PARTICIPANTS

Corporate Participants

Martin R. Benante – Chairman & Chief Executive Officer
Glenn E. Tynan – Chief Financial Officer & Vice President

Other Participants

Eric Hugel – Analyst, Stephens, Inc.
Stephen E. Levenson – Analyst, Stifel, Nicolaus & Co., Inc.
Myles Walton – Analyst, Deutsche Bank Securities, Inc.
Kenneth Herbert – Analyst, Wedbush Securities, Inc.
Tyler Hojo – Analyst, Sidoti & Co. LLC
Michael F. Ciarmoli – Analyst, KeyCorp Investment Banking

MANAGEMENT DISCUSSION SECTION

Operator: Good day, ladies and gentlemen and welcome to the Curtiss-Wright Third Quarter 2011 Financial Results Conference Call. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session, and instructions will follow at that time. [Operator Instructions] As a reminder, this conference is being recorded. I would like introduce your host Martin Benante. You may begin.

Martin R. Benante, Chairman & Chief Executive Officer

Thank you, Stefanie, and good morning, everyone. Welcome to our third quarter 2011 earnings conference call. Joining me on the call today is Mr. Glenn Tynan, our CFO, who will begin our forum today.

As you will see this morning, we produced a solid third quarter performance despite the challenging environment in our oil and gas end market. This and 15% growth in new orders through nine months gives us confidence with our future outlook for Curtiss-Wright.

I'll now turn the conference call over to Glenn. Glenn?

Glenn E. Tynan, Chief Financial Officer & Vice President

Thank you, Marty. Our call today is being webcast and the press release, as well as the copy of today's financial presentation are available for download through the Investor Relations section of our company website at www.curtisswright.com. A replay of this call also can be found on the website.

Please note, today's discussion will include certain projections and statements that are forward-looking as defined in the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and are not guarantees of future performance. Forward-looking statements always involve risks and uncertainties, and we detail those risks and uncertainties in our public filings with the SEC.

In addition, certain non-GAAP financial measures will be discussed on the call today. A reconciliation is available in the earnings release and at the end of this presentation, and will be available on the company's website.

For our agenda today, I will provide you with an overview of Curtiss-Wright's 2011 third quarter performance followed by Marty who will discuss our strategic markets and open the call for questions. We were pleased with Curtiss-Wright's third quarter performance as sales grew 11% with increases in all three of our segments. And operating income increased 4% led by strong performance by our Metal Treatment segment. Organically, operating income increased 7% on a 4% increase in sales.

In addition, we produced solid growth in net earnings and diluted earnings per share. Our operational EPS was $0.68 for the quarter when you exclude the $4 million R&D tax credit and unfavorable foreign currency translation. We also experienced solid new order activity based on strong demand in the commercial aerospace and power generation markets and higher orders for MRO products in our oil and gas market. We remain very encouraged by these continual positive trends experienced in these markets.

Looking deeper into our third quarter results, segment organic operating income rose 8%, while segment organic operating margin increased 40 basis points to nearly 12% driven by significant improvement in our Metal Treatment segment, partially offset by lower-than-expected performance in Flow Control, oil and gas large project business.

In addition, corporate and other costs were higher by approximately $1 million in the quarter. We also ended the quarter with a strong backlog of approximately $1.7 billion due to solid growth of 15% new orders year-to-date. Our backlog at quarter end was split approximately 70% in Flow Control and 30% in Motion Control. Meanwhile, book-to-bill was a solid 1.12 for the third quarter and 1.04 for the nine months ended September 30.

Moving on to our segments, beginning with Flow Control where oil and gas played a major role in the segment's third quarter performance. Flow Control's third quarter sales in the oil and gas market increased 3% year-over-year, and we have experienced a sequential improvement in sales since the beginning of the year as MRO activity continues to improve.

However, the delays in capital spending on large international projects continues to negatively impact our sales in oil and gas leading to reduced profitability based on the under-absorption of fixed overhead costs. In addition, we were in the start-up phase relative to our new super vessel business, which will negatively impact our near-term profitability before turning more profitable as volumes continue to increase.

Despite solid profitability coming from our general industrial and power generation markets, it was not enough to overcome the 150 basis point negative impact from oil and gas resulting in a 100 basis point reduction in total segment operating margin for the quarter. It is interesting to note that excluding oil and gas, the remainder of our Flow Control businesses performed well with operating income up 22% on a 7% sales increase.

Next, we'll turn to Motion Control where several factors impacted their profitability this quarter. As expected and consistent with recent trends in this segment, we experienced unfavorable foreign currency translation of nearly $2 million or 120 basis points in the third quarter.

In addition, operating margin was impacted by the first-year dilutions from our acquisition of ACRA, as well as the divestiture of a non-core product line. Excluding the effects of these items, organic operating margin increased 3%. Organic operating margin was 13.2%, a 20 basis point decrease from the prior-year period, primarily due to strategic investments in several long-term ISR-related defense programs.

In addition, we recently announced the acquisition of South Bend Controls, a leading supplier of solenoid-based components for the global aerospace and defense, industrial and medical markets. We expect this business to add approximately $3 million in additional sales and a penny of dilution in 2011.

Moving on to Metal Treatment, which continued its strong performance this year with another solid quarter, including notably strong increases in the commercial aerospace and general industrial markets.

Operating income rose a healthy 120%, 88% of which was organic. On the heels of the strong sales increase, Metal Treatment produced a solid operating margin of 16.8% in the third quarter, an increase of 640 basis points from the prior year. Operating income included a non-recurring insurance recovery, which contributed 190 basis points to the increased margin. Excluding this item, operating margin would have been a solid 14.9%.

Next, we'll discuss our overall end markets and please note that the percentages you see on the pie chart on this slide relate to the third quarter 2011 sales for each of our end markets. Our commercial markets produced strong sales growth of 20% in the quarter based on increases in all four end markets. Meanwhile, the performance in our defense markets was essentially flat overall, as improved sales of defense electronics and ISR-related products were offset by lower sales in naval defense.

We will begin with our aerospace defense market, which had solid sales growth in the quarter led by embedded computing and sensor products supporting ISR applications, most notably on helicopter programs such as the Black Hawk.

