Curtiss-Wright Corp. *Company▲* | CW *Ticker▲* | Investor Day *Event Type▲* | Dec. 11, 2013 *Date▲*

PARTICIPANTS

Corporate Participants

James Ryan – Director-Investor Relations, Curtiss-Wright Corp.
David C. Adams – President & Chief Executive Officer, Curtiss-Wright Corp.
Glenn E. Tynan – Chief Financial Officer & Vice President, Curtiss-Wright Corp.
Thomas P. Quinly – Chief Operating Officer, Curtiss-Wright Corp.
Graham Macdonald – SVP/GM Sensors & Controls, Curtiss-Wright Corp.
Kevin Rayment – Senior Vice President - Industrial, Curtiss-Wright Corp.
Larry Peach – President, Surface Technologies, Curtiss-Wright Corp.
Lynn Bamford – Senior VP & General Manager-Defense Solutions, Curtiss Wright Controls Defense Solutions
Ron Stockwell – VP/GM, Oil & Gas Systems, Curtiss-Wright Corp.
Greg Hempfling – Senior Vice President & General Manager, Curtiss-Wright Flow Control Corp.
James Leachman – Senior Vice President & General Manager, Curtiss-Wright Flow Control Corp.

Other Participants

Kristine Tan Liwag – Analyst, Merrill Lynch, Pierce, Fenner & Smith, Inc.
Amit Mehrotra – Analyst, Deutsche Bank Securities, Inc.

MANAGEMENT DISCUSSION SECTION

James Ryan, Director-Investor Relations

I think we'll get things kicked off here. Good morning. I'm Jim Ryan, Director of Investor Relations. Welcome to the Curtiss-Wright 2013 Investor Day. Today's meeting is being webcast live over the internet and can be accessed through the Investor Relations section of our website at www.curtisswright.com. Full agenda with audio and slides is available for those who are unable to join us and a replay will be available starting later on this afternoon.

For those of you in the room, at your desk in the first section of your booklets, you will find today's agenda. We ask that you please hold all questions until the Q&A portions as noted on the agenda.

For those listening online and wishing to ask a question, feel free to e-mail investor@curtisswright.com and we'll do our best to incorporate your questions into the queue. As you've probably noticed, there are Curtis-Wright employees manning the numerous display that we have in adjacent room over there. If you haven't done so already, I would encourage you at the breaks and then also for about an hour or so after the formal presentation ends to take a look and gain a deeper understanding of some of our critical products and services.

And then quickly just on to the Safe Harbor. We always remind the audience that we are about to discuss forward-looking information, which may or may not reflect actual results.

So without further ado, pleased to turn it over to Dave Adams. Dave?

David C. Adams, President & Chief Executive Officer

Thanks, Jim. Thank you all for coming here today and especially in light of the inclement weather. I come from North Carolina and it was especially difficult for me, but certainly glad to see you all here

and thank you, especially to those that are on the webcast right now as well listening to us and we appreciate your participation in this as well.

We've got a good story to tell you today, the press release was sent out this morning, you've got books in front of you that have the slides that we're going to be reviewing today. And we're anxious to talk to you about the changes that are taking place in Curtiss-Wright. I wanted to also thank some of those of you in the audience whom I have met and have spent some time with in one-on-ones and various meetings and even as late as yesterday and a couple of days ago, just talking about generally what it is that you as shareholders and investors are interested in our company.

And it's been helpful to all of us in terms of helping us guide the direction that we're going in, it's certainly something that we want to get some feedback from you and look forward to that. And again we're anxious to talk to you about that. I can tell you that the management team is all participating in terms of shareholders, so we all have a vested interest and everybody in Curtiss-Wright in this room is very interested in how we're doing, how we're going to continue to do, at a 52 week high or pretty close to it, we're very pleased with that. And a lot of thanks to each of you for participating in that run-up and what's to follow because we think there's a lot more to go.

My presentation is going to have a lot of firsts in it. And I'll go through those in some detail, but a lot of it will be discussed by the individual presenters as you'll see in a few moments. And this is our agenda and what we're going to be talking about and we've broken this thing down into a couple of major sections. One is the tone that I'm going to set here today and that is the tone for the vision, what's objective, what's the plan, we'll get into the meat of it as we go through our speakers.

You'll from first of all myself on the tone, you'll hear from Glenn on the financial focus and the guidance and then Tom on the operating margin improvement. And those are our two main areas of focus in terms of improving the company and the returns and so forth and we'll dive pretty deeply into that.

And then as we get into the segments, if you were able to go next door and look at some of the displays, the troops did a fantastic job of putting together, just basically an overview or synopsis in product form of what we do at Curtiss-Wright. And it's a nice overview of the products and if you have a chance during the breaks and/or after the meeting to take a look over there and wonder around and ask some questions because we have some of our technical experts over there that are ready, willing and able and some traveled far distances to answer questions.

And then we'll hear from each of the Vice Presidents, I'm going to talk about each of these people in a few minutes to just give you a little bit of background on them and some qualifications and to just talk about what they focus on and what their expertise is.

We will be taking a Q&A break after Tom's presentation. So in between creating shareholder value and business overview, we'll take a few minutes to answer a few questions. And then we'll go here from the VP/GMs and then we'll have another Q&A session. We'll have a break in between those presentations.

When I saw this picture, it's a staple of our Curtiss-Wright presentation and it's something that we're obviously very proud of. You can't miss it, everybody notices, everybody knows what it's all about and this is not a history lesson here today. We're going to talk about history much. We're talking about the future because that's what it's all about for us and this management and the change that has occurred in the last couple of months.

And I consider that we're at a critical juncture. And that critical juncture for us is the opportunity now to make a big difference and change our history. And it's an inflection point and I term this as an inflection point in time when that first plane took off the ground. We're in another one of those inflection points in this company where it's not obviously as monumental as that, but it's big to us

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and it's big to us as a company. We want to take this company on its next leg of its journey, a very successful journey thus far, but we want to take it to new height.

And that's really what I'm considering this meeting with each of you and I look forward to the discussions that we'll have subsequent to this meeting and throughout the year. As I indicated, there will be many firsts that we're going to talk about and some of those are the transparency that we'll provide you. We have not ever done a – provided guidance this early in the season for next year, so that's a first, it's a big first for us. And we feel proud of where we are and where we're going. We've set some high hurdles out there that we intent to accomplish and to do well on and exceed and that's just the way this management team runs. But it's an important event for us and I think that you'd be rewarded by listening and asking the questions that are pertinent and certainly visiting back there and talking to our people.

Just an overview of the discussion that we're going to have in terms of creation of value. What is it? In order to have a plan, you really have to have an objective and this is an objective that we've set forth for our troops, for the team, for ourselves as a management team. I'm going to go through these in a fair amount of detail, heading up the discussion.

These are not in order, but from the perspective of the focus, I want to mention something and one thing you don't see on here are acquisitions. And I wanted to just make a point that this company had to attain a level of critical mass in our markets, in the markets that we participate in in order for us to achieve a level of operating margin improvement that we could achieve because if you don't have a critical mass, you're not going to drive the market. And we consider ourselves in a position now to drive the markets that we participate in. That will become more clear as we go through these presentations and you'll see as our VP/GMs stand up here and talk about where we are positioned, where our competitors are and what advantages we bring to the party.

And that's exactly what we intend to do to get to this point. Now, you're going to see us reap the rewards of us having achieved that critical mass. So we're real proud of that. And it's been a tough slog for a number of years, but I think that what you'll hear today will prove out the story that's going to take us that next leg. First of all on that story, we're going to be talking to you about our market strategies, the VP/GMs will talk about their number one, number two position in their markets, give you a good flavor for what it is that we do and how we compete effectively and what are the differentiators, what are the value drivers in our businesses.

And those are going to lead into – well, they'll talk after the three of us do, Tom and Glenn and myself, but that really leads to the focus on margin improvement and margin improvement, Tom is going to talk about the 10 big imperatives that we have as a company and these are imperatives that we drive the company to and I think that you'll find that there's a lot of excitement there, there's a lot of drive, a lot of discipline. It's all about disciplined approach and this management team is well accustomed to that and I'm going to talk very specifically about the management team and that disciplined approach and how we got to where we are today.

Also this morning we're going to talk about capital deployment and working capital. We need to have a very strong and disciplined capital deployment strategy, capital allocation and we need to improve upon where we've been in the past. We are doing that now, these are early days. I was promoted to this position in September, so bear with us as we go through these days and as we set our targets and as we go through the next couple of years.

This is a major focus for us and I think that you'll be pleased to hear what we have to say and it's a good story. I mean, we have the critical mass from which to make these things happen. Cash flow, of course, is the fuel for the engine of Curtiss-Wright, and it will help us to achieve what we consider a balanced capital allocation strategy and we've been working on that quite diligently for the last several months as we enter this new period and this New Year. So some of these plans we're going to roll out to you today and you'll hear a lot more about them.

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Where did this plan originate, where did the target originate? I was asked by the Board of Directors to present my vision of Curtiss-Wright in June of last year – this year, 2013. And that was prior to me being appointed the CEO in September. And what I had – so this is one of the slides that I had presented to the board. And I wanted to – after having worked for Curtiss-Wright for 14 years, I wanted to talk to the board about a period of time, a juncture that we're at. I wanted to sit down with them and this was more of a dialog, but for me explaining to the board these are the things that I've have seen over the last several years that I would like to change, as a matter of fact I was asked that question last night and my answer was, well wait till this morning.

So today I want to talk about what is that I really wanted to change. And the things that I saw, it's a great company, we're a $2.5 billion, $2.6 billion, run rate is good, as I said, critical mass in our businesses, our industry and now what it's all about for us is taking that critical mass and making something of it.

And what I told the board was, look I want it to be one Curtiss-Wright, I'll talk about that more in the next slide, but I really want to be one Curtiss-Wright. What does that mean? You'll see that in a second. I wanted to be an integrated company and market facing. Something that we can help achieve better relationships with our customers, prioritize our customers, make it easier for them to do business with us. We are already global and diversified. I wanted five or fewer segments with critical mass.

Today, you'll see in our announcement, we're at three and that's an important facet of the business as we go forward and it enables us to do what it is that we want to do and that's to become a top quartile performer in our metrics. And we're going to speak to another first, these are the GAAP as reported metrics, these aren't adjusted and that's important for us, it's important to you because we want to have visibility internally, we want to have visibility externally. We're all measured on the same page. We're compensated against that. That's what it's all about for us. And, again, it's an important aspect of our business that we're going to continue to pursue and Glenn will talk a lot more about that.

Talking to the board about where we've been and what my thoughts were over the last 14 years. I really felt that we were becoming three distinctly different companies and I didn't feel comfortable with it and it works up to a point and at $2.5 billion moving up to $3 billion, it doesn't work as well. So we're looking at ways of migrating this into a more consistent approach to other elements and other benchmark companies that has worked well. And when – I worked in – I've run each of the three divisions, I worked within controls, I've run the segments of surface tech and controls and flow control. So I know them very well. I know the different business units within those segments and I felt that we were getting a little bit top-heavy, I don't personally like filtration, I like to be close to the business units, like to be close to the operations.

So what did we do, we announced this morning, it came out, it's in your books in front of you. And it was really three segments aligned by the market. So this is that other vision, this is an element of that vision of One Curtiss-Wright. And One Curtiss-Wright to me is three segments or up to five, which I had depicted before, at about $1 billion each, that gets you the critical mass that's necessary to drive the market which we have to.

And, you can see that we've de-layered the organization, we're taking some cost out of this. Part of the issue of having three separate companies is you have duplicative overheads, and you have duplicative SG&A costs and expenses. This really yields an opportunity for us to remove some of those costs and we are in the process of doing that. We've got some plans that we'll be talking with you about and with enough specificity to really whet your appetite because it's, as I said, a very strong story, we've got a long way to go.

Then, as I said, these are early days, so bear with us on some of the speed bumps that we will encounter because we will, we'll hit some, we're going to have to translate the old to the new for you, and for some of us as well. But we're going to do that, we'll spend as much time as necessary to make that happen.

But it's a focus, we will deploy shared services across the company. So it's another deployment of an activity that will reduce cost and make us a leaner, meaner machine. And that's what this company is about, it's been about for a number of years. I believe we just haven't been in a position to be able to do it, new face, new CEO, it's an opportune time and we're going to make that happen.

I want to spend a few minutes on this slide, just talking about the team. I'm real proud of these folks. And I will say that I hired several of them, so I should be proud of them, I shouldn't be saying that if I'm not. And I'm just very happy over the results that we've achieved so far. This team from all the people who do the work and I'm going to talk about them first, these are the people that are in that big square on the bottom, those of us at the top just count the money and the ones on the bottom are the ones that really do all the work, and those that work for them.

And we've got these color coded by the divisions, you're going to hear from each of them, Jim Leachman, Ron Stockwell in the energy sector. And I've known Jim since I started with the company, Ron has been with us for a number of years. He had the pleasure of being thrown into the oil and gas debacle when it was really at its low. And we had a lot of problems in 2012 and Ron has helped us out to try to get out of those. And we're making some forward progress, we'll continue to that. We're going to get out of these issues that we had, we didn't repeat themselves this year, that's positive, that's where we have to go. So I'm really happy that with these two gentlemen who spent their years working diligently to make this energy sector what it is and the future that we have in that.

On the defense side we have Greg Hempfling and Lynn Bamford, I've known Lynn since she joined the company and I've known Greg since he started with the company. And both of them are tireless workers. I will attest to the fact that when trying to reach them, each of them are consumed with their people, with their businesses. And if there's anything I can say about all of these folks, and I said it this morning to someone I was speaking with, none of us are professional PowerPoint presenters, we are professional business people, we know how to run businesses, that's what we are here for, that's what I pay this team for.

And if we are, if we stumble, if we misspeak, it's on the basis of, this is not our day job, our day job is running businesses and we do it extremely well. And this team, everyone of them, have done a superb job. We worked late into the evening, the last couple of evenings, just going over the messaging making sure that this is what we want the audience to know about us. These are the firsts and this is the clarity with which we want to get out the message to you.

Larry, Graham and Kevin, I hired a couple of these guys and I've known Larry, the longest tenured really with the company, is next to Jim. And I think we got Larry fresh out of college, he's done a remarkable job. He is one of the few that's worked for all three of our business units. We're really pleased that he is hung in here with us and he knows where all the bones are buried, does a fantastic job.

Graham and Kevin, both which I've worked very closely with and very proud of the two of them. The work that they've done, the teams that they've assembled, everyone on this list is a heavy lifter. Those that are not on this list in this room are also the heavy lifters. I haven't introduced them. You can meet them as we walk around, but these people have done a fantastic job of, one, setting us up for today and then, also the longevity they have with the company and where they've taken us. It's been nothing short of fantastic.

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If you go across the top, I do as little as possible and so I'm not going to talk about myself. I'll let the other two gentlemen that flank me on that org chart to do the work as well as those that are in that box beneath. And I'll talk to Glenn. I've known Glenn since I started with the company. He was at corporate, I was at controls. We got to know each other through the years. And Glenn is a tireless worker. He's done a fantastic job managing this company. Now, he is ready as the rest of us are for this inflection point.

Tom is a extremely dedicated person. He is probably one of the best chief operating officers I've seen. That's why I've promoted him to this position. Tom is going to do an exceptional job. He did a phenomenal job at controls after I left it. I told him I left this thing doing great and what you're going to do? He did even greater. He really did a fantastic job at controls, he'll do a fantastic job as COO, newly appointed. So I think he's got five weeks or six weeks in the job. So we're continuing to ask him what he is doing for us now.

These people are shareholders, they are paid for their performance, all of us are. And we're changing some of the pay scale, we're changing some of the metrics by which we're measured and that's an important aspect for this management team. You'll hear more about that as we go forward.

