other than that of Esterline Technologies Corporation without specific approval from the Board. In calculating service on a public company board or audit committee, service on a board or audit committee of a substantially owned subsidiary will not be counted in the calculation so long as the director also serves on the board or audit committee of the subsidiary's parent.

Directors must advise and consult with the Chairman of the Nominating & Corporate Governance Committee prior to accepting an invitation to serve on any public company boards that the director did not serve on prior to joining the Board or standing for election to public office that the director did not hold prior to joining the Board.

(h) Terms

Beginning in 2018, each director of the Board is elected to a one (1)-year term that expires at the next annual meeting of shareholders. Prior to 2018, the Board was comprised of three (3) classes of directors with each class serving for a three (3)-year term. This classification structure will be unwound on a rolling basis such that all then-current directors will be elected for a 1-year term in 2020. The Board does not believe in limiting the number of terms a director may serve. However, the Nominating & Corporate Governance Committee will review, taking tenure into account, each director prior to recommending a director for renomination.

(i) Retirement

Directors must tender their resignation prior to the annual shareholders meeting following their 72<sup>nd</sup> birthday. Directors may not be nominated for election or be elected after their 72<sup>nd</sup> birthday. Directors may stand for reelection even though the Company's retirement policy would prevent them from completing a full three-year term.

### 3. **Board Meetings and Other Communications**

#### (a) Frequency of Board Meetings

The Board generally has four (4) regularly scheduled meetings per year and holds several special meetings as necessary. In addition, each Committee holds regularly scheduled meetings and special meetings as necessary. It is the responsibility of each director to attend both scheduled and special meetings, unless unusual circumstances make attendance impractical.

#### (b) Non-Management Executive Sessions

Non-management directors meet in executive session on a regular basis, generally at each scheduled Board meeting. The Chairman of the Board, if a non-management director, presides over the executive sessions. If the Chairman of the Board is an employee of the Company, then the Lead Independent Director shall preside.

#### (c) Access to Company Information, Management, Employees, and Outside Advisors

For the purpose of obtaining information, directors have access to the management and employees of the Company, and to Company information, to the extent such access is reasonably related to their role as directors. Any particular contact a director wishes to initiate with management or other employees will generally be arranged through the Chief Executive Officer, Corporate Secretary, Chairman of the Board or Lead Independent Director, if appointed, or appropriate Committee chairman (the "Information Contact"). A director should ensure that any contact with management or employees, or any request for information, is not unnecessarily disruptive or burdensome to the affairs of the Company and should, unless inappropriate due to the particular circumstances, copy the Chairman of the Board or the Chief Executive Officer on any written communications, or brief the Chairman of the Board or the Chief Executive Officer on any material oral communications, the director has with a member of management or other employee.

Resolution of any access or information request issue, including with respect to (i) what information and documents the Company should provide, (ii) as appropriate, the format of the information or other procedures to be followed in providing or making the information available to the director, and (iii) appropriate access to management and employees shall be determined by the Nominating & Corporate Governance Committee through a formal meeting or informally via email confirmation or other manner of communication as determined by the chairman of such committee. If the director is not satisfied with the Nominating & Corporate Governance Committee's decision, the director may refer the matter to the full Board for final decision.

Requests for corporate action, as opposed to information, should generally be made only to the Chief Executive Officer.

The Board has complete access to the assistance of outside advisors of its choosing, including counsel, with respect to any issues relating to Board functions. The Board is not required to obtain approval from management for engagement of outside advisors, although management should be consulted with respect to any such engagement, as appropriate.

#### (d) Meeting Agendas

The Chairman of the Board, in consultation with the Chief Executive Officer (if the office of CEO is held by an individual other than the Chairman of the Board), or, if appointed, the Lead Independent Director, in consultation with the Chief Executive Officer (and, in either case, with appropriate input from the Chairmen of the Audit, Compensation and Nominating & Corporate Governance Committees and applicable senior management), is responsible for establishing the agenda for each Board meeting. Directors are encouraged to

suggest, as appropriate, the inclusion of additional items on the agendas. Directors may raise at any Board meeting matters for discussion that are not on the meeting's formal agenda.