We also experienced higher sales on the V-22 and JSF programs. We achieved this growth despite the winding down of the F-22 program and lower sales on the U.S. Navy BAMS variance of the Global Hawk as this program moves from development to production. Overall, we are projecting 7% to 9% sales growth in our aerospace defense market in 2011 unchanged from our prior guidance.

Next to ground defense where we experienced higher sales of turret drive aiming and stabilization systems to international customers, as well as a slight uptick in Stryker sales. However, these gains were not enough to offset the expected year-over-year sales decline this quarter on the Bradley and Abrams programs. As a result of the ongoing decrease in Bradley sales, we've lowered our 2011 sales forecast in the ground defense market to 6% to 8% growth, down from our previous guidance of 8% to 10%.

Next, we'll look at naval defense where we experienced solid growth in production on the Advanced Arresting Gear program, as well as increased sales on the DDG-51 surface combat ship program. However, these gains were offset by the winding down of the CVN-78 aircraft carrier and DDG-1000 destroyer programs, as well as reduced sales on Virginia-Class submarines and the CVN-79 aircraft carrier due to timing on these long-term contracts.

As some production work on aircraft carriers is now expected to shift into next year, we have lowered our 2011 sales forecast in our naval defense market to 1% to 3% growth, down from our previous guidance of 3% to 5% growth.

We continue to see a strong benefit from the ramp-up in the commercial aerospace market where we had a strong third quarter that again led all of our end markets, due to solid organic growth of 13% supplemented by our 2011 acquisitions of Douglas, ACRA and BASF. We saw increased sales across several Boeing and Airbus platforms.

In addition, we experienced healthy demand for sensor and control products on various commercial aircraft. And given the continued strength and acquisitions in this end market, we are now projecting sales on our commercial aerospace market to grow 30% to 32% in 2011, which is an increase from our previous guidance of 26% to 28%.

In our oil and gas market, we again experienced a solid increase in sales and new orders in our MRO business, while our business supporting large capital projects continues to be soft, primarily internationally.

For the full-year 2011, we see modest growth in both the U.S refinery-related MRO products and large super vessels. This will be partially offset by the continued delay in large capital global projects. Note that none of these projects have been cancelled and in fact, we have actually increased our content on some of them.

However, they continue to move to the right into 2012 and beyond in some cases. Overall, we were projecting a sales decline of 3% to 5% in our oil and gas market in 2011, which remains unchanged from our prior guidance and primarily is due to the sale of our legacy valve distribution business. Next, we'll move on to power generation markets, which benefited from higher revenues on both U.S. and China AP1000 projects, as well as increased after-market sales supporting existing operating reactors.

We also experienced solid sales from the BASF business acquired earlier this year, which had solid demand for its thermal spray coatings capabilities. For 2011, we are increasing our sales projection in our power generation market to 9% to 11% growth, up from our pervious guidance of 6% to 8%, primarily due to solid organic growth supporting nuclear operating plants worldwide.

Lastly, we will turn to our general industrial market, which produced a solid third quarter based on higher volumes and overall stronger demand for Metal Treatment services. Sales for the automotive transportation industries were particularly strong globally as were sales to the international HVAC market.

Based on this continued solid demand, we are increasing our 2011 sales projection in our general industrial market to 14% to 16% growth, up from our previous guidance of 10% to 12%. Our revised guidance also includes an expected contribution from the recent acquisition of South Bend Controls.

So, given our current outlook as just discussed, we have revised our sales projections to grow 4% to 6% overall in defense, down slightly from our previous guidance mainly due to the shift in timing on naval contracts into 2012. We also raised our expectations to grow 12% to 14% in our commercial markets, up from 9% to 11% previously due to the improved performance in our commercial aerospace, power generation and general industrial markets.

Based on our rationale and expectations across all of our end markets, along with the recently announced transactions, we have increased our expectations for total Curtiss-Wright sales growth of 9% to 10%, up from our previous guidance of 7% to 9%. The overall increase in our sales guidance is primarily driven by organic growth.

Let me now cover our guidance for each of our three segments. Starting with Flow Control, we adjusted our overall sales guidance based on strong new orders and increased demand in power generation that will be partially offset by a slight reduction in our naval defense sales.

We also remain cautious regarding our outlook in the oil and gas market following the third quarter operational performance, and as a result, we have reduced Flow Control's operating margins by 60 basis points to a range of 9.9% to 10.1%.

Our sales guidance in Motion Control has been updated to reflect the strong demand in commercial aerospace and general industrial markets. However, despite these increases, operating income will be negatively impacted by the additional first-year dilution from our 2011 acquisitions, which as a result has led us to reduce Motion Control's operating margins by approximately 35 basis points to a range of 11.3% to 11.6%.

The sales guidance in our Metal Treatment segment has been increased to reflect the improved outlook in all of their markets. And operating income and operating margins have been raised to reflect the better-than-expected operational performance.

As a result, we have increased their operating margin guidance by 100 basis points to a range of 15.5% to 16%. And finally, we have reduced our forecast for corporate and other expenses by $3 million. In addition to our solid sales growth, we expect overall operating income to grow 15% to 19% and our consolidated operating margin to increase 60 to 80 basis points over 2010.

Meanwhile, we expect diluted earnings per share to grow 17% to 21%, up from our previous guidance of 12% to 16% growth. The revised EPS guidance includes the aforementioned R&D tax credit, operational improvements and reduced costs partially offset by additional dilution relative to recent acquisitions.

In addition, as we highlighted last quarter, our full-year guidance includes the absorption of the negative impact of foreign currency translations, which amounts to $0.05 per diluted share when comparing rates our guidance was based on versus the current forecasted rate, as well as the unanticipated strategic investments in the AP1000 program experienced earlier in the year.

Here are some additional financial guidance metrics for 2011. Depreciation and amortization and capital expenditures were increased by approximately $10 million each to reflect recent acquisitions, while pension expense was lowered by $1 million to $22 million overall.

Now, I'd like to turn the call back over to Marty for his final comments before we wrap up the call. Marty?

Martin R. Benante, Chairman & Chief Executive Officer

Thank you, Glenn. Based on the solid performance thus far in 2011, we remain confident heading into the remainder of the year, with growth forecast across our defense and most commercial end markets.