I'm going to speed it up a little bit now, just talk about the segments because I'm not going to take any thunder away from the team, we've got some growth areas that we're looking at. I indicated that our organic growth is a major focus for us, it is, it will continue to be a focus. And in the markets where we play we have a good position and we're going to have moderate to strong growth in most. You look at the defense side and it says, it's basically low growth, while in some cases people want to think its negative growth, it's not. In Lynn's businesses and in Greg's business, we're well positioned, we've got good platform applications. We don't anticipate that we will be subject as much to sequestration if it ever occurs when it occurs as some of the other primes in the marketplace. We're in a good position and we will outpace the market. We have in the past, we will again.

Energy, it's on an uptick. We're really focused on upstream, that's where it's at. Downstream was tough for us. Upstream is where it's at. You're going to hear a lot from our presenters today on why that's a great market for us.

Very briefly on the alignment, the realignment, what this does for us as a company? It prioritizes the customers, it puts them in a position where we're not overlapping. And the three segments and the channels to market those who address the customers will be much more focused, they'll have different metrics tied to their foreheads in terms of expectations and so forth. And we believe it's going to benefit the customers tremendously and that's where it's at, that's where we get our money.

Market leadership, I talked to you about our number one position, number two position in different markets. This is critical for us and I'll overuse the words critical mass to a point, it's important that we attain and maintain that. We are going to take synergies out of this business and we're going to utilize our operational expertise to do so. And, as we do so, we'll streamline the organization, you will have seen some of it by virtue of the slides that we've presented today and a lot of it that you're obviously not going to hear about or see, but there is duplication where you once had three companies and now you have one. So those are opportunities for us, all in the interest of getting to One Curtiss-Wright.

More on where – this slide really reflects more of what we're not going to do or what we're not, in terms of market presence where we compete. The focus is right there in the center. What we are not is, we're not a systems integrator, we do a little. We're not in the high volatility markets. We don't want to be. We're not in the commodity side on the downside of that pyramid. We're in the sweet spot.

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I will tell you that there are companies within Curtiss-Wright that are outside of that boundary, outside of that focus zone. We acquired them by virtue of some of the businesses that came in with the business. We found some that have leaked out of the sweet spot, bluntly, we'll divest those companies if they don't grow and meet our expectations. We've done that in the past. We're not bashful about doing it. We run this company by metrics. We run it by performance in the critical mass that we established in our marketplaces. If we don't find its core, we will move out and we will take advantage of addition by subtraction. You'll hear that more in the further discussion. Heat treating was a great example of that. We moved out of head treating last year. It wasn't core, non-strategic to us. It made good money, but it didn't make good sense to keep the company.

This slide reflects the obvious, where we're good at. Defense is probably the best example of this notion, unique intellectual property. In our defense businesses we have unique intellectual properties, it's incredibly important for us to maintain that, we have a great story that Glenn is going to talk about. I call us platform agonistic, meaning that we have standard products that are applicable across the wide breadth of programs and platforms that are out there and this implies as well to industrial, you get a cancellation of one program in the military, we have others that pick up, we have over 2,500 programs and customers that we deal with and when you have that kind of breadth and depth, you weather the storm very nicely. We will outpace the market in this business. We have the scale, it's again critical mass.

My last slide before I turn this over to Glenn is part of the first that we're doing here today, we'll do something we've never done and that is to tell you exactly where we're going. This is what I measure, this management team over in this room and those that work for Curtiss-Wright. And our objectives in some areas are lofty, in some areas you might think they're not, but I'm telling you what, we have set some pretty lofty goals from where I can see we are coming from to achieve some of these numbers and our expectation is we exceed the numbers, we don't rest on hitting the number and stopping there. We will strive to go beyond.

Organic sales, I've already told you about the focus there, we're in good markets, we'll continue that focus and we will see some acquisitions. They're going to come up. I already turned down a couple that were fairly large, why because our focus is return on invested capital. We've got new metrics that we're measuring now, it's a more focused approach to looking at companies that we think ought to make up our portfolio. If we can't make the money on those companies that we need to make then they don't pass the test. And that's what it's all about. So those are firsts for us. Again, the earnings per share growth, we're coming out of the gate for 2014 with our guidance, you've seen it today. And it's looking good for us. We feel very comfortable.

We intend to exceed our numbers internally. That's just the way we work. And we'll aim high and that's just the way we work at Curtiss-Wright, that's why this management team is. It's about top quartile performance. I've said that to the board, I've said that individually to some of you that we've met through the last several months, I say that to our employees. If we're not number one or at least in that top quartile certainly on the return side then we're not doing our job, and I've for, one, genuinely enjoy $52 plus per share. I mean, we were at $61 – I want to get this thing back up again, and the way we're going to do that is to become a top quartile performer. We've got a peer group that we listed, that we are targeting and we have the means to get there. You will hear more from the team on how we're going to get there. Again, with some degree of specificity, bear with us, we've got some speed bumps ahead for certain, but we've got some lofty goals to get there.

Return on invested capital, I told you about the GAAP as reported numbers and I feel this is a good number. It's greater than 12%, that's where we're headed for, our measurement, our targets will be measured against that, Glenn is going to talk about that specifically and the balance working capital and balanced capital allocation approach and that's important for us.

Cash flow. As I said, that's what fuels this engine. All of these are becoming a part of our comp package for everyone in this room. And it's important that you know that we will pay ourselves when we successfully achieve our numbers. And I don't have any problems with people making money that's what it's about, that's what we're all here for and if we have the incentive to do it, we'll do it and I'm proud to present Glenn to you to come up and talk about some more of his plans.

We will have questions at the end of the three of us at first.

Glenn E. Tynan, Chief Financial Officer & Vice President

Thank you, Dave and good morning everyone. I am Glenn Tynan, I am the Chief Financial Officer for Curtiss-Wright and I've been with the company for 14 years.

As Dave indicated, we are at an inflection point in the evolution of our company, what I'm going to present today is the paradigm shift for Curtiss-Wright and we'll include the following overarching themes. Improved transparency through the use of unadjusted GAAP based metrics for both investment decisions as well as our compensation, renewed focus on capital allocation and its importance, an increased accountability through the setting of challenging goals and objectives and compensations that are tied to achieving the desired results.

In addition, I will present the initial 2014 guidance in both the current as well as the new segment structures, which include solid operating margin expansion and double-digit growth in operating income, diluted earnings per share and free cash flow.

As Dave mentioned, one of our key metrics is return on invested capital. Now, in the past, we used several different return calculations internally, none of which could be determined externally. So in an effort to be more transparent and better aligned with our shareholders' interest, we're adopting one GAAP based definition for return on invested capital which is illustrated here with. This standard metric, as I mentioned, will be used to evaluate our capital investment decisions, our acquisitions as well as be a key metric in our long-term incentive compensation plans. Going forward, we'll allocate capital to the highest return investment opportunities in order to drive improvement in our return on invested capital.

As Dave also mentioned, our goal is to be in the top quartile relative to our peer group, which is currently at approximately 12%. And as you'll see in a moment, we believe our capital allocation strategy combined with our margin expansion initiatives will facilitate us achieving this goal.

We will deploy a balanced capital allocation strategy that appropriately rewards our shareholders as well as ensures expected returns are actually achieved on our investments. Specifically, we will aim to achieve a better balance between capital expenditures, acquisitions and shareholder distributions. Our capital allocation strategy will be governed by key leverage metrics. Specifically, we will maintain our total debt-to-cap between 35% and 50% and our debt-to-EBITDA between 2x and 4x. As a point of reference, our debt covenants currently contain a debt-to-cap limitation of 60% and we don't currently have a debt-to-EBITDA covenants.

While operating within these metric ranges, we will deploy a balanced capital allocation and when we approach the upper ends of the range, our cash deployment will be more restrictive. Before we get into specific elements of capital allocation, let's begin with generating more cash.

Our biggest opportunity lies with improving our working capital. And although we've made many changes, significant progress, I should say, this year, we were expecting our working capital as a percent of sales to decline from a spike at 12/31/12 at 39% down to our current forecast of 33% at 12/31/13.

However, our goal is to be in the top quartile, which is currently approximately 20%. To give you an idea of the magnitude of this opportunity, if you use our 2013 forecast and if we were in the 75th percentile today that would equate to over $300 million of additional cash. And if we took that $300 million and invested it at a 10% return that would equate to $30 million of additional profit.

There's no question we have a tremendous opportunity to improve our cash generation. Going forward, cash will continue to be a meaningful element of our short-term compensation plans and will include targets for reduction in working capital as a percent of sales at down to the BU level. Our goal is to reach the 50th percentile in one year or two years and reach the 75th percentile in three years to five years. And ultimately, we would like to achieve an average free cash flow conversion in excess of a 100% over the next five years and remain above a 100% thereafter.

Turning to capital expenditures, our goal is to get to the 75th percentile and based upon on our 2013 forecast that would require our CapEx spend to be approximately $30 million lower. However, as you'll see in a few minutes based upon our 2014 guidance, we expect to be slightly above the 50th percentile in 2014.

And while CapEx needs vary widely between various industries and markets, we definitely have an opportunity here and we intend on deploying a disciplined process to ensure we invest wisely and we achieve the expected returns on these investments. So going forward, our focus will be on managing growth and efficiency CapEx, we'll employ a consistent evaluation metric which is return on invested capital, as mentioned and we'll invest in only those projects and/or businesses that we expect to achieve the highest returns.

Moving on to M&A, this element of our capital allocation strategy is also facing a change in mindset and direction. As you heard from Dave, while we're not abandoning our acquisition strategy our focus will shift to more strategic bolt-on assets while divesting those pieces of our business that we consider non-strategic and/or not generating the expected returns. Our primary metric for evaluating acquisitions will be return on invested capital where we expect to achieve a 10% return by year three and a 12% return by year five. We also expect our acquisitions to be accretive by year two.

Divestitures will be a key element of our overall M&A strategy. And at the end of the day the pace of our M&A will slow down a bit and become a more balanced part of our overall capital allocation strategy.

Moving on to shareholder distributions, regarding dividends, relative to our peers our metrics are pretty much in the middle of the pack. We're currently at approximately 1% dividend yield and a 15% payout ratio. Going forward, we want to maintain our dividend policy of steady periodic increases based upon our desired minimum payout ratio of 15%. And regarding share buybacks, our shift to a more balanced allocation strategy will facilitate share buybacks becoming a more strategic element of our overall capital allocation strategy.

Next I'd like move on to our 2014 guidance. Starting with our current segment structure, I'm pleased to provide you the first look at our 2014 guidance. We're expecting overall sales growth of 6% to 8%, most of which is organic along with strong operating income growth of 13% to 18%. Overall, we're expecting an 80-basis point improvement in our operating margins up to a range of 10.1% to 10.3% with solid gains across all three of our segments.

Although, we're expecting an 80 basis point improvement in our operating margin overall, our base businesses are expected to improve 120 basis points in 2014 reflecting continuing benefits from our previously implemented margin expansion initiatives. And I'm pleased to report that our acquisitions we made in the fourth quarter of 2012 and the first quarter of 2013, the seven acquisitions, are continuing to perform well and improve the performance and they're actually going to improve their margins collectively 350 basis points in 2014, however, still slightly dilutive to our overall Curtiss-

Wright operating margins. And our four most recent acquisitions in the second half of 2013 are also expected to be slightly dilutive to our 2014 margins.

As Dave outlined earlier, we are transitioning to a new segment structure that we believe will result in a more strategically aligned and market facing Curtiss-Wright and will comprise the following three new segments. Commercial Industrial, Defense and Energy. In order to help you better understand the reorganization, beginning with our current Flow Control segment, their oil and gas business and nuclear aftermarket businesses will become the new Energy segment. Their naval defense, new build power generation and general industrial businesses will move to the new Defense segment and their commercial aerospace business will move to the new Commercial Industrial segment.

In the current Controls segment, their current commercial aerospace and general industrial businesses will move to the new Commercial Industrial segment and their aerospace business – I'm sorry, and their defense business will move to the new Defense segment.

And lastly, our Surface Technologies segment in its entirety will move to the new Commercial Industrial segment.

Within the new segment structure, we expect to have a balanced portfolio both from the sales and an operating income standpoint with our greatest opportunity for profitability improvement clearly lying within the new Energy segment. And overall, we expect a solid 14% to 20% growth in our diluted earnings per share in 2014.

Moving to our end markets, we expect our defense sales to increase between 1% and 5% and our commercial sales to increase between 7% and 11% in 2014. In addition, we also expect our commercial sales to exceed 70% of our total and defense to drop below 30% of our total, reflecting our desire for a more diversified end market mix.

Moving on, despite higher interest rates we expect a slightly higher overall post retirement expense in 2014 reflecting our recent changes to our retirement plans. However, this increase is expected to be a one-year spike as we continue to expect our overall post retirement expenses to steadily decline over the next five years. Meanwhile building upon our solid 2013 performance, we expect our free cash flow to improve 25% to a range of $140 million to $150 million in 2014.

In summary, we will deploy a balanced capital allocation strategy. We will drive our metrics to top quartile performance versus our peers and we will be more transparent and better aligned with our shareholders' interest. We have a tremendous opportunity to increase shareholder value and we believe our strategic plans, specifically our margin expansion opportunities, cash flow maximization and our balance capital allocations will yield significant benefits to our shareholders in the future.

With that, I'd like to ask Tom to come up.

Thomas P. Quinly, Chief Operating Officer

Good morning. My name is Tom Quinly, and first of all, I'd like to thank you all for giving me the opportunity to present you for my first time. I've been with Curtiss-Wright for nine years, I've been with the Embedded Computing group for 15 years. And, I've been leading the Motion Control group for five years. I've been in my new role for five weeks now, and I'm pretty excited about it, principally for three reasons.

One is, I'm honored to be able to contribute to the company's legacy, which is incredible. The second, I enjoy working with a bunch of talented people who like to win and I'm surrounded by

them here today. And, third, as I'm about to share with you, I really feel excited about being able to move the needle on our operating performance.

My plan over the next 10 minutes is to convince you we have a credible plan, my plan over the next year is to demonstrate you that we can achieve it. Before I layout our 10 point plan, I'd like to summarize our current position. By the way, all my numbers reported are as reported numbers. The mid-point of our guidance this year is 9.4%, if you compare that to our peer group, it puts us right in the middle of the pack. To be honest, I don't like the way that sounds and I can assure you none of the Curtiss-Wright staff in this room like the way it sounds either.

Top quartile performance is somewhere around 12% to 13% and we're targeting 14%. It's an ambitious number, if you do the math, which I've been assured you will, we require additional $100 million of profit in 2013 to achieve the 14% threshold. I'm going to come back to that $100 million target later on in my presentation.

I'm going to show you next our ten point plan for improving operating margins. It doesn't specifically address the impact of our 5% to 6% organic growth, which is going to provide some great leverage as well. I'm going to start first with two behavior pillars, our focus and accountability and then I'm going to outline the eight biggest opportunities that we're attacking.

Step one is a clear unambiguous message across Curtiss-Wright up, down externally and internally that improving operating margins is our number one objective. As the business evolves there are credible reasons why this might not be number one. Business evolution cycles, technology naturalization curves, acquisitions. But for us, the debate is over, improving operating margins is clearly number one.

Step two is about accountability, as Dave highlighted. I can think of no better way to describe this then total alignment, total commitment, no excuses. Our compensation programs, as Dave pointed out have also been much more aligned with achieving this objective.

The first here I'd like to talk about is operational excellence. It's been in our D&A for a long, long time. That said we still believe it's crucial to improving our operating performance. We will continue to work across all of our sites with training programs, lean implementations, lean assessments and Kaizen events to implement lean across the enterprise.

It's bringing newly acquired businesses up to expectations, repositioning a business that may have slipped or using lean to transform the business that's facing new market conditions. This isn't just operations, it includes our over 1,800 talented engineering staff and functional experts as well. As highlighted in the chart, the opportunities for us to implement lean across our cost structure are immense. In fact, in 2014 alone, we're counting on over $35 million of savings from this one initiative.