In addition, the Chairman of the Board, in consultation with the Chief Executive Officer (if the office of CEO is held by an individual other than the Chairman of the Board), or, if appointed, the Lead Independent Director, in consultation with the Chief Executive Officer (and, in either case, with appropriate input from the Chairmen of the Audit, Compensation and Nominating & Corporate Governance Committees), is responsible for preparing an annual agenda. This annual agenda should set forth a general agenda of items to be considered by the Board at each of its scheduled meetings for the forthcoming year. General items to be covered usually include:

- Chief Executive Officer and Board evaluations; Management succession planning;
- Review of long-term strategic and business plans, including budgetary assessments;
- Review of regulatory affairs and accounting, financial and legal compliance controls and processes;
- Review of financial reporting information and operational performance; and
- Assessment and action on corporate governance matters, including annual director nominations and committee membership appointments.

Upon completion of a draft of the annual agenda, it should be provided to each of the directors for review. Directors should feel free to suggest inclusion of additional items on the annual agenda before it is finalized.

(e) Board Materials and Presentations

Each director should receive materials important to understanding the agenda items, as well as the presentations, discussions and issues, to be covered at each Board meeting in writing and sufficiently in advance of the meeting to permit appropriate review and preparation, unless distribution of such materials prior to the applicable meeting might compromise confidential information or due to timing constraints, such materials are not available in advance. The Chairman of the Board (or, if appointed, the Lead Independent Director), in consultation with the Chief Executive Officer and other applicable senior management, is responsible for providing such materials to each director. Directors are responsible for adequately reviewing these materials and otherwise preparing for each Committee meeting.

(f) Information Regarding Significant Subsidiaries

The Board should regularly receive reports regarding material developments affecting the Company's significant subsidiaries. The Chief Executive Officer, with the assistance of subsidiary management, is responsible for regularly reporting material information to the Board relating to these subsidiaries.

(g) Board Communications to Outside Parties

The Chief Executive Officer as well as other applicable senior management are responsible for speaking for the Company, including establishing effective communications with each of the Company's constituencies. The Chairman of the Board (or, if appointed, the Lead Independent Director) is the spokesperson for the Board. On occasion, however, individual directors may meet or otherwise communicate with various constituencies regarding the Company after consultation with, and specific authorization from, the CEO, Lead Independent Director, or the Chairman of the Board.

(h) Communications Regarding Extraordinary Transactions

Unless specifically authorized to do so in a particular situation by the Board or the Chief Executive Officer, individual directors shall not (a) speak or act on behalf of the Company concerning extraordinary transactions, such as various types of acquisitions, dispositions, joint ventures, material business alliances and business combinations, or (b) solicit, directly or indirectly, acquisition proposals for the Company or any of its stock or assets or proposals for a joint venture or business alliance or speak or act on behalf of the Company with respect thereto.

In the event that a director should receive an inquiry, expression of interest, proposal or any other communication from a third party with respect to a possible extraordinary transaction involving the Company, the director shall immediately inform the Chief Executive Officer and advise him or her of all facts and circumstances relating to such communication. Under no circumstances may the individual director engage in discussions or negotiations with the third party, unless specifically authorized to do so in the particular situation by the Board or the Chief Executive Officer.

4. **Board Committees**

(a) Number and Types of Committees

The Company must have at all times a standing audit committee, compensation committee and nominating/governance committee. All members of these three (3) standing Committees must be independent. The responsibilities and duties of each of these Committees must be outlined in their respective Committee charter. The Board may form or disband other Committees as it deems necessary.

(b) Appointment of Committee Members

The Nominating & Corporate Governance Committee will annually recommend to the Board appointment of Board members to Committees after consulting with the Chairman of the Board (or, if appointed, the Lead Independent Director). After reviewing the Nominating & Corporate Governance Committee's recommendations, the Board is responsible for the appointment of members to the Committees on an annual basis. In addition, the Board is responsible for either appointing Committee Chairmen or leaving such appointments to the members of the respective Committees.

(c) Rotation of Committee Members

When the Nominating & Corporate Governance Committee annually reviews Committee appointments, it must consider whether the rotation of Committee Chairmen and members is appropriate with a view towards balancing the benefits derived from the continuity of Committee membership with the benefits derived from bringing diversity of experience and viewpoints in the form of new member appointments to the Committees.