As we said over the past few quarters, we expect to benefit from improved market conditions as demand for Curtiss-Wright products and services will result in sales growth rates over and above the anticipated growth rate in several of the markets in which we participate, mainly defense and nuclear this year and oil and gas, as we look into the future.

Given our outlook, I'm pleased to say that along with the solid sales growth forecast of 2011, we are projecting both double-digit growth in operating earnings, operating income and earnings per share providing further confidence that our future outlook at Curtiss-Wright is well positioned heading into 2012.

Looking at our markets, I'll begin with power generation and update the AP1000 program. As we told you last quarter, during a final phase of testing, we discovered a localized high temperature, which only affects the life of the pump, which is designed for a 60-year life and does not affect the performance.

We have successfully tested a fix to the pump and now incorporating the changes into the production pumps. We expect endurance testing to begin late this year and conclude successfully. And we remain on schedule for the delivery of the first four pumps in the second quarter of 2012. This new delivery date meets our customers' requirements and we expect it will not impact the overall plant construction schedule.

As a reminder, we have over 60 years of experience making reactor coolant pumps, and the AP1000 pump is the first of a kind design, it is highly advanced, state-of-the-art technology. We continue to take the necessary steps to ensure a lifetime of reliable service for our customers as AP1000 plants' construction continues to move ahead in both the United States and in China. Looking ahead, we still expect our next major AP1000 order to come from China in 2012. Our long-term view on our new build nuclear power generation business remains positive.

In fact, I want to highlight a recent development in the industry. As early as this week, Florida Power & Light was given the go ahead by the state of Florida to raise additional funds to fund uprates at St. Lucie and Turkey Point reactors and a portion going into development of two new AP1000 reactors at Turkey Point.

The decision is good news for Progress Energy, which has a $140 million request pending, that a portion would go toward a new AP1000 reactor at its Crystal River Plant. While it is still early in the process, this is definitely a step in the right direction.

I also want you to give you an update on the NRC's recommendation from its 90-day report based on lessons learned from Fukushima. It was determined that United States' plants are safe to operate, but actions could be taken to make them safer.

The NRC staff reviewed the recommendation from its task force and prioritized the actions in three tiers. Based on the required engineering and regulatory framework, the earliest of the Tier 1 actions will not incur until December of 2012. We may have the opportunity to support the NRC and industry with the development and implementation of seismic and flood hazardous revaluations and seismic and flood walk-downs. The more complicated requirements will take place over the next four to five years.

By the 2013/14 timeframe, due to the NRC's further evaluation and development of regulatory requirements, we would expect to see a shift from our typical MRO project and upgrade sales to orders that will meet the new requirements, which could result in significant hardware upgrades for Curtiss-Wright beginning in 2013. However, we will not be able to provide a clear estimate of our potential future revenues until next year.

Overall, our content on existing operating reactors worldwide remained strong and will continue to expand over the long run. As assessments and analysis from Fukushima, as well as future regulations from the NRC will drive safety and reliability improvements, which is essentially the sweet spot for Curtiss-Wright.

Looking ahead to 2012, we expect to see increased opportunities worldwide for our vast portfolio of advanced nuclear technologies based on our history and expertise in the power generation industry.

Within Curtiss-Wright's oil and gas market, we continue to see stronger domestic MRO sales, a key positive for us, as it is usually the leading indicator of increased pent-up demand for refineries and normally preceeds increased spending on major capital projects.

In addition, we've seen solid new orders for our super vessels, which we expect will turn into new – solid new revenue stream for Curtiss-Wright as we move forward. However, the big story within our gas and oil business continues to be the negative impact caused by the delays in capital spending on large projects, particularly from international customers.

Thus far, we have made considerable, consolidation and restructuring within this business and have recognized significant savings of $3 million as a result. However, the volume on large capital projects had been about two-thirds of what was expected, resulting in reduced sales and significantly lower profitability that have exceeded the year-to-date savings that we generated. As a result, we will continue to improve the profitability in this business with further consolidation and restructuring in order to size our gas and oil business accordingly as we move into 2012.

Furthermore, although our new super vessel business is rising up to meet increasing new orders, we have been faced with lower margins due to start-up costs associated with the first year of operation of this business, which we'll expect to improve as we go out into the future. Longer-term, we remain confident in our overall energy business based on the projected increase in worldwide energy demands and expectation that capital spending levels on large global projects will rebound in the future.

Turning to defense, we made an adjustment to our naval defense sales guideline for 2011 primarily due to the shifts in the timing of long-term contracts into 2012. This led to a slight reduction in our overall defense sales guidance, which we now expect to grow between 4% to 6% in 2011. Despite the change, our overall guidance in defense still supports our view from our Investor Day where we expect our confidence in our current and future outlooks even during years of flat DoD or reduced budgets.

In fact, we overcame more than 3% of lost sales in 2011 due to large program cancellations, including the F-22, FCS and DDG-1000. Excluding the impact of the loss of these large programs, our projected 2011 defense sales would have shown a solid growth between 7% and 9%.

As we look to the future, I want to reiterate two key points we made on the previous call. Number one, that we were well positioned on key and future defense growth platforms both domestically and abroad that will continue to support growth into the future. We expect to benefit from increased demand for ISR and electronic warfare capabilities in the battlefield. Both are expected to be strong contributors to our growth over the next five years.

Turning to other matters, we will look to continue to build our company through acquisitions and organic investments and also expand our unique portfolio of highly-engineered advanced technologies that will enable us to continue to outperform the markets that we serve.

Additionally, our consistent focus on strategic investments, diversification and improved operating efficiencies has positioned us to grow profits faster than sales and increase our long-term competitiveness. We have hit our numbers through the first nine months of 2011 and raised our sales and earnings per share guidance, yet again, based on the continued strong showing in some of our commercial end markets with our continued ability to overcome headwinds in defense. And we are well positioned heading into 2012.

Finally a month ago, we announced that our Board of Directors approved the repurchase of up to 3 million additional shares of the company's outstanding common stock subject to a limitation of $100 million. This significant increase in our share repurchase authorization reflects our confidence in our ability to continue to deliver strong revenue and profitable growth along with solid free cash flow generation.