The second opportunity that I'm going to talk about is in supply chain where we'll spend $1.3 billion this year. Like operational excellence, our journey here isn't new, but we've principally been attacking this within the three segment operations. The difference now is we're going to attack this as One Curtiss-Wright and we're going to accelerate the pace of change. It's a huge opportunity, probably our single largest opportunity, but it's not without challenge. We serve a wide range of markets operating over a 100 sites and a huge number of business systems.

While these all post challenges, they're not insurmountable. We're now assembling a team of our best practitioners from across Curtiss-Wright attacking specific indirect categories, high spend direct commodity items like castings, forgings and our electronic spend and deploying new tools, procurement practices and training programs across Curtiss-Wright. We're pushing for 3% cost savings from this initiative, which will result in over $40 million of savings.

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The next here I'd like to describe is portfolio rationalization. In any business of our size, you end up with non-core assets through acquisition, the evolution of our strategies or changing end markets. We've started on a much more rigorous process to address it. While one tenet of leadership is to put our top talent on our top opportunities, we recognize the need to be more purposeful here; divestitures, product licensing agreements, harvesting or exciting businesses. If we don't think the business, the product or the market area is going to help us achieve our 14% objective, we're going to action it. Our focus here will undoubtedly impact our top line nominally but, as Dave has already highlighted, addition by subtraction is not a bad thing. We believe success in this area will unlock at least another $10 million of operating income.

The next key element I'd like to discuss is our consolidation programs. There are two parts to this. The first as described by Dave is what we've done in realigning the businesses to become more market phasing. The three group headquarter functions while essential as the operating groups were $300 million to $500 million in sales are no longer required. The underlying businesses are now large enough. They are now strong enough and they have the right leadership in place. Our goal is to spawn the same entrepreneurism in our seven operating units as we did with the three very successfully so far. We're targeting $10 million in direct savings from the realignment of our business to market phasing from both the elimination of two headquarter functions and the market phasing organization underneath them.

The second part of this initiative is more general. As you can see in the chart, we have a lot of small operating units. Even discounting Surface Technologies at numerous sites, we see this as a huge opportunity. I think we're all confident that some portion of these operating units will be better suited as engineering centers or product centers without the full burden of operations, SG&A costs and administration. We've done this very effectively in Controls over the last five years and we intend to bring the same discipline across the entire business. We're targeting another $5 million to $7 million savings from these programs.

The seventh opportunity I'm going to describe to you is with our shared services implementations. In finance, we [ph] inculpate (50:00) an approach in Controls three years ago that has contributed over 80 basis points to the Controls operating margins. The same approach was deployed in our other operating units in 2013. We now have shared service centers up and running in Charlotte and in Costa Rica. 2013 was an investment year outside of Controls as we transitioned many businesses onto the shared services platform. We expect to see the benefit of these transitions in 2014 and beyond.

Our finance team achieving the benchmark that you see here will result in $15 million to $20 million of savings over the period. In IT we transitioned to an integrated IT organization around four years ago. We've made a ton of progress with the integration of these businesses. Unfortunately, our investments in cyber security and security protection systems had eaten up a fair amount of the savings so far. The good news is that as the evolution of our integration matures, we expect to see more contribution of these savings to our bottom line over the period.

In HR, we've selectively centralized some elements over the last several years including comp and benefit programs. We're now on a path to accelerate the pace of these changes and are going to be moving forward with a talent acquisition and a talent development center of excellence implementation in 2014. Our HR team getting us the benchmark will generate another $5 million to $8 million of savings. The cumulative impact of our successful implementation of our three shared services will generate from $25 million to $35 million of savings.

Number eight on our hit list is the transition of some of our manufacturing capability to low cost economies. We've been very successful with this in Controls over the last five years with 85% of our roughly 620,000 hours coming from the Motion Control segment. We've made great progress from less than 40 employees in 2009 to over 600 today.

A key part of this program is supply chain localization and we've seen huge benefits of that already in our industrial group. We're not going to take our foot off the gas, but rather leverage the investments we've made in people, processes and infrastructure to support a broader Curtiss-Wright. It's a long process, but we can attest to its benefits. We have the experience and more importantly the confidence to make this happen.

Specifically, we have plans in place next year to transfer another 250,000 hours into our existing plants. This transfer will result in over $5 million of savings.

The next focus area I'd like to talk about is within our segments and that's to get some of our underperforming businesses running on all cylinders. Any business as large as ours, as diverse as ours and as highly engineered as ours, is going to have some opportunities like this: a greenfield, an acquisition, supply chain challenges and advance technology being brought to market. Everyone in this room, even our most successful segments have opportunities in this area and we're going to work tirelessly as a management team to get these businesses running on all cylinders. Success here can drive over $40 million in operating profit. As you can see, our biggest opportunity is in energy, and Ron is going to talk a little bit more about that in his presentation.

Number 10 on my hit list is our strategic initiatives. All of the segment leaders are going to talk more about their strategic initiatives, which will undoubtedly the right investments in the right markets and in the right reasons are not only going to contribute to our organic growth, but will also contribute to our operating margin expansion.

As I conclude, I'd like to share our notional bridge showing the contribution of these ten initiatives and our 5% to 6% organic growth over the period. Our experience suggests, we need a lot of irons in the fire and if some of you have added up the savings I've noted throughout this presentation, you'll see much more than $100 million, that's because we've done this before and we know something isn't going to go as planned. We'll fall of a rail, we'll have a headwind item, we'll decide to make a strategic investment.

In closing, I feel strongly that we have a tremendous opportunity in place. We have a credible plan, we have the right leadership. And we have the right commitment. I look forward to standing in front of you again soon to share some very positive results. Thank you.

David C. Adams, President & Chief Executive Officer

We'll move over to the table for about 20 minutes, 30 minutes of Q&A. I think we have a roaming microphone in the back there. And I'll just set this up for us.

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QUESTION AND ANSWER SECTION

<A – Dave Adams – Curtiss-Wright Corp.>: Anybody, yeah Kristine.

<Q – Kristine Liwag – Merrill Lynch, Pierce, Fenner & Smith, Inc.>: Hi. Good morning. Considering your renewed focus on operating margins, can you talk about how you will think about R&D? And if you anything in place that kind of makes sure that you're not favoring near term margins at the expense of future opportunities and competitiveness?

<A – Thomas Quinly – Curtiss-Wright Corp.>: I'd like to take that one myself. It would be easy to go to attack that with vigor and get to where we need to be. And when I came to this company back in 2004, to be honest, I was pretty concerned that was the way the process worked. We've worked for some other companies, I can assure you that's not the intend. We've managed to preserve our R&D investment, which we think is critical to our future and our metrics, you'll be able to see over the period that we expect to maintain healthy investments in those areas.

<A – Glenn Tynan – Curtiss-Wright Corp.>: I'd just like to add something to the, when we brought Dy 4, I had looked at it as a real target of opportunity to the R&D spend because there was a lot of spend there comparatively with the rest of Curtiss-Wright businesses. And I will say that I probed very hard, long, deeply on what we could do, I thought, hey this would a phenomenal opportunity to take some of that back and turn it into cash.

And I was convinced not too back then and I am so thankful that that management team, thanks to Lynn, thanks to Tom for convincing me not to because that's what put us into the market leadership position we're in today in order for us to outpace that defense market, that's what did it. It's our continued reinvestment and we'd take that same approach across the business.

<Q – Kristine Liwag – Merrill Lynch, Pierce, Fenner & Smith, Inc.>: Okay.

<A – Dave Adams – Curtiss-Wright Corp.>: [ph] Mike (57:44)

<Q>: Just to clarify, I just I want to make sure I'm reading the charts correctly, so have you guys decided to put the AP1000 in the defense segment?

<A – Dave Adams – Curtiss-Wright Corp.>: We knew that there would have been a little bit of, let's say, confusion or I said in my presentation there are going to some speed bumps going through this. And the speed bumps that some of those I was referring to is that crossover, what is where and what is it. Because of the businesses we have, for example, AP1000 and the nature of the business, it's at EMD, it's also collocated with our defense business. We will separate it out from the numbers perspective when we get to that point in time, but we are faced with that in terms of what we wanted to present here because it is a single business unit, we'll leave it in for this purpose. And I'll let Glenn elaborate a little bit on where we take it.

<A – Glenn Tynan – Curtiss-Wright Corp.>: And just remember, our segments are based on the management structure not the market. So the integrity of our market data reporting that you see in our market guidance is still intact. So we have overlaps now, but as Dave pointed out we have many, several I should say, multi market facilities that they got to report one place to the other in EMD's case, which is why the AP1000 is there, it's predominantly navy. So we went with the majority and we thought it was good to get our naval, ground and air together as well, but we have that overlap last today between the Flow and the Controls and Surface Tech. I think we've minimized it compared to the old structure, believe it or not.

<Q>: Okay. Thanks.

<Q – Amit Mehrotra – Deutsche Bank Securities, Inc.>: Yeah. Amit Mehrotra with Deutsche Bank. First of all just really impressive presentation. So I want to congratulate you guys on that. Dave, you talked about critical mass and I'm curious to sort of understand how you sort of measure that whether it's as simple as, well not simple, but whether being top three, top two in all the product lines that you compete in and I'm curious after the string of acquisitions earlier this year and late last year, how far along you are in sort of achieving what you define to be critical mass and how far we have to go until that happens?

<A – Dave Adams – Curtiss-Wright Corp.>: Great question Amit. And we've studied that long and hard and, as I indicated that's where we're at today. We have achieved critical mass in the majority of our markets and if you take as an example the industrial sector, the products that you'll see in the room next door, we had to where we are today in that sector to be able to take – what you're going to see in a few minutes from Kevin is a circle of, basically, products that he can fit on to one platform. We have arrived at that point, but we believe we've got perfect critical mass situation then we go out and conquer the world. And it's going to be driven by regulatory and also our technologies, the regulatory type issues that will come up.

Defense, you saw that we just acquired Parvus, that's for a very specific reason. Lynn is going to talk about that. That really has placed us in a position of being able to address a particular cost sector of the defense business is going to help us to really drive in the new areas. Are there other areas? Because where you're getting at is, how much more do we have to buy to achieve critical mass. I'll say that with these three segments that we've accomplished here and what we've built, we're pretty much in a very good position. There are areas of opportunity that we continue to look at that we do not have critical mass and/or that we could take real advantage of some strategic opportunities.

Those, some are on the horizon. There are a ton of opportunities. I indicated that we have tossed out a few, the price just didn't look right and some of those we're going to find from time to time, but I'd say we're in pretty good shape. We have an opportunity now, take a little breather, do what we're doing best and that is integrating these companies, taking cost out and attacking a market that's going to be growing and also we'll see these few that comes across the desk that are must haves in terms of arriving at the position that we need to be. Will we do seven acquisitions in a period of four months again? I doubt that. So I hope that answers your question.

<Q – Amit Mehrotra – Deutsche Bank Securities, Inc.>: No, it does and maybe just another one for Tom, more on the execution side. I mean a lot of your [ph] 9, 10 (01:02:14) cost saving points you laid out, a lot of that seems to be in Curtiss-Wright's control and so how do you create maybe an era or a feeling of accountability on those $100 million plus cost savings points? Are you going to have weekly, monthly meetings and more importantly or as importantly actually, are you going to update us every quarter, every six months on how much of that $100 million plus have you realized?

<A – Thomas Quinly – Curtiss-Wright Corp.>: There was a similar presentation we made at the board and they asked me the same thing, so I have a feeling I'm going to be held for that a lot of numbers I'm throwing up there. I was forewarned. But I mean at some point we could all – we've all seen these PowerPoint presentations and we've all these ambitious plans, we want to demonstrate it to you in our results. And that $100 million, $180 million, whatever I number I flash up, isn't really going to matter unless it starts pulling through. And that's how we're going to show you.

I mean, reconciling how much came from – at some point you're not going to care, all you're going to care about is how much op margin we had in Q1, and in Q2 and in Q3 and into full year and that's how we're going to show, that's how we're going to demonstrate it to you. But internally, those objectives are rolled out in each site, in each plan, in each leader, most of the people in this room have huge number stuck on their head. So, trust me, I'm not trying carrying that whole

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number alone, everybody else in this room has a full burden and we'll be able to tell how we're doing against it throughout the year.

<Q – Amit Mehrotra – Deutsche Bank Securities, Inc.>: Just on that end – we should see then sequential improvement in the profitability of the company over and above any sort of volume growth, just even starting maybe in the near-term, I would imagine.

<A – Thomas Quinly – Curtiss-Wright Corp.>: I'm clearly going to give this one to Glenn.

<A – Glenn Tynan – Curtiss-Wright Corp.>: Well, first of all I just want to say, I think Tom is being little shy which is very unusual, but you in terms of that, if you go back and look at the Controls over the last couple of years which is what Tom was the President of and many of the people in this room were part of. And you look at the margin expansion that they've achieved over the couple of years. So we have no doubt, Tom definitely knows and his team and the rest of the team here knows how to do it. So sequentially, we still have – that's one of those pieces of the plan that in terms of the timing that we still have to lay out. And there's 10 different plans, different things, you know it's not going to happen overnight. And it really wasn't meant to be, I hope you didn't come across, that's our 2014 plan, but because it's going be a longer term plan. Well, for Tom it's a 2014 plan. But it will happen over time, we'll provide more clarity as we go along. But we fully intend to update you. We're not going to put this update without updating you over time on how we're doing in all of our metrics, so.

<Q – Amit Mehrotra – Deutsche Bank Securities, Inc.>: Thanks.

<Q>: Hi, guys. Thanks for all the detail in the presentation. I wanted to ask Glenn on the free cash flow, you laid out the potential of a $300 million to come out of working capital over, I think you said, five years, it's something in the order of $60 million a year. And then as I look at the D&A and the CapEx numbers, D&A is something like $50 million above CapEx, so that tells me that put those two numbers together you could potentially do $100 million of free cash flow in excess of net income every year yet our 2014 guidance is only for 90% to 93% conversion when the numbers imply you could be doing 130%, 140% 150%. Can you just square those two things for me?

<A – Glenn Tynan – Curtiss-Wright Corp.>: Yes. Unfortunately – not unfortunately, the 2014 guidance does not reflect any of our working capital initiatives whatsoever. We've developed the targets we're actually working now with our comp consultant and what not to set all of our comp metrics, which we'll be happy to talk to you about, working capital as a percent of sales is one of them, what you see in our guidance is our 2014 budget not adjusted for any working capital improvements we'll make over time, no in 2014.

<Q>: So there is still the D&A well in excess of CapEx, $50 million. I mean it's just – I guess my fear is in a presentation where you guys are talking about accountability and driving towards target, you're setting yourself a low bar despite the magnitude of the opportunity right off the bat in 2014 in free cash flow, where arguably this maybe one of the biggest opportunities the company has. I mean 15% of the market cap can come out in free cash flow over a couple of years?

<A – Glenn Tynan – Curtiss-Wright Corp.>: There is no question and I think we have opportunity to improve free cash flow as we're showing you in our guidance, but not comfortable enough to give you that number yet, but I don't disagree with your analysis of that.

<Q>: Maybe just to be more specific, is there a $50 million headwind on free cash flow in 2014 that compensates for the D&A, CapEx, $50 million tailwind?

<A – Glenn Tynan – Curtiss-Wright Corp.>: Well, again I think since it's our budget and we're shipping, I think you'll see some working capital headwind in our budget for next year that we haven't really tackled yet, [ph] John (01:07:27). So we're, again, working through the targets and

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we will work through – that's where we're missing which is the whole point along the way, but it's still in 2014 is the end of the result and that's in working capital still.

<Q>: So working capital is negative in 2014?

<A – Glenn Tynan – Curtiss-Wright Corp.>: Yeah. And that's our focus point and that's where we're going to tackle.