(d) Frequency and Length of Committee Meetings

Each Committee meets as frequently and for such length of time as may be required to carry out its assigned duties and responsibilities or as otherwise required by its charter. An annual schedule for regular meetings for each standing Committee is submitted and approved by the Board in advance. In addition, the Committee may hold special meetings, as appropriate. It is the responsibility of each Committee member to attend both scheduled and special Committee meetings, unless unusual circumstances make attendance impractical.

(e) Committee Meeting Agendas

The Chairman of each Committee, in consultation with the Chairman of the Board and the Chief Executive Officer or other applicable senior management, is responsible for establishing the agenda for each Committee meeting. Committee members are encouraged to suggest, as appropriate, the inclusion of additional items on the agendas. Committee members may raise at any Committee meeting matters for discussion that are not on the meeting's formal agenda.

In addition, the Chairman of each Committee, in consultation with the Chairman of the Board (or, if appointed, the Lead Independent Director) and the Chief Executive Officer or other applicable senior management, is responsible for preparing an annual agenda. This annual agenda should set forth a general agenda of items to be considered by the Committee at each of its scheduled meetings for the forthcoming year. Upon completion of a draft of the annual agenda, it should be provided to each of the Committee members for review. Committee members should feel free to suggest inclusion of additional items on the annual agenda before it is finalized.

(f) Committee Materials and Presentations

Each Committee member should receive materials important to understanding the agenda items, as well as the presentations, discussions and issues, to be covered at each Committee meeting, in writing and sufficiently in advance of the meeting to permit appropriate review and preparation, unless distribution of such materials prior to the applicable meeting might compromise confidential information. The Chairman of each Committee, in consultation with the Chief Executive Officer and other applicable senior management, is responsible for providing such materials to each Committee member. The Chairman of each Committee, in consultation with the Chief Executive Officer and other applicable senior management, is responsible for providing such materials to each director. Committee members are responsible for adequately reviewing these materials and otherwise preparing for each Committee meeting.

(g) Access to Outside Advisors

Each Committee has complete access to the assistance of outside advisors of its choosing, including counsel, with respect to any issues relating to Committee functions. No approval is required from the full Board or management for engagement of outside advisors, although the Board and management should be consulted with respect to any such engagement, as appropriate.

(h) Committee Reports

Each Committee Chairman reports on the Committee meetings to the extent appropriate to the full Board. All directors are furnished copies of each Committee's minutes as and when appropriate.

## 5. **Board Compensation**

(a) Director Compensation

Generally, the Board believes that the level of director compensation should be based on time spent carrying out Board and Committee responsibilities and be competitive with comparable companies. In addition, the Board believes that a significant portion of director compensation should align director interests with the long-term interests of shareholders.

Directors are compensated by an annual retainer payment and/or on other basis of time or effort spent on Board and Committee activities as established from time to time pursuant to Section 5(b) below. The director compensation package may also include reimbursement of out-of-pocket expenses to attend meetings. In addition, the Chairman of the Board, if not an employee of the Company, and the Chairman of each of the

Audit, Compensation and Nominating & Corporate Governance Committees are paid an additional annual retainer fee. Each non-employee director is paid additional compensation in the form of fully-paid common stock of the Company.

Directors who also serve as employees of the Company do not receive compensation for their service on the Board or the Committees.

(b) Director Compensation Review Practices

The Compensation Committee is responsible for annually reviewing the Company's director compensation practices in relation to comparable companies. Any changes to be made to director compensation practices must be recommended by the Compensation Committee for approval by the full Board.

(c) Director Orientation and Continuing Education

New directors are required to attend a Company orientation program, which should be conducted within three (3) months of election. The orientation program includes: (i) informative materials and presentations by appropriate officers to familiarize new directors with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, the codes of business conduct and ethics and the Corporate Governance Guidelines and (ii) meetings with senior management and the Company's internal and independent auditors. The orientation program also includes visits to Company headquarters and, to the extent practical, some of the Company's significant facilities. All directors are invited to attend the orientation program.

In addition, the Board is periodically provided with presentations by outside advisors regarding current issues and trends, including accounting and legal, affecting the Company's business affairs and industry. Directors are reimbursed reasonable costs associated with participation in educational programs relating to their service on the Board and the Committees.

Directors also routinely receive materials from the Company relating to its business affairs and industry, such as financial reports, press releases and analyst reports. Directors are responsible for reviewing these materials and generally staying current with the Company's business affairs and industry.