While we remain totally committed to our acquisition strategy, we believe a disciplined capital deployment strategy that consists of both reinvesting in our business and growing through acquisitions, combined with our commitment to return cash to shareholders through solid earnings per share growth, dividends and share repurchases are in the best interest of our shareholders.

Shortly after we received the authorization from our board, we entered a blackout period, which ends next week, at which time we will be open to begin repurchasing shares, which will depend upon market conditions at that time.

And at this time, I'd like to open the conference call – open for questions.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Our first question comes from Eric Hugel from Stephens Inc. Your line is open.

<Q – Eric Hugel – Stephens, Inc.>: Hey, good morning, guys.

<A – Martin Benante – Curtiss-Wright Corp.>: Hey, good morning, Eric.

<A – Glenn Tynan – Curtiss-Wright Corp.>: Good morning.

<Q – Eric Hugel – Stephens, Inc.>: Could you talk about – in the oil and gas market, these – I guess, these large international programs keep pushing out to the right. Can you talk to us about sort of some of the underlying reasons why that is, sort of what needs to happen in order for those to sort of firm up and sort of – do you have any sort of guesstimate as sort of the timeframe when that might happen?

<A – Martin Benante – Curtiss-Wright Corp.>: One of the biggest problems we have, Eric, is that on the international sales, because they have to go through a lot more sign-off on contracts, these contracts continue to move to the right. As I indicated on our last call that normally in the United States, it's kind of like a well-oiled machine and if they move they don't move that far.

So, there are items and we said we only got two-thirds of the large capital equipment. Again, if you look at these programs, they are $8 million to $10 million, and they are large programs, which does give us a lot of manufacturing. So, that's kind of the reason why we've had some problems there.

We'll resize it. It's only a cost issue. We'll resize it and we'll also at the same time the vessels will start to pick up profitability-wise. So, we saw a lot better improved conditions. If the sales were to go up a lot, we will get a lot better profitability out of that business.

<A – Glenn Tynan – Curtiss-Wright Corp.>: And, Eric, just to give you an idea of the impact that's had on us just in the quarter, the sales was down $15 million in that business quarter-over-quarter, and OI was down $6 million just in the quarter.

Year-to-date, the sales were off $40 million and $15 million in OI. And as you can tell, we were able to make that up through the other pieces of Flow Control, but those are pretty hefty. That is the issue of impacting Flow Control right now.

<Q – Eric Hugel – Stephens, Inc.>: I understand what's going on. I guess what I'm trying to get is insight from you guys as to do you have any visibility as to when this ends, sort of what the underlying root cause is? What has to happen for a change?

<A – Martin Benante – Curtiss-Wright Corp.>: Unfortunately, there are publications of when projects are supposed to take place. We talked with all of the A&Es and unfortunately it's not a situation that we can say that we can thoroughly explain when these new programs will take place. Let's just say, there's more confidence that they are going to take place, it's just a matter of when.

<Q – Eric Hugel – Stephens, Inc.>: Okay, fair enough. Can you talk about what the potential impact would be over the next two, three years or something like that to you? If maybe given a worst-case scenario in terms of some of these budget negotiations, the navy decided to push out the next carrier into '15 and I guess they're talking about maybe not refueling the next carrier coming up. Can you talk about what the potential impact for you guys might be?

<A – Martin Benante – Curtiss-Wright Corp.>: Well, we already took that refueling out of our forecast looking forward. I forget what the number was. We – I think we said at the last meeting that was in the area of about $60 million. And if the aircraft carrier, we already have it moved out by a year. So it really to us doesn't matter that much.

<Q – Eric Hugel – Stephens, Inc.>: Great. And just a modeling question and then I'll get back into the queue. You kept your share count at I think what is it 47.3 million or something like that. The implication, Glenn, would be that your share count in the fourth quarter is stepping up from, I think, where you were today at the end of the quarter just below 47 million up to something over 48 million. I thought you were buying back shares, not sort of adding. What's going on there?

<A – Glenn Tynan – Curtiss-Wright Corp.>: Well, we didn't assume, we didn't assume any buyback as of right now.

<Q – Eric Hugel – Stephens, Inc.>: Yeah. But still, I mean, a million share step-up when it's been flat as a board pretty much all year, is that just sort of, you just didn't what to change it or is there something going on there that I need to understand?

<A – Glenn Tynan – Curtiss-Wright Corp.>: Well, the only thing that usually happens in our fourth quarter that makes it a little higher is we do our long-term grants in our November board meeting every year and when you – that will come into play. That's really the only anomaly we have and it's probably, if you go back, similar to fourth quarters in the past.

<Q – Eric Hugel – Stephens, Inc.>: So, you could honestly think that those fourth-quarter grants could add 1 million shares to your average diluted share count for the quarter?

<A – Glenn Tynan – Curtiss-Wright Corp.>: That sounds a little high, honestly. So, I don't have that particular math that you are looking at in front of you, but that – I mean it is a little high, but yeah, it's going to add shares up for sure.

<Q – Eric Hugel – Stephens, Inc.>: All right. Thanks, guys.

<A – Glenn Tynan – Curtiss-Wright Corp.>: All right, Eric.

<A – Martin Benante – Curtiss-Wright Corp.>: All right.

Operator: Our next question comes from Steve Levenson from Stifel Nicolaus. Your line is open.

<Q – Stephen Levenson – Stifel, Nicolaus & Co., Inc.>: Thanks. Good morning, everybody.

<A – Martin Benante – Curtiss-Wright Corp.>: Hi.

<A – Glenn Tynan – Curtiss-Wright Corp.>: Good morning, Steve.

<Q – Stephen Levenson – Stifel, Nicolaus & Co., Inc.>: Just curious, Boeing and Airbus are jacking up the single aisle rates and Airbus has even talked about going as high as 50 planes per month. Do you think you'll require any significant capital expenditures to keep the Metal Treatment business or to be able to go to those higher rates?

<A – Martin Benante – Curtiss-Wright Corp.>: No, no, we just added – as far as the Boeing is concerned, the answer is definitely no. As far as, Airbus having bigger rates where we would fold their wings, we would just add more people to another shift.