<A – Dave Adams – Curtiss-Wright Corp.>: Suffice it to say, I appreciate the question, these are – it's a work in progress to be blunt with you. And we're going through our comp consultants and they're working to that, but I can assure you that this team has not – it's not unaccustomed to tough targets and that's just the way we roll, so stay tuned.

<A – Jim Ryan – Curtiss-Wright Corp.>: I think we've got a question in the back.

<Q>: As you said, you highlighted the number of shares outstanding next year is excluding share buyback, can you talk about what is your current authorization and what are the triggers and how are you thinking about returning cash through buyback?

<A – Glenn Tynan – Curtiss-Wright Corp.>: Right. Well, so far the authorization in total is $100 million, of which we used approximately $30 million thus far. What I will say is we do intend on buying back shares. It will be based upon a pretty controlled process where we developed a grid based upon the stock price and as the stock – whatever stock price we chose in conjunction with our board. And if the stock price is higher, we obviously buy less, if the stock price is lower we buy more. And we basically run it through a third-party, we don't really get involved in it once we handover the grid like we have done in the past and we intend to do the same thing.

<A – Dave Adams – Curtiss-Wright Corp.>: Let me add to that, we're scrutinizing that. As we talked about, and here Glenn mentioned it, I mentioned it as well, I didn't really talk about share repurchase, but we're really scrutinizing that element of the balanced capital allocation strategy and that's a work in progress as well. I don't want to keep giving you that answer, but that's where we're at. And we have talked to board about this and it's a factor that we're all looking at very closely because if we can improve our value that way, we'll improve it that way. If it turns out that an acquisition might be more advantageous to us then we'll improve it that way, but that's part of the entire calculation, that's part of the entire returns metrics that we're looking at. So it's a major factor for us.

<Q>: Hi, good morning. I'm just curious on your 2018 margin target, 14%. I guess after 2014, do you expect that margin to improve gradually or is it going to be like a hockey stick approach after this coming year?

<A – Dave Adams – Curtiss-Wright Corp.>: I think that, I'll let Glenn to help me out on this, but I think that we're going to see some pretty quick pickups in certain areas and then other areas, it's a longer term process. To change the direction of the ship is not that easy, but we will see a gradual shift towards that. And, by the way, once we get to 2014, this management team is accustomed to it, there is another benchmark to say after that. So that's just the way we roll again, and I think you'll see the continuation of that progress, but I can't tell you if it's going to be hockey stick at this point in time or beyond that.

<A – Glenn Tynan – Curtiss-Wright Corp.>: And just as Dave pointed out, we have some businesses in the top quartile now, we're not budgeting them down, I can assure you. So we will continue -[indiscernible] (01:10:53). The bar will keep raising. Our goal is to get to that 14% first, and Tom laid out a five year period, we'd love to be able to say we can get there earlier, but it's far long yet. But what happens after five years, who knows.

<Q>: Yeah. Hi, good m morning. I just wanted to follow up on your sort of the 10 big initiatives or the 10 [ph] pushes (01:11:21). Clearly, some of those have more opportunity near term, some more long term. As you think specifically about 2014, and as we track this, obviously we'll see the results in the margin and the cash flow. But what would you identify as maybe the two or three as, okay, well, here's where the lowest hanging fruit is. And as we get into 2014 where you're really focused because, I mean, you could spend a lot of time in a lot of different areas and get very dilutive considering you've put a pretty extensive longer list here?

<A – Thomas Quinly – Curtiss-Wright Corp.>: Yeah, it's good point. Some of them – I mentioned some of our shared services implementations that we've had in play for several years are going to bring some – are part of the basis point improvement that Glenn mentioned. So we're counting on those specifically next year. The organizational realignment, I think I mentioned $10 million savings from the market facing, the elimination of the two headquarters functions and some of the other underlying businesses. We're definitely counting on that to pull through next year as well.

Yeah. Some of the supply chain stuff and some of the lean stuff we've done, it takes a while to see that payback. If you implement a team in the first half of the year, you've only got half of the year to see the benefit from, so those are probably more longer term. Other than the Energy segment, I mean a lot of the work that we've done there over the last year to try to bring those operating margins back up are definitely going to be part of making a key contribution next year. So I think those are probably the three biggest areas that I see in 2014. But some of the consolidation stuff that we talked about, we see that as an opportunity, but those haven't been specifically detailed. So we may end up deciding that some of that is actionable in 2014, but again some of that requires an investment to go through and do the consolidation. So it'd probably net zero next year and then start to pay dividends in 2015. Thank you.

<Q>: Thank you.

<Q>: Yeah, hi. You talked about portfolio shaping and you mentioned heat treat as kind of an example of something that was non-core and obviously you divested that. I'm just kind of curious, how far along the review process you are with some other product lines? And do you have something – if you have some specifics in mind of things being non-core to Curtiss-Wright?

<A – Glenn Tynan – Curtiss-Wright Corp.>: Thanks for the question. I can't speak to those that are specific. We go through a process, as both Tom and I mentioned of reviewing the portfolio, reviewing the possibility of those specific product lines and/or companies that we can do something with. Can they get to that point? I will say, we have several under review right now with ongoing discussions internally and externally. These are possibilities that we could take advantage of and they take their course. If you've been into the divestiture side of the business before, it's a circuitous route, sometimes they work, sometimes they don't. Others see value where perhaps we might not and then vice versa.

So we are engaged in several of those opportunities right now. Heat treat took a while to get to and it was several years in the making, actually heat treat, that was a big one for us. But some of these other ones, we've had some product line divestitures and product line JVs, spin-offs that we've done this year that you wouldn't hear about. And those are just ones that occur on a quarterly or semi-annual basis. Well, I can't give you the specifics, I'll say that they are under review right now, several of them.

<A – Jim Ryan – Curtiss-Wright Corp.>: Another question over here.

<Q>: Hi, Tom. As you think about the $100 million plus of cost opportunities, do you think you're going to need to take restructuring charges to get out those and if so, kind of how material might they be?

<A – Thomas Quinly – Curtiss-Wright Corp.>: Definitely some portion we will, but we'll balance it, right. I mean, it's not going to be – we've seen that before where we show up in a quarter and all we have to talk about is consolidation costs. I mean, the message we've gotten back is, come on at some point we need to see a pull through. So we're going to pace it and make sure that you can see the pull through benefit before we just show up and say, hey we're going to have another a bad half-year or a bad year because we did it all. So it's going to be a balanced approach. There will be some investments required.

I think the most immature part of what we're planning next is which are those other operating units we want to consolidate, we have some thoughts and we have some plans ongoing. Every business, on an annual basis, is looking at that as an opportunity but, again, I think we need to raise the bar up and be a little bit more aggressive there over the next 18 months, so.

<Q>: And then on that path to $100 million of cost, is that volume-dependent at all or these are just cost things that you see?

<A – Thomas Quinly – Curtiss-Wright Corp.>: I see it in these cost things. I mean, if you do the math and roll up the amount in each element, there's more than $100 million there. I mean, do I think we're going to get more than $100 million, I don't. All I'm confident of and again why I'm excited to be sitting here is, I think there's some great opportunities for us. We had a couple of comments at the break and then you made the comment. We make proprietary products, we make highly-engineered products, we should be making more than nine points and middle of the pack isn't good enough for anybody in this room. So it's not like we're all violently opposed to that, we're going to make it happen, so.

<A – Glenn Tynan – Curtiss-Wright Corp.>: And just to add to that, in Tom's bridge to the 14%, it did. We are anticipating some margin expansion from increased volume, for sure. Most of them are costs, but there will be some.

<Q>: Just framing out the margin potential of the business a little differently, like if you sort of use round numbers, say, 32% gross margins, 22% SG&A gets you to sort of 10% EBIT. I just wanted to – what are your thoughts in terms of, I guess, is this a gross margin expansion story specifically on pricing. And then additionally, like how would you breakout the SG&A specifically and how much opportunity do you see in the G&A side of that versus where we are today?

<A – Glenn Tynan – Curtiss-Wright Corp.>: I mean you kind of break them down into lot of the lean stuff that's going to go below the line and shared services stuff that's going to come out of SG&A. But I haven't mapped the $100 million on where specifically it's going hit in the P&L. At some point, as a management team, we wanted to just plough all the way through, so we've had a lot of discussion internally about transparency of a cost-savings number. And at some point you don't care where I got it from other than R&D, right. So at some point it's going to be all over the place.

And I think that the way we've approached it in the past successfully is just relentlessly attack all the opportunities. Some of them are going to pay dividends, more dividends than we would have wildly imagined and some of them are going to be dry holes. But having all those irons in the fire and being aggressive about it and deploying those accountability throughout the organization is at some point, it's not rocket science, but it's a pretty relentless approach is what we're pursuing.

<Q>: Excuse me. Thank you.

<A – Glenn Tynan – Curtiss-Wright Corp.>: I'm sorry.

<Q>: How do you think about pricing and the pressure you're getting from your customers to lower prices in a number of markets? And then maybe a second point is, could you address just sort of

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some productivity goals? I recognize you have three different business units and each have different ways in which they think about just operating productivity.

<A – Thomas Quinly – Curtiss-Wright Corp.>: If you look at the diversity, the number of manufacturing plants we have. There is not a manufacturing plant that we would walk into that wouldn't have some way to measure the effectiveness of the operations function, but sales per operations employee or we have standards based. So, I think, there's a lot of different ways we assess the productivity of our plants, but ultimately it flows through at gross margin level within the site. So and your second question was, I'm sorry.

<Q>: Well, it was first about pricing and [inaudible] (01:20:01 – 01:20:06) get back.

<A – Thomas Quinly – Curtiss-Wright Corp.>: We do that every year. We have pricing reviews. Some companies are extremely aggressive about it. We've got a huge position with Boeing. We've showed up at the table and made contributions to their Partnering for Success program like everybody else. And we'll continue to do that to keep our position and be a good partner. Some of the things we've done to stay ahead of that has to do with repositioning some of our work into lower cost economies and that, hopefully, fills our kitty with some money and it also contributes to our customers' competitiveness goals, so it's always a balance.

Some of the businesses face that pressure much greater than others. In commercial aerospace we faced it to a great degree. Defense is turning into be much more very sharp pencils, very much of a competitiveness focus and we've responded to that as well. So, I think, some part of these savings are going to flow through to our customers, I'll guarantee it, but we still think there's enough opportunity out there to keep them as a partner and contribute to the Curtiss-Wright's bottom line.

<A – Glenn Tynan – Curtiss-Wright Corp.>: I'd like to add a little bit to that, some of the things that we're doing in addition to low cost economies, some things to make up for that which we do give back, and it's just a natural course of business, that's what happens across all of them. But it is the – you horse trade a lot of these and where you horse trade is, look, I'll give you back a little but you need to give me something over here to give the opportunity to make up for what I just gave you.

And it could be a new products, it could be new technologies, some of the acquisitions that we've made have enabled – the technologies have enabled us to make the products that we sell are much more efficient, charging less price for an entirety, we bundle these products, we provide a subsystem and we can get more margin on that business than we would have had we sold them separately.

So there are a lot of angles and a lot of different ways to attack that, a lot of different good approaches. So you're going to have the cost pressure, the price pressure from the customer, but if you think creatively like this management team does, we're able to overcome that in most instances.

<Q>: Maybe just to stay on the 14% margin. Can you help us a little bit conceptually in terms of how the $100 million of savings will flow through the different segments or what should we be thinking about not specifically, but directionally on the segments in terms of margins. And I noticed for 2014 the Defense and Commercial margins look to be very similar. Should we think about that holding, I would think the Commercial should carry a higher margin going forward. If you could just, maybe shed a little bit of light there on the new segment structure?

<A – Glenn Tynan – Curtiss-Wright Corp.>: One thing is for sure and that's where we are going to drive the Energy segments higher. Beyond that, we're going to, as Dave pointed out, we're going to continue to drive each business to be better. Some of them are already at the top quartile. Some are beyond top quartile and are maybe number one in the entire segment. So we're obviously not

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going to press this hard for those businesses to keep from putting them in a harvest mode, but we've got a lot of the opportunities within the Industrial segment still to improve operating margins. We've bought a lot of businesses in those areas.

We've come a long way with our integration, but we've got some remaining work left to do. Some of the recent acquisitions still are in the mid stroke of their first year of acquisition integration. And as that integration continues or consolidation concludes, we'll expect to see those margins lifting the segments up as well. So I think it's a – I don't have a roadmap that says within each, where the - again, I don't have the $100 million buy in the P&L. I don't have it across, but I guess I might in the future if you keep asking the same question.

<A – Dave Adams – Curtiss-Wright Corp.>: We have time for just a couple more questions.

<Q>: I just want to talk about the supply chain spend that you talked about. You talked about indirect and direct, maybe you can talk to us a little bit about how you plan on the direct side to cut the costs there. Is that because you've got now synergies through acquisitions or how are you particularly going to cut costs there?

<A – Thomas Quinly – Curtiss-Wright Corp.>: That's a great question. We had a supply chain counsel and have some dedicated resources that are attacking this and have over the last several years. Good example is in the Controls group, we have a group of dedicated resources that are involved in low cost economy sourcing. We also have a very talented group that came out of the Flow Control side that was attacking indirect spending. So what should have been obvious is leveraging that low cost economy supplier development team across the whole company and leveraging that indirect spend team across the whole company and that's really what we're trying to do.

In the past, we've developed lots of supplier agreements or commodity buying agreements with companies and we've put them out there as what we call the salad bar. So we've put them out there for all the businesses to show up and take a look at them and decide if they like them or not and then go with them. And we're big enough now that the salad bar approach isn't going to be the approach we're going to go forward with.

We're going to make sure we get compliance within each of our operating units, whether they like it or not, to go after because that's when you start to get that real leverage spend. That's one of the approaches that we're going to take.

The other is even the realignment, if you think about a lot more of our businesses that are in electronics are in that Defense segment now. So we've purposely moved a lot of the electronics business under Lynn's leadership. She's got a very established supply chain that has done a great job in bringing money out of that electronics spend. So just by that consolidation or market facing alignment, we've brought a lot of that electronics spend under one leader who has an established team with a demonstrated track record. And so we're going to leverage that. Thank you for the question.

<A – Dave Adams – Curtiss-Wright Corp.>: One more question.

<Q>: Yes. Can I just ask question on the revenue side of the equation. I think, if my math is right, and please correct if it's wrong, but it looks like organic growth this year will be pretty close to flat, but you're projecting 6% to 8% growth in 2014. I know commercial aerospace has some good things going forward, but that's only 15%, 16% of your portfolio. So can you sort of bridge where you see the incremental growth in what end markets and what are some of your assumptions?

<A – Glenn Tynan – Curtiss-Wright Corp.>: Yeah. I mean, besides commercial aerospace and obviously the Industrial as well has some good growth, especially with some of the recent

companies we added into Kevin's group with PG Drives and Williams Controls and Arens, but also in the Energy segment, which Ron is going to talk about, so I don't want to steal his thunder, but we have some good things going on in the Energy segment as well.

Defense is kind of a mix bag. As you know, it was only 1% to 5% with actually aerospace leading the charge there and then somewhat naval, ground defense, no. So it's kind of a little bit across the board but, I'd say, it's mostly in oil and gas and our industrial business and commercial aerospace of course.

David C. Adams, President & Chief Executive Officer

We have to get back on track, but I encourage you to ask questions after we're going to have another Q&A session and then certainly, we're going to be here for as long as necessary. So please stop us later on and ask us more questions Thank you. We're not taking a break right now. We're going to straight to Graham.

MANAGEMENT DISCUSSION SECTION

Graham Macdonald, SVP/GM Sensors & Controls, Curtiss-Wright Corp.

Good morning. My name is Graham Macdonald, I'm the VP of Sensors and Controls for Curtiss-Wright. I thank you for the opportunity to give you a brief overview of our commercial aerospace market. The commercial aerospace market has been a steady performer for Curtiss-Wright and we expect to see positive growth in this segment. We will continue to build up our legacy and current market positions. Today, I will provide you an overview of our current strong position and plans to expand upon this in the future.