## 6. **Board and Management Evaluation and Succession Planning**

(a) Annual Board Evaluation

The full Board annually conducts an evaluation to assess whether the Board and its Committees are functioning effectively. The Nominating & Corporate Governance Committee is responsible for coordinating with the Chairman of the Board (and, if appointed, Lead Independent Director) and the Chief Executive Officer to establish the evaluation criteria and implement the process for any such evaluation. The evaluation should focus on the contributions of the Board and its Committees as a whole and on any areas where the Board or management believes the Board and its Committees could make larger contributions. The full Board is responsible for discussing the results of the evaluation.

Any director may make suggestions on Board or Committee practices and communicate them to the Chairman of the Board or the Chairman of the Nominating & Corporate Governance Committee.

(b) Annual Committee Evaluation

Each Committee annually conducts an evaluation to assess whether it is functioning effectively. The Nominating & Corporate Governance Committee is responsible for separately coordinating with each



Committee Chairman to establish the evaluation criteria and implement the process for any such evaluation. Each Committee is responsible for discussing the results of its evaluation. Any Committee member may make suggestions on Committee practices and communicate them to the applicable Committee Chairman or the Chairman of the Nominating & Corporate Governance Committee.

(c) Management Succession Planning

The Board is responsible for succession planning for the Chief Executive Officer position as well as for other senior management positions. To assist the Board in this planning, the Compensation Committee provides the Board with an evaluation of the current senior management and the leadership potential of senior management and other appropriate employees. It also develops recommendations to the Board for management succession, consistent with oversight by the Nominating & Corporate Governance Committee. The Chief Executive Officer should continually make available to the Board, the Nominating & Corporate Governance Committee and to the Compensation Committee recommendations for potential successors to the Chief Executive Officer position and also for certain other senior management positions.

In addition, the Chief Executive Officer, in consultation with and with the assistance of the Chairman of the Board (or, if appointed, the Lead Independent Director), the Chairman of the Nominating & Corporate Governance Committee and the Chairman of the Compensation Committee, should make available a short-term succession plan which delineates temporary delegations of authority to certain officers of the Company in the event all or a portion of senior management unexpectedly becomes unable to perform their duties. The short-term succession plan would be in effect only until the Board has the opportunity to consider the situation and take appropriate action.

**7. Confidentiality**

The following confidentiality policy is applicable to all directors of the Company. All directors are also subject to the provisions of the Company's Code of Business Conduct and Ethics, and to Board Policy 11 that protects non-public inside information and controls insider trading in Company securities.

Directors have an obligation to protect and keep confidential all non-public information related to the Company ("Confidential Information") unless and until the Board has authorized disclosure (or unless otherwise required by law or regulation).

Confidential Information includes all non-public information entrusted to or obtained by a director by reason of his or her position on the Board, such as information regarding the strategy, business, finances and operations of the Company, minutes, reports and materials of the Board and its committees, other documents identified as confidential by the Company and all other non-public information provided by the Company, including but not limited to non-public information concerning:

- (a) the Company's financial condition, prospects or plans, its marketing and sales programs and research and development information, as well as information relating to acquisitions, divestitures and actions relating to the Company's stock;
- (b) possible transactions with other companies or information about the Company's suppliers, licensors or partners that the Company is under an obligation to maintain as confidential; and
- (c) the proceedings and deliberations of the Board and its committees, and the discussions and decisions between and among employees, officers and directors and their advisors.

Directors may not use Confidential Information for personal benefit or to benefit other persons or entities other than the Company.

Directors shall refrain from disclosing Confidential Information to anyone outside the Company, specifically including any principal or employee of any entity that employs the director or has sponsored the director's election to the Board, except with Board authorization or as otherwise may be required by law.

The obligations described above continue indefinitely, even after service on the Board has ended.

Any questions or concerns about potential disclosures, or requests for exceptions to these Confidentiality Guidelines, should be directed to the General Counsel, who then may consult, as appropriate, with other officers and/or directors to answer such questions and/or to clarify application of these Guidelines.

## **8. Annual Review of Corporate Governance Guidelines**

The Nominating & Corporate Governance Committee annually reviews these Corporate Governance Guidelines and recommends appropriate revisions to the Board for consideration.

Reference in these Corporate Governance Guidelines to the Company shall mean to Esterline Technologies Corporation and its subsidiaries.