<Q – Stephen Levenson – Stifel, Nicolaus & Co., Inc.>: That sounds good. Thank you. Right now based on the – I am sorry...

<A – Martin Benante – Curtiss-Wright Corp.>: We didn't say anything.

<Q – Stephen Levenson – Stifel, Nicolaus & Co., Inc.>: Okay. Just an echo on the line I guess, sorry. Do you think the rate of two submarines per year is going to be sustained, or do you think the budget situation is such that, that could be cut back?

<A – Martin Benante – Curtiss-Wright Corp.>: I think that has tremendous support having two submarines a year. We do not anticipate that being cut back at all.

<Q – Stephen Levenson – Stifel, Nicolaus & Co., Inc.>: Okay. And on ISR, do you see more of the business coming from new programs or do you see more of it coming from upgrades and retrofits?

<A – Martin Benante – Curtiss-Wright Corp.>: There are quite a few new programs out there. So, I see more – I see more new programs now. They've just passed the ECP on the Abrams, the Bradley and the Stryker that in a couple of years out will have more upgrades to it. So, I think you're going to see over the next year – you're going to see a lot more new programs that we will win and add to our sales, and then you will start seeing that back-fitted by some upgrades.

<Q – Stephen Levenson – Stifel, Nicolaus & Co., Inc.>: Okay, thank you. And last one, on your share buyback. Do you expect to do that under a 10b5-1 plan? Or is that going to be something you actively managed from the office – from headquarters?

<A – Glenn Tynan – Curtiss-Wright Corp.>: Well, we will – it's not going to be a 10b5 plan. It's – but it's – we will have an outside bank that will be handling in accordance with our guidelines. We're not really going to be directly involved in it on a day-to-day basis.

<Q – Stephen Levenson – Stifel, Nicolaus & Co., Inc.>: Great. Thank you very much.

<A – Glenn Tynan – Curtiss-Wright Corp.>: Welcome.

<A – Martin Benante – Curtiss-Wright Corp.>: Welcome Steve.

Operator: Our next question comes from Myles Walton from Deutsche Bank. Your line is open.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: Thanks, good morning.

<A – Martin Benante – Curtiss-Wright Corp.>: Hey, Myles.

<A – Glenn Tynan – Curtiss-Wright Corp.>: Good morning.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: I guess Glenn, could you just clarify, you offered up the headwind you're facing in the oil and gas this quarter $15 million on revenue, $6 million on OI. If you took oil and gas as an entity today, the 22% percent within Flow Control is the – is that entire business profitable?

<A – Glenn Tynan – Curtiss-Wright Corp.>: Yes, it is.

<A – Martin Benante – Curtiss-Wright Corp.>: Yes, it is.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: Okay. And can you give us a relative of that bucket versus last year, how much is OI down?

<A – Glenn Tynan – Curtiss-Wright Corp.>: That was the – that was the drive – the difference from last year. About $15 million. Sales were down $15 million, OI down $6 million from last year's third quarter.

<A – Martin Benante – Curtiss-Wright Corp.>: No, for the year.

<A – Glenn Tynan – Curtiss-Wright Corp.>: Oh, for the year?

<A – Martin Benante – Curtiss-Wright Corp.>: For the year, it's about $15 million.

<A – Glenn Tynan – Curtiss-Wright Corp.>: $15 million in OI for the year.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: Yeah.

<A – Glenn Tynan – Curtiss-Wright Corp.>: Year-to-date.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: Okay.

<A – Martin Benante – Curtiss-Wright Corp.>: So, you figure that's about $0.27. Obviously, we would have hit the numbers we thought we would have blown lid off this year.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: Right. And so, you didn't lower sales guidance for the year, so what you – within the oil gas segment. So what you have going on is a mix shift of better MRO coming through and...?

<A – Glenn Tynan – Curtiss-Wright Corp.>: Yes exactly.

<A – Martin Benante – Curtiss-Wright Corp.>: Exactly.

<A – Martin Benante – Curtiss-Wright Corp.>: What's happening is, we're getting a lot of sales out of our super vessels, but unfortunately it's at lower margins, because of – it's just start-up. We've got a brand new plant and getting down the learning curve.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: And can you give me the bookings by segment? The $580 million bookings in the quarter looks good. I'm just curious how it would stand between Flow and Motion?

<A – Glenn Tynan – Curtiss-Wright Corp.>: Yep, sure it's $308 million is Flow and about $200 million is Controls. And the difference is Metal Treatment, about $75 million.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: Okay. So the Flow – and that implies Flow had another good quarter of bookings on the back of second quarter bookings. So what are you booking in Flow that's not oil and gas related? Is this nuclear orders coming through?

<A – Glenn Tynan – Curtiss-Wright Corp.>: There is a lot nuclear orders coming through, yeah in support of the operating reactors, the aftermarket business yes.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: Okay, okay. And then Marty, clarification. You said you've taken the refueling out of your forecast, but are you talking about the USS Washington refueling or are you talking about something else?

<A – Martin Benante – Curtiss-Wright Corp.>: I'm not too sure of the designation of – it's a submarine refueling.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: Yeah, it was supposed to start year?

<A – Martin Benante – Curtiss-Wright Corp.>: Yes.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: Okay, and so that's not in forecast.

<A – Martin Benante – Curtiss-Wright Corp.>: No.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: Okay. So, as you do look into next year, if you look across your business is it, are you looking for mid-single digit type organic growth outlook at this point?

<A – Martin Benante – Curtiss-Wright Corp.>: No, no. As we indicated, we've normally looked at the triple double and that's a double increase – double digit increase in sales, operating income and the earnings per share. We feel very confident about the double-digit growth in sales of operating income and earnings per share and we are right there at on the sale side.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: For 2012, so you're – just want to make sure I understand what you're saying – so for 2012 you're looking at 10% top line growth?

<A – Martin Benante – Curtiss-Wright Corp.>: Yes, 10% earnings – operating income growth, well yeah in the double digits.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: Yeah, okay. Let's probe one of those businesses a little bit. So, Metal Treatment usually is a pretty good indicator to general industrial trends and...