First-of-all, I'd like to touch on our capabilities. The commercial aerospace transport market is currently over $90 billion annually. The 20-year global traffic demand is forecasted to grow at 5% on an annual basis. Aircraft OEMs will see long-term sustained growth as they fill deliveries for new capacity and also to replace the 10,000 aircraft that are forecasted to retire during that period.

Our products and technical know-how cater everything from high-reliability control position sensors to market-leading hot air valves used on the new advanced engine propulsion systems. As you can see, Curtiss-Wright covers the aircraft from tip to tail.

This capability and product diversity allows CW access to the majority of aircraft systems. We estimate our total addressable market to be in the region of $2 billion. Our product portfolio gives us a competitive advantage, where we can bundle multiple components for a more strategic partnership with our customer base.

So let's talk about our market. As we move into 2014, we will see continued market expansion as OEM rates increase on programs such as 787, and the supply chain steps up on programs such as the A350. Beyond 2014, the commercial aerospace pipeline is an all-time high. The market will complete development and introduce into service, 21 new derivative aircrafts by the year 2021.

Curtiss-Wright has captured significant content on many new programs, including A350, A320neo, 737 MAX, CFM LEAP-X, Pratt & Whitney PurePower, and Rolls-Royce Trent XWB. We have positioned ourselves on every new platform, and increased our content on existing platforms. And in doing so, have secured $2.2 billion of long-term revenue.

In addition to the platforms we have already captured, we continue to see opportunity on programs such as Embraer, COMAC and the 777-8 and 777-9. The product and customer relationships from

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our recent wins are leveraging over to these platforms. In short, customers are coming back for more. On the near-horizon, we are pursuing an additional $300 million of LTV business.

So I'd like to discuss some trends that we see in the marketplace and the strategies that we are employing to overcome them. We're all aware of the market dynamics that brought about Tier 1 integrators. However, the supply chain evolution is far from over. Two key dynamics are still playing out in the marketplace; the first is Tier 1 consolidation. For example, UTC acquiring Goodrich.

These consolidations require synergy savings. These synergy savings often result in internal capability reduction by the Tier 1s, which in turn requires Tier 1s to bring on more risk-sharing partners. The second is the smaller suppliers and product lines embedded into large collaborations are being harvested. This results in a decrease of suppliers.

The convergence of increased demand and reduced supply is a huge opportunity for Curtiss-Wright. We are leveraging our key account strategy that has been in place for three years to take advantage of this shift in supply and demand. Through this strategy of focusing on key OEMs, Tier 1s, and key platforms, we achieve a maximum return on our resources; our deep relationships and hands-on knowledge of the customer, and likewise, the knowledge of Curtiss-Wright.

The resulting impact to CW; more opportunities with less competition, which means more wins, higher margins. The second trend is to drive through efficiency. The transport market today is all about operating efficiency. Fuel-burn, load factor, turn times are just examples of these. Key areas of focus that we deal with are higher operating temperatures, particularly on the new engines, more electric aircraft in terms of actuation, and more sensors to provide maximum performance.

Curtiss-Wright uses an active voice-of-the-customer program to collaboratively seek, study, and define with our customers, new technical solutions that can be matured to match the market demand. Our goal is to time CW investments to converge new technology with emerging market demand.

Additionally, we look for key technologies to acquire, with which we can leverage our existing channels and market. These strategies will not only fuel our growth, but will create a competitive advantage, capable of driving increased margins.

In summary, three areas that come in together will help fuel our growth. Our market experience; CW history and capability are unique to the marketplace. We provide greater than a Tier 2 solution via our engineering and LCE capabilities, as well as our culvert backing.

From an opportunity standpoint, as I mentioned earlier, commercial aerospace market is in a strong position right now, and will continue to be so. The pipeline of development programs, as mentioned, is unprecedented. Airbus and Boeing are forecasting 20-year deliveries in excess of 30,000 aircraft, with a market value of over $4.5 trillion.

From a market position standpoint, with the ever changing supply chain dynamics, we continue to stay well-positioned with our customers. Our combination of capabilities, product and commitment to the long-term enables our customers to see Curtiss-Wright as an extension of their business.

In summary, we are on course for growth and margin expansion. Thank you for your time. Kevin?

Kevin Rayment, Senior Vice President – Industrial, Curtiss-Wright Corp.

Good morning. My name is Kevin Rayment, and I'm the Senior Vice President for the new Industrial group within Curtiss-Wright. What I want to do today is tell you why we are so excited about our

strategy and the recent range of businesses that we've acquired, and what that means to your investment.

We believe there is real potential for growth. And in the next 10 minutes or so, I want to explain our strategy, and tell you how we intend to generate further margin expansion. But before I do that, I'd first like to remind you about the markets we serve, our products, and the applications about technology so you can better understand the vision that we have for the business.

Today, we serve three principal markets; on-highway, off-highway, and small-to-medium electric vehicles. Our on-highway business is focused on class A trucks. Our off-highway business covers a multitude of vehicle types from everything from John Deere tractors to many classifications of specialty and utility vehicles.

Our electric vehicles incorporate sophisticated wheelchairs, material handling, and high-end hybrid buses for inter-city transportation. All markets are in the medium-to-low volume with no traditional automotive business. We specialize in highly-engineered, safety-critical, rugged products that are designed to fit the application. This chimes with our core strategy at Curtiss-Wright, and it's why we believe we can deliver the returns you, our shareholders, have asked for.

To help you understand our Industrial business, let me talk about our six main product lines. First, electronic motor control. These electronic systems take input from devices such as joysticks and electronic throttle control units to manage the power to the motor. These are sophisticated designs that operate critical functions in the vehicle using complex software algorithms to ensure safe, smooth running of the vehicle.

Next, power management. This comprises of traction invertors designed to maximize the efficient management of high-voltage power between the power source and the drivetrain components. The designs are rugged with high power density and range between 30 kilowatts to 500 kilowatts. Our offering is perfect for a range of vehicles and applications from trucks, buses, agricultural, and construction vehicles.

Third, our electronic throttle control devices take the motion input from the driver, and using today's generation of electronic position sensors, provides an electrical output signal to the vehicle's engine control unit or ECU. This drive-by-wire technology greatly improves fuel efficiency.

Next, our sensors. We produce both linear and rotary position sensors that provide feedback in a variety of electronic interfaces with smart electronics onboard. Then, our joystick range. These connect the human operator to the vehicle through electronic control systems, using very rugged designs and functionality. They've a range of electronic interfaces and form a critical part of the system.

And finally, our electronic shift-by-wire transmission controls. These controls are ideally suited for applications which enhance vehicle's performance through the use of pre-programmed functions linked to the vehicle's various operating systems. As you can imagine, these products, together with our electronic software and hardware designs, provide us with a multitude of different applications for our technology.

Too numerous to explain in detail; let me give you one example of how our products are delivering higher value to our customers. Let's look at a normal crop spraying machine. As some of you may know, precision farming is already here. Heavily reliant on data, precision farming is just data, unless the machine can perform accurately in all circumstances.

Our sensors provide precision feedback to the spray booms, reducing overlap and gaps during spraying. In addition, they're linked GPS systems to ensure a complete, efficient coverage of a field, helping to maximize crop yield and reduce waste. This specialization in electronic controls

means we will enjoy significant growth over and above what we would've seen had we stuck to our original business of just joysticks and sensors.

One of the most significant opportunities that the recent acquisitions have created is the ability to leverage intellectual property from all businesses, and provide us with a much larger market. The product opportunities exist from the combination of sensors, electronic throttle controls, control units, displays, gauges, rugged joysticks and integrated electronics, and they provide a multitude of different possible system offerings.

The combination of all of these labor-saving technologies will provide us access to a $3 billion market in specialty vehicles, off-highway, and truck segments. Beyond expanding our market potential, we also see the possibility of growing faster than the underlying vehicle production rates. We know from our experience that as the vehicle manufacturers increase the electronics in their products; we see the opportunity for double-digit growth in the uptake of our technology.

So what's fueling this growth? Fundamentally, it is the adoption of more electronic controls and sensors across the vehicle. This is driven by the need to improve operational efficiency, as in the crop spraying example I gave you earlier. Then, there's safety; new global requirements to improve safety, such as adding tilt sensors and position sensors to scissor lifts and cranes to keep the driver safe, means that the surrounding environment stays safe too.

Driver fatigue is an issue, the person being the weakest link in the chain. Making his job more comfortable by providing more ergonomically designed joysticks with repeat functionality improves quality and reduces tiredness. This allows the vehicle operator to – and owner to extended working on expensive vehicle assets.

Additionally, sensing technology and processing power also provides us the ability to use the data being captured to monitor performance and provide valuable maintenance information to ensure the asset is working to its full potential. Reducing emissions and increased fuel costs are also driving the need for alternative technologies on electric and hybrid vehicles, which require power management and electronics to manage these complex systems.

Finally, OEMs want to reduce their supply base and find partners to co-develop the next generation of technology. Our new capabilities mean that we're well placed to deliver this. So how do we stand out against the competition in this space? How do we think we can succeed? First, with the recent acquisitions, we now have a much broader global capability with manufacturing, engineering and support.

We are well positioned to take advantage of the emerging markets, and support our customers around the globe. Second, we have a much larger channel to market, having more coverage and the ability to cross-sell our products with established customers. The channel is now trained in all products, and serve the entire business.

Superior customer satisfaction is core to Curtiss-Wright, and our strategy also to grow. Rugged designs with expertise in critical applications make us well positioned to meet the demanding requirements of our customer base. Our aerospace knowledge is also helping to drive for safety. Our waving commitment to investment in technology and development means we are helping to shape the industry itself.

That investment has driven our position in the marketplace. We have achieved a number one position in electronic throttle controls providing ETCs to class A manufacturers of trucks, including Paka, Navistar and Volvo. The number one position in shifters by being the leading supplier to Allison Transmissions in the U.S.

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The number one position in mobility vehicles for providing joysticks and motor controllers to Pride, [indiscernible] (01:46:30) and Sunrise. And finally, the number one position in the U.S. for providing traction inverters to hybrid bus market through our major partner, Allison. And we believe we can repeat that position with our remaining products too.

With our technology and the trends that we see in the market today, we believe we are ideally positioned to deliver on our first major strategy, covering the vehicle. The concept is simple. It involves enabling each product to connect with a common architecture, and allows us the potential to provide a system solution. This reduces risk and development time for our customers.

Our strategy is driving not only our internal development, making sure that the generation of products can connect, but also our acquisition strategy to ensure we obtain the technology critical to larger, more complex systems. The strategy also drives further value to our customers and higher margins for Curtiss-Wright or bringing more value from the individual acquisitions.

In short, we are making one plus one equal more than two. However, key to that system strategy is to ensure we continue to push the boundaries of our individual product development, to make sure we provide the best offering in the market, and to serve our existing customers and those manufacturers who only want us to provide either individual components or bundling of products to reduce their supply chain.

Our second major strategy is to continue to invest in new products. This is an obvious strategy, but it's the technology, speed, volume and careful selection to obtain market-leading positions that is important. It supports our overall core Curtiss-Wright position of highly engineered products generating higher margins. It'll be difficult for me to go through every product development, but I'd like to give some examples.

Universal shift by wire, the ability to provide our shifter to any transmission; this is all down to the expertise in working with different manufacturers. Reducing suppliers to the OEM, simplifying the build, and providing a common look and feel to the customer will maintain our lead in North America, and provide us with a unique position to capture more growing European and other emerging markets.

Our joystick controller for the wheelchair market; a new step change in technology by implementing connectivity through the chair, and allowing the user to control peripheral devices such as TV's and iPads from the chair itself. In addition, this allows the user and service providers, unprecedented access to the chair's performance remotely, helping to provide a better quality of life and security of operation for the individual.

Next, magnetostrictive technology, which is an inductive sensing technique; previously it's costed a lot to make these types of sensors, and proved fragile in harsh environments. Our new design has taken the technology, utilized our core competence in rugged designs and design for manufacturer, creating a sensor that's truly fit for purpose on one which we believe can become a market leader.

As you've heard from Tom already, margin expansion continues to be a major driver at Curtiss-Wright, not only to deliver world-class returns, but also to ensure we are fit for growth and have the ability to invest.

The initiatives that Tom outlined were generic across the business, and as you would expect form the backbone of our objectives. However, the industrial group, our focus will be on the three main initiatives. First, continue to expand our China manufacturing facilities to provide lower cost manufacturing for all global customers and strengthen our competitive position. Second, complete the next phase of localization, driving the supply chain both for products being manufactured in country and other global facilities driving down our material costs. Third, what we call Phase II of

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our acquisition integration in which we have additional savings targeted in overheads and SG&A as we implement more common systems and processes across the businesses.

So in summary, I hope you can now see why we are excited by the market with increased access and potential for double-digit growth that we are building a competitive position creating market leadership through our technology investment. We have solid strategies to support our growth and opportunities to expand our margins.

Thank you for your time today.

Larry Peach, President, Surface Technologies, Curtiss-Wright Corp.

Good morning. My name is Larry Peach and I'm President of Surface Technologies Group. I'm excited to be here today to present you the Surface Technologies strategies and business outlook.

Surface Technologies provides advanced technical services for components for diverse range of markets. The majority of the largest portion of this business comes from our commercial aerospace and general industrial markets.

We focus on providing technical processing solutions for mission critical components that are manufactured by our customers and serviced by one of ours 72 worldwide sites. The greatest portion of our business is on new parts from leading OEMs or their sub-tier suppliers.

The functional properties of our processes will extend the life and increase the performance of our customers' parts. Providing a high quality, high technology service with a rapid turn time is critical to the success of our business.

We have benefited from OEMs who are reducing their supplier bases and raising their level of quality and turn time requirements. By increasing the level of automation and sharing best practices within our facilities, we have been able to increase our market size and our market share.

Surface Technologies is capitalized on growth opportunities created by our existing OEMs seeking to establish operations in new geographic areas. We have leveraged our international facility network to transfer processing knowhow seamlessly between our two sites whether an existing site or a new greenfield site.

Two programs with Rolls-Royce have been an excellent examples of this type of [indiscernible] (01:53:32). In 2002, we established a laser peening cell in the new manufacturing plant of Rolls-Royce in Singapore, primarily for processing their new fan blades, and we'll be adding the second laser in 2014 to match and keep up with their production rates.

Last year, we also established the shot peening facility in our Crosspointe, Virginia facility. Rolls-Royce has a new manufacturing facility that has gone over there with their [indiscernible] (01:53:59) disc blades. We had other potential competitors who were very interested in securing that business. However, because of our track record with Rolls-Royce and our ability to increase our automation, which is what they've been asking us to do for the last several years, won them over and convinced them to give us the contract.

We are meeting the market's requirements for injection of new value added technology as OEMs are insisting suppliers bring technology to the table. We have developed new software tools and design methodologies that increase productivity and decrease prototyping time, which increases our competitiveness. Surface Technologies has acquired complementary technologies to increase our content on existing parts that we process.

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In the past few years, we have acquired advanced thermal spray coatings which were heavily utilized in the commercial aerospace and power generation markets and industries. We've also added analytical service capability to our portfolio, which has enhanced our technical depth in metallurgical processes and failure analysis and increased our value as a resource to our customer.

Our processing technologies provide a range of value in adding functional performance to our customers' parts. Shot and laser peening are used to combat the detrimental effects of mechanical [indiscernible] (01:55:21) that highly stressed parts can experience, and thus will extend the components operating life.

Engineered coatings will provide severe protection to metal parts, including resistance to corrosion, wear, oxidation, lubricity and erosion. Analytical service technologies are used to verify the chemical composition and mechanical strength of raw materials and end products that operate in demanding environments to ensure product integrity while in development and after product enters the production phase.