<A – Martin Benante – Curtiss-Wright Corp.>: That's right.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: Can be a first mover. And you obviously, have raised nicely the sales guidance through the course of the year, including this quarter. Are you seeing any weakness there?

<A – Martin Benante – Curtiss-Wright Corp.>: No, in fact, we are seeing – the first thing that would slow down is heat treating. We're seeing improvement in heat treating. So, you are seeing an improvement. I think everybody is looking for an economic improvement next year off of this year. I think that we are seeing that quite frankly, through our heat treat and then it flows through the rest of the Metal Treatment from there. So, we are looking at a better year in 2012 for Metal Treatment. I don't think it is going to be as big a dynamic change between '10 and '11, which was I think 11.7% operating margin to what we're looking at about almost 14%, 15%. There won't be that 3 percentage points, but probably halfway, or a little bit more into that range.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: Okay. And then with – just I guess, the other question on that 10% for next year, what is your assumption about defense in there. Does it actually get better year-on-year in terms of the growth rate?

<A – Martin Benante – Curtiss-Wright Corp.>: It's the same. This year, like we said, if it wasn't for the cancellation, we will be at 9% – between 7% and 9%. So, we're going to be – we said we'd be somewhere around 5% to 7%. I think we're going to be in 5%, we will be in the 5% to 7% range, yes.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: Okay, okay. Just seems like cancellations and slip-outs and budget reductions are probably more going to be the norm from here on out, but I hear what you're saying? And then within the...

<A – Martin Benante – Curtiss-Wright Corp.>: I agree with you. I mean, when you take a look at some of those larger primes and continued resolution and the concurrency clause, which really doesn't have much of an effect on us because most of our hardware for the F-35 is qualified. Now we are keeping track of that and we don't, there is going to be – we think there will be additional cuts, but we don't see it – because we're so diversified really hurting us in any one particular area.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: Okay and my last one, the working capital trends Glenn, this year's, or free cash flow rather has stayed stable but you increased the CapEx. Is that better working capital or is it the effect of the acquisitions? And then, what does working capital look like put or take into next year?

<A – Glenn Tynan – Curtiss-Wright Corp.>: I'm not sure – we have a big fourth quarter, as you – as I think you've pointed out, we usually do. I'm happy to say it's less than we did last year, so that's good. The working capital is going to come down in the fourth quarter, as it traditionally does. We burn off the inventory, we build it traditionally and ship it in the fourth quarter and also we have some large customers that will be making payments, some of them will have September 30 year ends so their payments fall into the fourth quarter.

It's that typical phenomenon we have, but on an overall basis, we typically on a general basis use working capital relative to our sales levels. If you know what I mean. The timing gets a little funky during the year. But at the end of the day, our cash flow from operations was $54 million year-to-date versus $38 million last year and that included a $34 million in pension plan payments. So, the only other difference as you pointed out was the CapEx, which is up about $22 million from last year mainly due to our investments in our oil and gas and also our commercial aerospace business for Boeing.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: Okay. I'm sorry, the last one. The pension expense into next year, should we be modeling a significant uptick there given discount rates or can you just, give us a sensitivity maybe?

<A – Glenn Tynan – Curtiss-Wright Corp.>: Yeah, I don't have – I'm not ready to give you the number yet, but it's going to up – the rate will go down. The sensitivity is about for every 25 basis points, it's about a little bit over $2 million in pension expense for us.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: Okay, great. Thanks.

<A – Glenn Tynan – Curtiss-Wright Corp.>: You are welcome.

<A – Martin Benante – Curtiss-Wright Corp.>: Thank you Myles.

Operator: Our next question comes from Ken Herbert from Wedbush. Your line is open.

<Q – Kenneth Herbert – Wedbush Securities, Inc.>: Yes, hi. Good morning everybody.

<A – Glenn Tynan – Curtiss-Wright Corp.>: Hi Ken.

<A – Martin Benante – Curtiss-Wright Corp.>: Hi Ken, how are you doing?

<Q – Kenneth Herbert – Wedbush Securities, Inc.>: I just wanted to dig into first nuclear. I mean, I know so far this year the operating reactor business seems to have been doing very well. Can you provide a little bit more detail on some of what you are seeing there in terms of bookings in the quarter and the outlook over the next one to two quarters for that business in particular?

<A – Martin Benante – Curtiss-Wright Corp.>: Well, this year probably is – as far as outages are concerned, which is normally how we used to explain – is probably the lowest it's been in a long time. So, we are getting a lot more business per reactor. And I think you're going to continue to see – that trending to continue that we will continue to have a more sales year-over-year. Quarter-over-quarter has been a little – it's kind of tough because things may move around, but year-over-year you're going to see improvements in the operating reactors' sales.

<Q – Kenneth Herbert – Wedbush Securities, Inc.>: Okay. So, it's fair to think about the business...

<A – Martin Benante – Curtiss-Wright Corp.>: And next year you are going to have more outages than you did this year. So, that should be another indicator of how that sales will go up.

<Q – Kenneth Herbert – Wedbush Securities, Inc.>: Okay. So if I were to try and quantify that a bit next year, it's maybe up mid-to-high single digits over this year, or is that a good way to think about this?

<A – Martin Benante – Curtiss-Wright Corp.>: We really haven't gone down into that detail yet. We know the overall gross numbers, but not the individual numbers.

<Q – Kenneth Herbert – Wedbush Securities, Inc.>: Okay. Okay, yeah, that's helpful. And then I think you mentioned now still looking obviously for the next order out of China next year and shipments there now over the pumps in, I think you said in the second quarter. Have you – has the discussion with the customer at all changed in terms of level of importance for the new orders out of China or is there any incremental insight or change in just the dynamics around this that you can comment on?

<A – Martin Benante – Curtiss-Wright Corp.>: Well, the thing is, is that, as far as our discussion with the customers, the customer is very, very happy that we've put a test to fix the high temperature. It resulted in a 100-degree reduction in the temperature internally, which is exactly what we predicted, which is really, really good.

If you take a look at the fact that we ran 14 cycles and we took the pump apart and 14 cycles is a considerable amount of years on a 60-year life, out of the full 50 cycles. The parts looked very good so and since we passed most of our performance requirements, it is very good – feels very good that we will have solved the problem, put that together and successfully test.

When that happens during that course, that sequence to development, the qualification testing is over which is at the end of the first quarter, we'll probably have a lot better light on what the new order is going to look like and be.

<Q – Kenneth Herbert – Wedbush Securities, Inc.>: Okay. but – based on your comments Marty, it sounds like, I mean there's clearly no change in the Chinese desire to obviously move forward with the nuclear plans. You certainly haven't heard anything or any discussion along those lines?

<A – Martin Benante – Curtiss-Wright Corp.>: We want to move forward with their plan without a doubt and I think that as Westinghouse has said because of Fukushima a Gen III plant, which is an AP1000, is going to be more preferred in China than the Gen II even though they will build both.

<Q – Kenneth Herbert – Wedbush Securities, Inc.>: Great. I appreciate the color, thank you very much.

<A – Glenn Tynan – Curtiss-Wright Corp.>: Thank you Ken.

Operator: Our next question comes from Tyler Hojo from Sidoti. Your line is open.

<A – Martin Benante – Curtiss-Wright Corp.>: Hi, Tyler.

<Q – Tyler Hojo – Sidoti & Co. LLC>: Good morning.

<A – Martin Benante – Curtiss-Wright Corp.>: Good morning, Tyler.

<Q – Tyler Hojo – Sidoti & Co. LLC>: So, I just wanted to ask you a little bit more about the super vessel business. I'm just trying to get a better understanding of how big it is today, and more importantly, what the growth potential is. I mean, what could this business be generating a year from now or two years from now?

<A – Glenn Tynan – Curtiss-Wright Corp.>: Well, it continues to evolve, Tyler, as you know, it is a startup and it's brand new for us, but I would say, year-to-date we have only done about probably $10 million in sales approximately on it. These are huge things that take a pretty long time to build. So, the encouraging thing is that the orders are strong and that will be – mostly lead to increased business in 2012. I mean, we will get some this year, but these are long lead time build items.

<A – Martin Benante – Curtiss-Wright Corp.>: That particular plant has capacity to do between $50 million and $75 million a year. And we think that as time goes on we will fill that plant.

<Q – Tyler Hojo – Sidoti & Co. LLC>: Gotcha. Okay, that's perfect. And I also want to go back to nuclear power, it looks like you generated just shy of $100 million in nuclear power sales this year. Could you talk about how that split out between parts to pre-existing plants and what you are doing with AP1000 in China?

<A – Martin Benante – Curtiss-Wright Corp.>: Unfortunately, we don't have that information with us right now.

<Q – Tyler Hojo – Sidoti & Co. LLC>: Okay, maybe I can follow up --

<A – Glenn Tynan – Curtiss-Wright Corp.>: Yeah, we normally have that.

<Q – Tyler Hojo – Sidoti & Co. LLC>: Yeah, no problem. And let me just squeak a last one in there. You guys typically kind of comment on your acquisition pipeline, I was wondering if you could just talk about that what you are seeing in regards to multiples, that whole sort of thing?

<A – Glenn Tynan – Curtiss-Wright Corp.>: I think that there is more candidates out there. I think – I don't think – I think the multiples are fair. So I – but I do believe that we will be more active in the future. You know, it's not a lack of desire to acquire. It's just the candidates that we're flushed through. We're seeing some better companies out there.

<Q – Tyler Hojo – Sidoti & Co. LLC>: Okay, great. Thanks a lot.

<A – Martin Benante – Curtiss-Wright Corp.>: Okay, Tyler.

Operator: Our next question comes from Michael Ciarmoli from KeyBanc Capital Markets. Your line is open.

<Q – Michael Ciarmoli – KeyCorp Investment Banking>: Hey, good morning, guys. Thanks for taking --.

<A – Martin Benante – Curtiss-Wright Corp.>: Hey, good morning, Michael.

<A – Glenn Tynan – Curtiss-Wright Corp.>: Hey, good morning, Mike.

<Q – Michael Ciarmoli – KeyCorp Investment Banking>: So, Glenn, maybe just to clarify, looking at kind of the 2012, I guess talking about the double-digit growth and that, you're thinking all organic double digit on the top line next year?

<A – Glenn Tynan – Curtiss-Wright Corp.>: Well, except for the acquisitions we made in 2011.

<Q – Michael Ciarmoli – KeyCorp Investment Banking>: Right, okay. So, but that...

<A – Glenn Tynan – Curtiss-Wright Corp.>: Yeah. So it's all organic. Right.

<Q – Michael Ciarmoli – KeyCorp Investment Banking>: Okay. Okay, and then just help on the bottom line. It looks like next year, pension might be a little bit of a headwind, if my math is correct, this year, even this quarter, there was about a $0.11 of one-timers. You had that settlement earlier in the year. So, maybe about $0.14 of – kind of one-time tailwind items that aren't going to hit next year, I mean does that pose any challenges at this point, are you firmly confident in the double-digit EPS growth rate?

<A – Glenn Tynan – Curtiss-Wright Corp.>: No, we're very confident that we can do that. If you look at – you're going to have better sales and profitability out of Metal Treatment. You are not going to have as much of an investment on the AP1000 that we had this year – that's a lot of money. We will solve, the oil and gas situation is a cost issue. We are very capable of solving that issue. So, when you put those numbers together, it's a pretty good chunk of money.

<Q – Michael Ciarmoli – KeyCorp Investment Banking>: Okay, okay. So just maybe to probe a little bit...

<A – Martin Benante – Curtiss-Wright Corp.>: And the other thing is that remember, your AP1000 sales start shipping from China to the United States. In China, we've had the development problems and that has cut into its profitability, but the United States contract will also be more profitable. So, that's another good chunk.

<Q – Michael Ciarmoli – KeyCorp Investment Banking>: Okay and just if I can on the Metal Treatment. Are the margins going to up there year-over-year because I know you've had a couple of settlements I guess call it 200 basis points, but it sounds like some of the new facilities – you are getting better utilization? Can you maybe give us an update on capacity and profitability of some of those new plants?