Surface Technologies distinguish itself from its competitors in different ways. Number one, we are the world's largest provider of outsourced shot and laser peening services. In shot peening, we focus on applications, recurrent automation or computerized process control. We share processing knowhow between facilities and are developing software tools that improve productivity and increase quality.

Our laser peening business is the market leader that continues to build upon its advancements in laser beam delivery mechanisms and robotic manipulation of the components that we treat. As a testimony to the unique capabilities or our laser peening systems, three out of our five laser peening facilities are actually located in premium OEMs such as Boeing, Lockheed Martin and Rolls-Royce.

Our engineered coatings group applies broad variety of high performance coatings across the diversified market base. These include corrosion resistant coatings for the auto industry, lubricity coatings for aerospace structural fasteners, high temperature insulating coatings for turbine engines, as well as wear resistant coatings for the gas turbine industry.

The analytical services group include scientists and engineers that are leaders in their area of expertise. This has enabled them to build excellent relationships with their commercial and industrial OEMs to ensure integrity on the product that they are testing for those customers.

Surface Technology [indiscernible] (01:57:22) upon its centralized engineering group and over 150 locally resident engineers to design equipment and develop processing software and processing techniques that improve productivity and enable technology transfers around our worldwide network. This includes initiatives such as offline programming or robots, standardized production booths, residual stress strain prediction software, and specialized processing techniques.

We have capitalized on our engineering capability by inserting multiple technologies into existing facilities in order to share overhead costs and other expenses while capturing additional sales comp for that facility. We have also taken advantage of our prior opportunities to enter into shop-in-shop relationships with our OEMs in order to support their local manufacturing efforts. Going forward, we see this as our preferred model to enter new geographic regions.

Surface Technologies has been actively increasing the level of technology of the engineered services that it provides for its OEM customers. This is being accomplished with organic initiatives as well as by acquisition. Specifically, we have been increasing the number and sophistication of the robots that we utilize in shot peening and engineered coating operations to improve our productivity and better support our worldwide premium customer base.

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We have also advanced our proprietary laser peening technology to where we can now take a complete laser system into the field to meet our customers' demands. This has increased the availability of laser peening to additional customers and provided us with additional opportunities for this technology. In 2009, about two-thirds of our business was associated with our legacy technologies and only about one-third of it related to our advanced technologies and laser peening and engineered coatings.

Since 2009, we have acquired higher technology thermal spray coating, laser cladding and analytical services. In general, these high tech businesses have greater content per component part and will also provide better future growth in the future for opportunities. We're leveraging these new technologies by bundling them across our worldwide facility network, which opens up new distribution channels for them and expands our reach.

These acquisitions combined with organic growth of the core advanced technology businesses have increased this portion of our business to approximately 50% today. Overall, sales growth or combined annual growth rates for Surface Technologies over the last five years has been 16%. So in short, we are growing ourselves, we're expanding our reach and we're moving up the technology chain simultaneously.

Going forward, we expect our advanced technology businesses to continue to grow at a faster rate than our legacy technology and this will both be from an expanded deployment of our existing businesses as well as acquisition.

The market trends for Surface Technologies are currently favorable. You heard it from my colleague, Graham, in commercial aerospace, which continues to grow, continues to raise their delivery rates and is looking strong for the foreseeable future.

For our general industrial markets, we monitor economic growth. We see this as a slight tailwind for us in Surface Technologies as the U.S. economy continues to strengthen and the European economy continues to come out of recession.

The gas turbine market is in a period of strong growth, especially in the U.S., and we expect business prospects for processing of equipment utilized in oil and gas exploration and for industrial gas turbines to be solid for the near future.

We continue to look for opportunity to build on and scale out our existing technology base and to capture new business. A prime example of this was the leveraging of our internally developed and proprietary software for wing forming. This model was first used in developing process parameters for peening of Airbus wing skins and the forming that we do for Airbus.

It was further refined by our laser peening group and was instrumental in capturing a Boeing contract for the laser peen forming in the 747-8 wing skins. And most recently, its refinements and predicted capability convinced Embraer to choose Surface Technologies and actually invite us to be a shop-in-shop inside their new Évora, Portugal facility where they plan to manufacture and assemble all of their wing assembles and we will peen form their skins.

New tools and technologies are continuing to be developed and incorporated. Advances in CAD/CAM software have enabled factory floor productivity increases and captured to increase additional business. Specific initiatives have been driven by computer modeling or shot peening, laser peening and thermal spray coating processes and offline programming of processing robot motions by thermal spray and peening technologies.

Continued advancements in our advanced technologies will enable us to grow through technology leadership and increased distribution channels to our customer base. We continue our journey on continuous improvement and margin expansion.

Some of our initiatives include deployment of additional automation and our facilities to reduce non-value added activities. This includes increased use of robotics in our processes and increased training of our staff experienced in robotic technology. We will expand the use of our offline programming, primarily for our thermal spray technology. And then remotely using our facilities where we are transferring that technology around the world.

Finally, we have executed in the past on restructuring initiatives with our non-core heat treating and wet treatment operations, and we will continue to assess our capital, and redeployment based on local market demand in order to increase its utilization as well as considering to look at additional consolidations.

In summary, there are a few key points that I'd like you to remember. Our business consists of providing value added high technology services to customer components to basically increase their life and improve their performance. We have and will continue to move up the technology chain organically and through acquisition. We are capitalizing on focused technology development based on our customers' needs and demands. And we will continue to expand and improve our top quartile operating margin and performance. Thank you.

James Ryan, Director-Investor Relations

Thanks, Larry. We're going to take a break right now; want you to come back here at 10.30. I'd encourage you to go next door to see the displays that we have. And also to ask questions as we mill about, help yourselves to the tea and coffee and so forth, but 10.30 back in here. Thanks.

Lynn Bamford, Senior VP & General Manager-Defense Solutions, Curtiss Wright Controls Defense Solutions

Hello, everybody. My name is Lynn Bamford, and I am the Senior Vice President and General Manager in the Defense segment. And I am very pleased to be here to have a chance to speak to you in this room and those of you on the phone. I'm proud to participate in the defense industry and really look forward to telling you about the products we make and how we fit in, some of the trends in the marketplace, and our strategies to succeed given what is a challenging market as most of you are fully aware.

So I want to start off with kind of how the majority of our products fit into the defense marketplace. The Defense Department has moved towards a new styled warfare called net-centric. It uses an almost real-time shared picture of the military situation as the basis for operations.

Net-centric warfare, also referred to as net-centric operations, is the art and science of leveraging information technology to provide dominance in the battlefield through information superiority. Simply stated, it refers to an increased combat power achieved through networking centers and weapons with war fighters in the battlefield.

C4ISR stands for command and control, communications, computers, intelligence, surveillance and reconnaissance. This is the collection of functional elements in the battlefield used to support the net-centric warfare. Ranging from high performance radars, signal intelligence, electro optical and infrared sensor data collection, recording and processing to networking and secure storage solutions, Curtiss-Wright has the products and capabilities needed for today's C4ISR applications across all services. I would like to just mention a few of these.

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A good example of this is our processor systems, which are the core of the Radar Airborne Signal Processor or RASP for the E-8C Joint Surveillance Targeting and Attack Radar System known as JSTARS. Orders for this systems are ramping as the air force contracts with Northrop Grummann to retrofit the JSTARS fleet with this upgraded radar system. We are about to receive an order for six ship sets totaling approximately $7 million and there's much more beyond in 2014 and beyond.

Curtiss-Wright has a wide range of products for mission critical avionics and applications from mission management computers for the Air Force's Global Hawk and the navy Triton high-altitude, long-endurance unmanned aircraft to data concentrators and crash survivable flight recorders for the E-3 Sentry airborne warning and control systems known as AWACS. Curtiss-Wright's reliable products are critical components for today's defense avionics systems.

For ground systems, Curtiss-Wright's products range from network enabled vehicle electronics to complete turret-drive stabilization systems. The precession pointing and stabilization that makes the M1A2, the most feared weapon on the battlefield, is enabled through our fire control and communications processors. The automated ammunition handling and autoloader and replenishment controllers on the mobile – on the Stryker Mobile Gun is controlled by Curtiss-Wright.

The Improved Bradley Acquisition System, known as IBAS, that enables gunners in the Bradley fighting vehicles to identify and fire on targets depends on Curtiss-Wright processing modules. As the Pacific region becomes a higher defense priority, naval systems are seeing an increased demand for advanced technology upgrade. Curtiss-Wright provide solutions supporting both the above deck and below deck requirements from shipboard, networking and processing requirements to complete aircraft handling systems, or highly engineered solutions are well suited for these naval upgrade programs.

In 1991, the United States Department of Defense strategic acquisition initiative brought COTS or commercial off the shelf preference to a full mandate. In 1994, then Secretary of Defense, William Perry, issued his now famous memorandum on specs and standards, a new way of doing business. In it he further strengthened the mandate for the defense department to look first to the commercial marketplace to meet its needs.

In 2001, Curtiss-Wright recognized an increasing market demand for commercial off the shelf rugged embedding computing technology for defense. Through a series of strategic acquisitions targeting the best in the industry, a world class organization focused on providing rugged COTS modules and systems to the defense market was formed. Today, Curtiss-Wright is the recognized leader in this industry. In their latest industry report on the world market for embedded computing modules and systems, IHS, a prominent market and analysis firm, recognized Curtiss-Wright as the leading supplier of open architecture rugged embedded computing.

As the single largest defense COTS embedded computing supplier, Curtiss-Wright is in a unique position to shape the future of defense acquisition. Our ability to invest in research and development providing the latest commercial technology while meeting defense system performance and life cycle requirements is exactly what is needed in today's budget constrained market.

Next, I'd like to talk on a few trends and then I'm going to connect them to our strategies to show how we have very specifically looked at the market, understand what's going on and have strategies to succeed.

There is no avoiding that there is uncertainty surrounding today's defense market. Within the United States, the spending caps resulting from the Budget Control Act of 2011 and Congress's inability to reach a grand bargain for reducing the budget – deficit, excuse me, will most likely result in continued sequestration cuts for the foreseeable future. Although sequestration cut began in 2013,

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we anticipate the full impact of sequestration to effect the defense industry in 2014. Hardest hit will be the investment accounts including 20% cut to research and development.

I wanted to point this out because I think it's critical that you understand we recognize this and have planned our success around this potential reality. In response, defense primes are expected to shift their focus to the international defense market. This includes increases in foreign military sales as experienced by – as evidenced by the value of these agreements [ph] sky rocking (02:11:17) to an approximate $69 billion in fiscal 2012 more than doubling from fiscal year 2011.

Additionally, prognosticators are predicting continued worldwide demand for C4ISR system upgrade with the highest demand coming from the Asia-Pacific region. We are seeing trends towards fewer, new large development programs and an increase in programs to modernize existing platforms. These upgrade programs are required to not only extend the life of these platforms, but also to add the technology required to connect each platform in this network to battlefield.

With defense budgets tightening, the days of defense programs paying billions of dollars for developing new technologies are a thing of the past. We are seeing an increased emphasis on affordable, mature technology that has been developed by industry. Defense acquisition reform is driving program managers to select suppliers providing the lowest priced, lowest risk and technically acceptable solutions. This dynamic is accelerating the necessity of utilizing cost-based solutions.

I'd like to now talk about our strategies for why in that marketplace we are confident of our success. Today's market demands a whole new class of COTS supplier. Through the successful implementation of our core product strategy, Curtiss-Wright has become the recognized leader in the rugged COTS embedded modules and systems to the defense market. But as the market constricts, we need to do more.

So we added capabilities to strengthen our COTS product offering. These capabilities such as improved lifecycle customization services, pricing matched to defense acquisition reform initiatives combined with unmatched C4ISR application knowledge keep us in the lead and keep our market share growing, but that's not enough either.

To thrive in today's challenging defense market, we need even more. The defense department and our customers are also demanding more for less. Gone are the days of the drawn out development programs with multiple tiers in the supply chain. Today, the demand is for rapid technology insertion that leverages the advances in commercial technology. This changed landscape creates new opportunities for Curtiss-Wright to become more than just a COTS supplier.

By partnering with advance technology providers, we are providing higher levels of value to our customers. And combining these advance technologies with COTS products, at system-ready applications, we are differentiating ourselves as solution providers and, in some cases, this has allowed us to eliminate our middle tier suppliers and lower cost to the end user.

Additionally, by leveraging our broad product offering, today's opened system approaches and bringing our diverse solutions together to offer a system assistance approach, we are able to increase our platform content while reducing integration complexity for our customers. I do hope you'll stop by our table in the next room and see our demonstration of this system of systems capability.

Through this, we've established a new class of COTS supplier approach that we call COTS +. Our COTS + strategy directly addresses the needs for affordable low risk mature technology required for existing platform upgrades as well as any new platforms being developed. By increasing our

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value proposition, we not only differentiate ourselves from our competition, we are able to maintain and drive our return on sales.

C4ISR is the glue that ties the battlefield together providing our war fighters with the situational awareness, collaboration and mission commands needed to dominate the enemy and protect our troops. Today, with constrained budgets and diminished [indiscernible] (02:15:23) sizes, the need to provide robust C4ISR capabilities has become increasingly important. Curtiss-Wright has a long legacy of winning high performance embedded C4ISR programs providing advanced capabilities to nation's most critical C4ISR assets. Our systems are critical components on platforms such as Global Hawk and JSTARS for the Air Force, Triton or BAMS and the Unmanned Combat Air System Demonstrator known UCAS-D for the Navy.

For the Marine Corps, we are providing the highest performance sensor processing and support of the Ground/Air Task Oriented Radar known as G/ATOR. However, as the need for embedded C4ISR expands down to every platform and even the individual war fighter, size, weight, power, and cost that you may have heard called as SWPC, optimized solutions are needed. This is an exciting growth area for Curtiss-Wright.

Entire Parvus Corporation now are Curtiss-Wright company. Through innovative design and packaging expertise, Parvus has able to recognize commercial technology from companies like Cisco, and bring this technology to the battlefield quickly and affordably. Already they designed into leading C4ISR platforms known as the Kiowa Warrior, the WIN-T network, the Joint Lightweight Tactical Vehicle or JLTV and the Sentinel radar, Parvus expands our sellable available market to meet C4ISR demands across a broader range of platforms and provides a strong growth path for Curtiss-Wright in the embedded C4ISR segment going forward.

Our combined position gives us the widest range of technology and price points in this growing space. I wanted to touch on two other key market opportunities in which we clearly have differentiated products and service offerings. The first is electronic warfare, which is the ability to dominate the electromagnetic spectrum. This segment of C4ISR has become one of the strongest growth areas within the defense market.

To address this growth area, Curtiss-Wright has developed a strategic partnership, which through we are bringing the industry's highest performance wideband digital RF memory COTS module to the marketplace. This new class of performance provides three times improvement over any other offering and it's in high demand for new upgraded electronic warfare and signal intelligence systems. This product has the market on fire.

The second area I'd like to touch on is foreign military sales from our U.S. defense base. As I mentioned earlier, these agreements have more than doubled to $69 billion in fiscal year 2012. FMS opportunities have become a primary focus of not just our defense contractors, but also the DoD to sustain the county's defense industrial base. However, one of the main concerns associated with these sales is protecting the advanced technology included in the systems being sold.

Curtiss-Wright initiated an effort in 2009 in conjunction with key government agencies that we call Trusted COTS. This initiative is intended to aid U.S. DoD primes and their ability to protect critical program information and systems in embedded systems deployed overseas, a capability obviously critical to gaining government approval. We have developed a proven capability that combines Trusted COTS products, processes and people to provide innovative solutions for protecting critical technology as it is sold to foreign governments.

The last strategic growth area I want to touch on is international growth. It is true that the U.S. does represent half of the worldwide defense spending that that also means half of the market is outside of the U.S. in sequestration. Also, there are countries with growing defense budgets. We have been

active in the international markets for greater than 10 years. This is significant as we have a strong established business base outside of the U.S. I wanted to mention a couple of major wins that demonstrate our recognized leadership outside of the U.S. These create a clear launch pad for accelerating our penetration in these markets.