<A – Martin Benante – Curtiss-Wright Corp.>: Capacity, we never really look – we don't normally strain under a capacity problem, okay. But normally it's the amount of sales we start bringing in. We start to attract as we enter into a new territory. But the thing is that we are attracting those sales, so we do expect that – those plans. Although they won't be as profitable as our normal plants are, are starting to get into the black instead of the red.

<Q – Michael Ciarmoli – KeyCorp Investment Banking>: Okay, okay. So, do you think margins can go up year-over-year even with – I'm just basically looking at these one-timers that hit or is it kind of --

<A – Glenn Tynan – Curtiss-Wright Corp.>: Yes.

<Q – Michael Ciarmoli – KeyCorp Investment Banking>: Okay. And then just the last one and I will get out of the way. Glenn, accounts receivable looks like it has been building up pretty significantly, anything happening there?

<A – Glenn Tynan – Curtiss-Wright Corp.>: No. As I said, it goes back to the – a piece of it comes from international customers that are perennially slow and we are expecting and we will collect those in the fourth quarter. You got Westinghouse and a lot of our defense payments again with the new budget. Westinghouse with the – September, they hold payments kind of thing. So, we have it down to who we're expecting the cash from and this happens to us regularly.

<Q – Michael Ciarmoli – KeyCorp Investment Banking>: Okay.

<A – Glenn Tynan – Curtiss-Wright Corp.>: That we build up. So, we expect to see the receivables to come down in the fourth quarter significantly.

<Q – Michael Ciarmoli – KeyCorp Investment Banking>: Okay, perfect. Thanks a lot guys.

<A – Glenn Tynan – Curtiss-Wright Corp.>: Great.

Operator: [Operator Instructions] Our next question comes from the Eric Hugel from Stephens Inc. Your line is open.

<Q – Eric Hugel – Stephens, Inc.>: Hey, guys. Just a follow up, I guess I just wanted to ask the question again because you answered differently when Myles asked the same – asked the question with regards to the carrier refueling. You said that you took that out and then you said that it was – you took the sub out, can you clarify that?

<A – Martin Benante – Curtiss-Wright Corp.>: I believe it was a sub-refueling.

<Q – Eric Hugel – Stephens, Inc.>: Okay. So, can you talk about the impact of a carrier refueling? Do you have sort of meaningful content on one of those?

<A – Martin Benante – Curtiss-Wright Corp.>: I'm not too sure what that amount would be.

<Q – Eric Hugel – Stephens, Inc.>: Okay. On the AP1000, you talked about obviously, working through the – the pump development, delivering it. Is it fair to assume that – we shouldn't expect orders out of China for the next tranche of AP1000s until you start delivering these pumps? I mean, is that reasonable or might that happen in Q4?

<A – Martin Benante – Curtiss-Wright Corp.>: No, I think it could happen before that.

<Q – Eric Hugel – Stephens, Inc.>: Okay.

<A – Martin Benante – Curtiss-Wright Corp.>: I don't think it has – I think that the confidence level of this pump being able to work is extremely high. So, I think that we started it in broad scope negotiation and I think we're going to conclude it. And we'll determine what the quantity is and the numbers will be in 2012

<Q – Eric Hugel – Stephens, Inc.>: Okay fair enough and Glenn, you gave a pension sensitivity number, was it $2 million for 25 bps, that's on the discount rate. Can you – do you have the numbers for return on assets and sort of where are you right now relative to your assumptions?

<A – Glenn Tynan – Curtiss-Wright Corp.>: Well we're pretty close. We did true-up 2011 with a minor adjustment. 2012 is still a little up in the air. I guess a $25 million movement in assets is about $1.5 million for us, either way. So – but we're pretty close on what we expected for this year at this point

<Q – Eric Hugel – Stephens, Inc.>: What is your return on asset expectation?

<A – Glenn Tynan – Curtiss-Wright Corp.>: 8%, 8.5%.

<Q – Eric Hugel – Stephens, Inc.>: So you are close to 8.5% return, that's pretty good. Your interest expense guidance, has it going up about $3 million in the fourth quarter, sort of – is that sort of acquisition driven, debt from acquisitions or what's going on there?

<A – Glenn Tynan – Curtiss-Wright Corp.>: Well, I think we built some in because we announced that we are going to do a debt offering which we haven't conclude yet. But I think we have some in there for that. That's the reason for the increase in the fourth quarter.

<Q – Eric Hugel – Stephens, Inc.>: Fair enough, and then lastly, what's prompting the cut in the corporate expense line?

<A – Glenn Tynan – Curtiss-Wright Corp.>: Mainly favorable trending in our medical expenses, has really been which each year it swings one way one year, one way the next year, but we're actually favorable this year. So we – as we get closer to the end of the year and it's holding, so we're starting to release that, that out.

<A – Martin Benante – Curtiss-Wright Corp.>: And Eric, Let me just say that, it is a carrier refueling because we don't normally refuel submarines.

<Q – Eric Hugel – Stephens, Inc.>: Okay. So it is the carrier that you talked about, not the sub.

<A – Martin Benante – Curtiss-Wright Corp.>: That's right.

<Q – Eric Hugel – Stephens, Inc.>: Okay. And maybe lastly, have you guys thought about – you announced the share repurchase agreement and – have you guys thought about maybe increasing the dividend?

<A – Martin Benante – Curtiss-Wright Corp.>: We will take that under advisement.

<A – Glenn Tynan – Curtiss-Wright Corp.>: We do. I mean we review it regularly with our board, so...

<Q – Eric Hugel – Stephens, Inc.>: Great guys. Thanks.

<A – Glenn Tynan – Curtiss-Wright Corp.>: Okay, all right.

Operator: And I am showing no further questions at this time. I would like to turn the call back to management for closing remarks.

Martin R. Benante, Chairman & Chief Executive Officer

Before I officially wrap up the call, I want to extend a thank you to those investors who participated in our recent Perception Study. Your feedback was extremely valuable in helping our management team and board of directors to better understand your views and we intend to incorporate those suggestions into our – as we move forward into 2012. Well, thank you for joining us today and I look forward to speaking with you again during our fourth quarter call. Thank you very much.

Glenn E. Tynan, Chief Financial Officer & Vice President

Bye-bye.

Operator: Ladies and gentlemen, that does conclude today's conference. You may all disconnect and have a wonderful day.