We have just received yesterday, $30 million order for a turret drive system for the Hoefyster armored modular vehicle in South Africa from Denel Land Systems. In addition to the turret drive system on the Hoefyster, we are also supplying the single board computers for the fire controlled system through SOD. This will result in an incremental order of roughly $7 million within the next quarter.

In the UK, we have significant content on both the Scout specialist vehicle and also the Warrior tracked armor vehicle. There is $1 billion funding line by the Ministry of Defense for the Warrior capability sustainment program. The potential lifetime value for these programs is $46 million and $43 million respectively. We also have another large opportunity for a Middle East Tank upgrade program that we expect in 2014. We are confident of our position on that program. There are many other non-ground opportunities [indiscernible] (02:20:59) to be the most large significant orders coming in the immediate future, so I wanted to speak to those.

In summary, Curtiss-Wright has a long history of success in the defense market. We are very structured and formal in our approach to driving strategies, cost structures and investments that match the market demands. Through these processes, we have consistently outpaced the market growth rate and maintained consistent top quartile profitability. We have no intent of letting the conditions in the market change this track record. In fact, we are committed to driving to the top of the upper quartile. We intend to make the curtain market uncertainty work for our benefit. Thank you.

Ron Stockwell, VP/GM, Oil & Gas Systems, Curtiss-Wright Corp.

Good morning. I'm Ron Stockwell, Vice President of Oil & Gas group. Today, I'd like to give you a brief introduction about who we are and what we do, an update on our primary markets, give you an overview on our key strategies and then I'll talk a little bit more in depth on our upstream and margin expansion.

We have a fairly diversified group of business units who are technology-based and focused on providing customer solutions of high value. I'm just showing a few of the products that we produce across from our various business units.

Starting on the top left, we produce pressure vessels – I'm sorry pressure relief valves that's used in numerous applications across oil and gas. Top and bottom un-heading valves used in the coking refining process, slide valves used in the cracking refining process, reactors used in petrochemical processing. Valve repair, we do valve repairs for all different types across all the industry. Electronic and hydraulic controls in systems, butterfly valves also used in various applications throughout the industry, and separators used in oil and gas processing at the well site.

Let's talk about our primary markets, the first one being refining, not very attractive. Capital investment has slowed significantly in the recent years as we all know too well. U.S. production is level, but there are fewer refineries. In fact since January of 2010 to today, there's seven less refineries that are actually active and global expansion has been slower than expected due to economic uncertainty. We expect that to be like that for some time.

More attractive aftermarket, worldwide refinery counts is stable, but capacity is increasing, and there's a shift to more complex refineries. Running equipment longer and that's good for us because we can support the service and aftermarket parts.

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And upstream is very attractive. Worldwide demand is increasing and driving upstream activity. North America has highest capital expenditures for seven consecutive years and we expect that to continue. And the high crude oil prices and global demand have resulted in a huge upstream amount of activity.

Because upstream is so important to us, I want to discuss the key drivers behind this or at least some of them. Rising demand for oil and gas, global oil consumption is going to continue to increase significantly. Emergence of unconventional resources, shale oil and gas, you can see the amount of oil production and gas production expected all the way out through 2035. U.S. is an oil-driven market and new drilling technologies is only going to make that more beneficial for us. An increasing environment to regulation is going to require substantial investments going forward.

Let's talk about our core strategies. As I've mentioned in the market overview, we know that refining capital equipment market is unpredictable at best. So for the last year-and-a-half, we've been focused on these five areas. First, to grow aftermarket service faster. Second, and these aren't in any particular order, but to develop technology that provides a competitive advantage and to bring it to market much more quickly.

To expand our global reach in those parts of the world that are most attractive, not everywhere, very strategically. And to drive operational excellence in everything we do and also to implement Lean manufacturing aggressively across all our manufacturing locations. And, finally, to diversify into the upstream market.

One of our key strategies is to expand in an upstream market. What is that? Upstream, as depicted on this slide is the portion of the value stream that includes exploration and production, otherwise known as E&P.

Specifically, our strategy is to provide high-tech products for critical wellhead applications ensuring safe, efficient and environmentally-friendly operations. In Q4 of last year, we acquired Cimarron, they're an excellent example of this. Cimarron designs, develops and manufactures energy production and processing equipment that provides the link between the wellhead and the transportation from the well site.

This is a very strong market. In North America alone, they were over 40 new wells drilled each year. In 2012, they were nearly 43,000 and the forecast for this year is over 42,000. Cimarron has been growing organically at 15% over the past five years and we expect to accelerate that even more going forward with the additional capacity that our sister facilities offer. Also, we are currently looking at a couple of good acquisition candidates, one of which provides a tremendous growth opportunity and would have excellent synergy with our Cimarron business.

Excuse me, I'm fighting a cold. Cimarron has three distinct areas of focus. They are energy production and processing equipment, environmental solutions and remanufacture, repair and aftermarket parts. This slide shows the examples of some of the products they make for energy production and processing and their environmental solutions. I mentioned separators on our earlier slide. There's also a flowback equipment, oil treatment equipment, combination units for oil and gas, vapor recovery towers, burner management systems and emission control devices or ECDs.

Worthy to note, our ECDs, we make five different models, and all successfully completed the federal government Quad O standard for clean emissions. Once approved by the government, we'll be one of the first to achieve such standard. This will be extremely important if this standard is made mandatory and we believe that it will in the near future. If you haven't had a chance to stop by our display, please do. Our sales manager from Cimarron, Chantelle Summers is here today, who'd love to talk to you.

So while upstream growth – while upstream market is certainly a growth engine, it also improves our margin. Let me talk about other margin improvement areas that we're focused on. As you know, our oil and gas group had a tough last couple of years. We're very dependent upon the capital equipment, used in refinery and, when investment slowed, as I mentioned earlier, we were significantly impacted.

So we've worked extremely hard to change this. We've improved our product mix by focusing more on upstream in introducing new technology. Let me quantify that a little bit for you. Upstream product mixed last year was less than 5%, this year we're going to end up around 30% of our revenue. In new technology, we've introduced several new technologies this year and we'll get rave reviews.

Capacity utilization, I'll give a couple of examples here. We have two large facilities down in the Houston, Texas area, and we're underutilized. This year alone we've inserted $12 million worth of upstream product from Cimarron in those locations. In next year, the plan includes $40 million worth of revenue. Not only does this accelerate our Cimarron upstream growth, it also better utilizes our existing assets.

In the last piece, over the last 12 months to 15 months, we've been extremely aggressive implementing Lean across all our sites. I've got a couple examples here. Two of the facilities that we have in Oklahoma, have undergone major transformations. In this year alone, they're going to improve that throughput by 25%, and the two facilities I mentioned earlier that we have down in the Houston, Texas area not only did they go through a productivity curve in learning experience this year which they're coming out of, next year is around target to hit a 20% productivity improvement.

So what does this mean in terms of our energy operating margin that Glenn talked about earlier today? Now that oil and gas are part of energy, I think this lays a very good foundation for us, not only to hit that 7.2% to 7.4% margin forecasted for 2014 but lays the path forward for our 14% target going forward.

In summary, we have solid growth, led by upstream and aftermarket. If the company capacity supports upstream growth and it also supports better utilization of our assets and continued focus on Lean implementation and operational excellence is going to be the platform for our margin improvement going forward.

This concludes my presentation and thank you for your time.

Greg Hempfling, Senior Vice President & General Manager, Curtiss-Wright Flow Control Corp.

Good morning. My name is Greg Hempfling and I'm the Senior Vice President and General Manager for Electromechanical Systems. And while we're last on the agenda, Jim Leachman and I are happy to be here this morning to brief you on the exciting world of commercial power. My focus will be on new build in AP1000.

I'd like to share with you how we see the growth of commercial nuclear power and how Curtiss-Wright will provide products to support that future growth. Curtiss-Wright has been in this market since its inception in the 1950s. In fact, EMD celebrated its 60-year anniversary this past weekend. We made the RCPs, which are the reactor coolant pumps, for the first U.S. commercial nuclear power plant that should import and Curtiss-Wright has provided products and services to every U.S. plant, as well as every Westinghouse plant worldwide.

The new build market is strong and with 60 reactors under construction today. A large number are planned worldwide, many sites with multiple reactors. We'll continue to support the existing new build market even though the opportunities, while large, are limited because of the large upfront

capital cost to build. The big near-term opportunities for Curtiss-Wright involve the Westinghouse AP1000 plants.

Almost 500 new commercial reactors are proposed through 2030 with over 170 in China alone. We expect over half of the new planned and proposed reactor builds to be of the AP1000 plant design in China. To provide a perspective on this, every 10% of China's plan represents over $1.5 billion of opportunity for Curtiss-Wright. The AP1000 nuclear power plant is a significantly safer and simpler plant and it's the only next generation plant to receive NRC certification. The Chinese concluded after a lengthy, one-year plus study, post-Fukushima, that AP1000 plan is the safest design in the world.

One of four main products is the AP1000 reactor coolant pump. Each plant uses eight of our pumps to circulate coolant water through the reactor vessels to keep it cool and safe. These pumps are maintenance-free, have a 60-year design life, and are vital elements of the plant's passive safety system. Each RCP has two multi-ton integral flywheels to provide plant cooling during loss of power for a controlled plant shutdown. They are the largest special function pumps ever designed and built by Curtiss-Wright and possibly in the world.

Curtiss-Wright continues to make progress on our current production orders, manufacturing continues for the pumps for the AP1000 plants at Xiamen and Haiyang sites in China, and the AP1000 plants in the U.S. at Volvo and the BC Summer sites. Currently, two pumps are in storage at the Xiamen site with another pump completed and awaiting customer release. We have manufactured and successfully tested the first two domestic RCPs and with a third on test, as we speak, this week. We plan to ship new pumps throughout 2014 and into 2015.

As I said earlier, the largest near-term opportunity available is in China with whom we already have a strong relationship. Earlier this year, our executive in China received the Friend of China Award for his work on AP1000 by the Chinese government. Curtiss-Wright is engaged in active negotiations in China, as we speak, to provide 12 pumps for the next phase of nuclear power plant construction in China. Just last month, we received an order to provide an additional technical support services to the Chinese for two years.

Curtiss-Wright also continues to negotiate other international opportunities with Westinghouse. Proposals for pumps have been submitted for other future AP1000 plants not only in China, but also in the Czech Republic. In order to be prepared for the anticipated future demand of AP1000 pumps, we've applied lean manufacturing principles that have multiplied our capacity without expansion to deliver an AP1000 RCP every two weeks.

This year we completed over 20 one-week focused improvement events, specifically aimed at improving AP1000 pump production. Additionally, hundreds of other improvement ideas have been implemented to advance our performance in safety, quality, delivery and cost. These are just some of the many examples of our improvements with many more to come.

Next, Jim Leachman will discuss operating reactors.

James Leachman, Senior Vice President & General Manager, Curtiss-Wright Flow Control Corp.

Thanks, Greg. I'm Jim Leachman, the Senior Vice President and General Manager of the Nuclear Group. I've been in the energy segment for 31 years; the last 21 with Curtiss-Wright specifically in the nuclear market. I'd like to say I'm the last market presenter. So I'm the only thing standing between you and your next round of questions. So I'll try to be brief, but I would like to say that during those 21 years, I've never been as positive as I am today about the future of the company. It's a very exciting time and it must be because I just found out my family members are on the

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webcast listening, because they've heard me so excited over the last few months. So no pressure, [ph] Hi Britney (02:38:52).

But I'd like to move the discussion from new build to the operating reactors, and how the existing fleet of reactors throughout the world have contributed to our growth, and their future potential. From 1990 to 2010, world electricity production increased by 40%. 64% of that increase came from this fleet of existing reactors. Curtiss-Wright has been instrumental with technologies and innovations to help with these achievements. There're 432 operating reactors in 31 countries that provide 11% of power. When you look towards the future, if you take into consideration plant closures and a very conservative estimate of the new reactors that Greg just represented to you; that means at a minimum, it's projected – there'll be over 500 operating reactors in service by 2030. And those plants will continue to need and require the technologies and services of Curtiss-Wright.

There's no question the nuclear market has faced challenges, and there've been a number of impacts that have shifted public perception, the U.S. new build program, as well as the supply chain. I'd try to represent some of those significant impacts on this chart here, such as Three Mile Island, the Nuclear Renaissance, Fukushima and even natural gas prices, but it's really important to note that these changing market dynamics have really provided opportunities for us as a company, while others have left the market and really stranded our customers with an abandoned supply chain, millions of obsolete parts, and a lack of subject matter experts, we've built a powerful and versatile infrastructure to solve these problems for plants throughout the world.

Many – and I've talked to some of you about this already but many folks look at the nuclear market and equate growth to just new build. Represented here is why that doesn't apply to Curtiss-Wright? Based on our investments and commitments, we've achieved double-digit operating reactor sales growth year-over-year.

Achieving that success is really synonymous with our ability to address specific market drivers and you see those represented here; obsolescence, safety and reliability, international, OEMs, original equipment manufacturers, economy and cost, cost savings, cost reductions, and regulatory guidance. At this point I'd like to represent a few examples of how Curtiss-Wright addresses these drivers to generate new technologies and some of the innovative solutions that you've seen in the display room next door.

As a result of Fukushima, the NRC issued guidance to ensure proper implementation of very specific orders. I don't want to go through the details with you. You've heard so much about those orders in the past. I think it's more important to convey our progress. We've received $14 million in orders to date. We have $30 million in open proposals for spent fuel pool level indication, hydrogen vent technology as well as the flex program. We expect a significant number of new opportunities, as well as future awards throughout 2014 and 2015, as these projects are required to be addressed and completed in those timeframes.

Plant legacy monitoring systems and you can see a representative picture on the slide. They've become very difficult to maintain and they're always in need of upgrade. Curtiss-Wright addressed that problem by developing critical plant performance monitoring systems with state-of-the-art technology. And since 2003, we've received 43 awards, 35 of those have been successfully completed and installed and eight are in progress. And each one of these programs has an ongoing revenue stream through annual support and maintenance contracts.

On the right hand side, you'll see a representation, both here on the screen and you'll see in the display room next door, of legacy analog control modules. These control modules are no longer supported by the original equipment manufacturers which force a plant to incur hundreds of thousands of dollars' worth of design change cost, and in many cases, a potential wholesale change out. We've been able to save the utilities and continue to save utilities millions of dollars providing replacement modules that have the exact fit form and function as the original piece of

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equipment. It's replaced and it continues to carry our part number as our intellectual property from now through the life of that plant.

Using our acquired SNAP-IN technology, we provide replacement neutron absorbers to refurbish existing spent fuel pool racks. This is an extension of that rack life to more than 20 years, and more importantly, it's a 50% cost reduction to the utility versus their options to re-rack. We've also developed and provide badger testing as the only in-situ neutron absorber performance monitoring system available today, and you've seen in the display room, and if not, I hope you'll have Scott Roebuck and Kurt Mitchell review with you some of our innovative connector products. These products reduce installation time and they reduce worker radiation exposure. When you look at a power plant that's down at a cost of a million dollars a day, even in the plant outage, any reduction in time and any reduction in dose saves them hundreds of thousands of dollars and that's our mission to help them with that.

The market's going to change. It always does and it always will and we're going to be faced with additional changes. The key is we must continue our investments and we must remain on the leading edge of technology advancements, so that we're prepared for those market dynamics. I can assure you if you talk to our customers, that's what they expect from Curtiss-Wright.

Represented here are just three of our current products in development that continue to fuel our growth. The Zero Entry Nozzle Dam, the Position Indication Probe and Fuel Rod Inserts. And again, Curt and Scott are available to answer any questions you might have about these developments as well as any other developments that you may have heard about, or would like further information on.

Operating reactors will be a strong and sustainable growth platform for Curtiss-Wright. Regardless of what's happening in the marketplace, we have proven success and we will continue to prove that with double-digit operating reactor growth over the next five years and beyond. So whether it's new build or whether it's operating reactors, Curtiss-Wright has the technology, the experience and the expertise to continue to be one of the most valued suppliers in the nuclear market segment. We were there in the beginning and we're going to be there in the future.

Thank you very much.

David C. Adams, President & Chief Executive Officer

I'll ask my two shields to come up here and sit alongside me so that we can – they can deflect any questions for me. But we'll take – we have a hard stop at 11:45. We're right on time. So we're going to have about 30 minutes and I have one slide to end this meeting with.

So, far away with your questions.

QUESTION AND ANSWER SECTION

<Q>: Just one. Can we get a little more color on why the energy margins are as low as they are? I would have guessed if that I hadn't seen the breakdown of what businesses are in what that the AP1000 was in there and was diluting margins for some reason, but could you just give us a little more color on why they're only 7%?

And then, how you get to a doubling of them? I mean is there – is this a massive facility rationalization or is there some big business that's losing a ton of money. Just a little more color on kind of why so low and how you double them?

<A – Dave Adams – Curtiss-Wright Corp.>: Yeah. So the two pieces are really, Ron and Jim. And so, really, what's been driving down the margins what Ron covered, he said we have the downstream refining facilities that have been underutilized capitalization-wise or utilization-wise. Over the last couple of years, we started putting Cimarron in just this year. So we're still incurring some of the learning curve, of course, with that transfer and the volume is increasing pretty well in 2014 as well. In addition, the other side is for the more higher profitable businesses in the nuclear side at the moment, but the opportunity is really in oil and gas and that's was dragging down those margins right now.

<Q>: Are those margins going to be – are they up in 2014 versus 2013? And what are they are in 2013, in energy?

<A – Dave Adams – Curtiss-Wright Corp.>: I don't have that handy in the new structure.

<Q>: Okay. And then AP1000 which I think you said is within the defense segment. Can you give us some color on what kind of margins that program is making right now?

<A – Dave Adams – Curtiss-Wright Corp.>: Well, we don't really go down to the margins on a program.

<Q>: Can you just give us, maybe, how much is – the defense margins are very good. That was a big surprise from me, is how good you guys are in defense and driving the margins and the cost stuff, but obviously defense margin is, I would think at least being diluted by or brought down by AP1000. I mean is it – are we talking of basis points, hundreds of basis points?

<A – Dave Adams – Curtiss-Wright Corp.>: Well, again its Lynn and Greg show in that area and Lynn's businesses is in the electronics defense sector, the ISRs, probably at the higher end of the margins, that is in the top quartile. Greg, the most of Greg's businesses is enabled defense besides AP1000, but he operates in that 10% to 12% margin range including the AP1000. It is profitable going forward. We got – we incurred all – painfully incurred the learning curve cost of getting the first pumps out in prior years and even into mostly in 2012, actually not really any more in this year. So now that we're moving more to the U.S. domestic contracts, profitability is pretty good.

<Q>: On the commercial aerospace side of the business, is there any clarity you can give us in terms of content on particular programs? I mean, clearly a lot of these programs now have ramped up significantly. And the A350 is sort of the next big one to ramp. And could you just give us some understanding of maybe your – whether you're more exposed to some programs or platforms in you and others?

<A – Glenn Tynan – Curtiss-Wright Corp.>: We typically, for the quarterly calls, we have a book in front of us that gives us ship set content per platform, but if you have couple of specific, we can get back to you on – 737 is a huge program for us, just off the top of my head. I think Graham will correct me if I'm wrong on anything – 787 we've been investing in it for years. It's a great program

for us as well. A350, all the single-aisle stuff we participate in their large programs. But I think if Jim you take a note, we can get something out specifically to that question.

<Q>: Okay. And then just on the nuclear side of the business, I saw the mix between new build and aftermarket out to 2018 was actually pretty similar to what it's expected to be now, 75/25 sort of this. Does that – I mean I would've expected a new build to make up a greater proportion of the pie. Is that just after market is growing pretty well? And do you expect sort of similar growth rates for both those end markets?

<A>: [inaudible] (02:52:14-02:52:20) the overall revenue stream, it continues to be a significant portion of that and it's really from the growth drivers that we talked about here, no question. Yeah. And that chart by the way – I mean, just to clear, that specific chart did not include the reactor coolant pumps. That was the balance of the nuclear business, okay.

<Q>: [ph] For some time (02:52:44) you've been talking about a new contract from China for nuclear reactors. Could you just give us an update in terms of the discussion on that?

<A – Glenn Tynan – Curtiss-Wright Corp.>: I'll answer it but then I'll let Greg back me up. As Greg indicated we have people in China at the moment, as we speak, negotiating the contract – this future contract. And it's a long arduous process for those of you who have negotiated in China, and this is no different than most. So it's a process that we're going down, we have had high hopes that we would have an announcement by the end of this year. I can tell you that the Chinese are still saying that we want to get this done by the end of the year and that doesn't leave us much time. Being a eternal optimist, I could say, yeah, that would be great to count that as going to happen this year. I have a little bit of reservations on saying that, but it's eminent. Greg, do you want to add anything to that?

<A – Greg Hempfling – Curtiss-Wright Flow Control Corp.>: No. The only thing I would add is, the negotiating team, I think has recon really good progress. We've – over the last few weeks, we moved from two page – two and half page list to a one page list of items. So we're getting into those final hard spots that will take me probably having to go over to bring the closure.

<A – Dave Adams – Curtiss-Wright Corp.>: So it's a good thing. It's going to happen very soon.

<Q>: Could you give us an idea what the potential value that contract could be?

<A – Dave Adams – Curtiss-Wright Corp.>: Have we released that? No, it's something we haven't been out with, [ph] Jimmy (02:54:11).

<Q>: Okay. And then just on the commercial aerospace, could you just talk about the 777X, if you're bidding on any potential business on that program as Boeing develops that aircraft?

<A – Dave Adams – Curtiss-Wright Corp.>: 777X, Graham?

<A – Graham Macdonald – Curtiss-Wright Corp.>: Yes, we have bid on some sensors, and a lot of the equipment that we provide on the existing 777 also looks as though it will transfer over. And, in addition, we are in some discussions about new technology with Boeing that may go onto that platform.

<Q>: So if you get everything you bid for, what would be the potential value of those programs?

<A – Graham Macdonald – Curtiss-Wright Corp.>: Not sure. I can't answer that right now, [ph] Jimmy (02:54:59).

<Q>: Okay. And then just lastly, on the industrial businesses, is there a way you can transfer that technology to the commercial side with your controllers and joysticks and your other sensors?

<A – Dave Adams – Curtiss-Wright Corp.>: In to the commercial, you mean aerospace?

<Q>: No, in industrial, in the industrial.

<A – Dave Adams – Curtiss-Wright Corp.>: Transfer the industrial into commercial aero?

<Q>: No into like commercial applications...

<A – Dave Adams – Curtiss-Wright Corp.>: Sure. As a matter of fact when we originally acquired Penny + Giles back in 2001, we had hopes of buying the PG Drives Technology company, which is a sister division, and we acquired Penny + Giles from Spirent. We desperately wanted the PG Drives Technology because we felt that there were certainly opportunities for us to take PG Drives controllers technology into the commercial and industrial sectors that they were not participating in before.

We had the channels, we had the access to the market. Spirent didn't want to sell that. They did finally. We acquired them not a long ago. So, yes, the answer is, we are finally – we're able to acquire that company and that's part of the technology roadmap that Kevin has got in his business plan to take those technologies. And you saw the wheel of fortune, I call it, with the tractor up there with all those products around it. We can take that, apply it to that platform, we can apply it to others. So the answer is a big hearty yes. That's where we're going to get that better than outpacing the market growth.

<Q>: Thank you.

<Q>: I guess for me taking a 30,000-foot view and when we think about the 5% to 6% organic sales growth target that you guys presented, how much of that is driven by market share gains that you're expecting as you put forth these initiatives to integrate your company and kind of bundling your products to customers and how much of that is really based on improving end market or current macro outlook?

<A – Dave Adams – Curtiss-Wright Corp.>: I can say that if you've watched us closely over the last 18 months to 24 months, we have an exceptional track record of what we call beat the completion, and so we do take market share. We have a, I'd call them, a ruthless team here of executives that put together strategies that go after programs that are opportunities for us and that's no different for anyone of our groups. I haven't quantified that which is take away, which – from that which is simple, just growth in the market and/or technology insertion.

If we did a polling, we could probably get you some sort of numbers. But I'd say it's a combination of all, it's a market takeaway which we'll not end, these people will not stop being ruthless in their pursuit of new business because they have that high organic growth rate target built into their plans and they will meet those and they have continuously in the past, they will again.

And as far as technology insertions, you've heard a lot about that. And I believe that that's going to be a fairly large proportion of the industrial business in Kevin's group. I think that with those new applications, with the sprayer that he talked about, then the regulatory side that I mentioned, and then he's well followed up with later on, that will have a big impact.

Some of them, we've been watching for a period of time now and they've been a little bit lagging, particularly in Asia for the regulatory statutory requirements for improved efficiencies in engines and so forth, but they're coming online. And [ph] we expected them at 2014, they'd be (02:58:39)

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coming online a little bit later, late 2014 and 2015. And so we think that's going to pick up considerably.

I also believe that in the upstream oil and gas sector, there is a huge market for us with the way we're currently situated and with other opportunities of investment that we take on that will position us for the big regulatory changes that are coming about, in terms of emissions and emissions control. Cimarron has some and, if you visit next door, you'll see some of them. And, I think, we've touched on the tip of the iceberg in that or very large opportunities there that we have as responsible citizens to enact the legislation to control emission. And that legislation has been enacted now, it's just on regulatory side for the approvals, and we're very well on our way in that regard.

<Q>: Great. And a follow-up would be kind of in your CapEx guidance, kind of decreasing CapEx as a percentage of sale. And you touched upon this earlier with kind of where you are in utilization. So can you just give us an understanding of where you are on your, I guess, utilization rate? Is it 60%, 70%? So if you were to decrease CapEx as a percentage of sales, you could still get fairly large incremental operating margin.

<A – Dave Adams – Curtiss-Wright Corp.>: I'm going to give you the real generic answer, and then I'm going to pass over to Glenn, let him give you specific answer. The generic answer is that, heretofore, we've been pretty much heavy spenders. And I can tell you, and you know the historical where we lead the pack in terms of spending CapEx wise. And we have a new mantra and that is a very disciplined approach to capital expenditure. It's got to payback, it's got to have a lot of meaning to it.

When someone – when one of these groups of people come and ask for money, they know that they have about a battle to wage, but they certainly have to convey the argument in a convincing manner that we will park the money – with the money and they do a very good job of that. And I'm not saying that we were spending foolishly in the past, just saying that we're going to watch that very closely and there are good opportunities there. So that's the high level political answer. I'll let Glenn answer the...

<A – Glenn Tynan – Curtiss-Wright Corp.>: Well, just statistically, we are coming down from about 3.8% of sales in 2013 to 3.2% next year and that's why similar guidance for a little bit above the 50th percentile at least as of now. And Dave's right. The last couple of years we had many major capital expenditures and investments in low cost economies that have obviously turned into profitability improvements, the EO operation for Boeing, modernization in Surface Technologies, and I think we're just about it.

We have a couple. We have two facility expansions that have started this year, will carry over a little bit into next year to accommodate future growth. One is in the oil and gas aftermarket business, the MRO, and the other is in our nuclear group business. And after that, we don't see – we don't really have any major, I'd say, expenditure plan. So those were kind of at the tail end of that. And I'd say besides Ron's business in the oil and gas, we're pretty high utilization in our plans except for our – in Houston. We're working on that.

<Q>: Great. Thank you.

<Q>: In the Cimarron business, there's a lot of spending going on as you guys have said in the North American oil and gas market. Maybe talk about the competitive threats? I mean, there's lot of service companies that are focused there and margins tend to be tougher to get than you expect. So I would assume yours is more capacity utilization, but maybe talk about that competitive area.

<A – Dave Adams – Curtiss-Wright Corp.>: Yeah. I think that it is – we spent a lot of time – we spend a lot of time with Cimarron and in the oil and gas area in particular, because of what we

experienced on the market collapse on the downstream side of it in 2012. I feel that the market is 42,000 wells and 43,000 wells, let's call it greater than 40,000 wells drilled a year that Ron talked about, that's our market capture opportunity there, not certainly preponderant amount of them.

But I can tell you right now; Cimarron cannot keep up with the demand of the products that they provide today and that's because of what we had been talking about with the emissions control devices, with the separators, and all of the technologies they've got deployed in the field.

It happens to be a very regionally oriented business. And Cimarron is in Oklahoma City, also in Colorado, and we're looking at the other plays within the United States of the upstream plays that we have in fracing and that type of drilling, because that's where the opportunity lies.

And with the number anything above 30,000 wells a year with the content that we have and the rates that the infrastructure is being built up now, we foresee that for a long time, cost pressures or price pressures do exist in certain pieces or certain regions of the United States and certain fields, and we see a lot of it in Southwest Texas. There's a certain cost pressure or price pressure there and that's related to what we – what I'll call the mom and pop type applicators or separators, the guys that are building sheds out of their backyard, and it's a well cap process basically in layman's terms.

And I'd say Cimarron is a step above that, several steps above that in terms of product technology that we provide and we are able to sell to the big Conocos, the Texacos, the ExxonMobils. They want to buy it from a reputable company that's got that long term history of ability to provide an answer or solution to the problem.

I definitely feel that the market is changing in our direction from a – one thing that Ron showed you may not have picked it out, but the wireless transmittal of data and wellhead data, that's just it fits into everything that we provide technologically and that's our sweet spot. We marry that with what Cimarron has, we have the opportunity for a homerun in this business. It's beyond what we're even planning on.

We had always planned on homerun with Cimarron when we acquired them. It's working out extremely well by backfilling the underutilized assets that we have in Houston and we're able to stay ahead of that cost curve by the Lean improvements; that's happened to be Ron's specialty, and he's doing that in Houston as well as in Oklahoma City.

So we made a process that's being going fairly well into a process that's going very well and I anticipate that to continue. Will there be some pricing pressures? Yeah, there sure will be, there always are. But I think that we're going far enough down our cost curve that we're able to relent a little bit there. And then as we indicated, there are couple of investments there we're looking at that would really even impact that business much more or so that would be advantageous to us.

<Q>: Yeah. Dave, just to maybe go back to the energy margins and maybe get into the products a little bit more, I guess, notably absent from this presentation was any discussion on the super vessels, and we heard a lot about that last year expanding that product line. Is that a priority program anymore? I mean, it seem like there was a lot of investment there. Is that going to be something targeted for the divestiture, is that a program given a lack of order flow that is a little bit of headwind on margins right now?

<A – Dave Adams – Curtiss-Wright Corp.>: It would be a headwind on margins if we were accepting a lot of new orders for super vessels. I can just tell you, well, that obviously has been one of the difficult points for us in that business and that's the beauty of what we've done with Cimarron. We've taken that, put that work down into Houston, filled that void on capacity. And frankly with the super vessels nice products, they are in demand, but the price points on those are not to the level that we want to really participate in at large. I will say this that we have a plan that we set out that

we estimate the number of supper vessels that we will bid on per year, and that we will accept orders for. We won't accept looser orders like we did in the past.

And that's just a fact of life. We're not going to do it. We're putting work in there that we can make profitable, and we've got a facility that's fantastic, it's great for what we're using it for. Put a little bit more in there from other areas of investment that we can make, and I think we've got a real homerun. Houston is the place for it. And so, I don't – supper vessels; you hit the nail on the head. It's not a real profitable business for us, and you'll see us migrating away from that, but not out of it totally.

<Q>: Glenn, just on your guidance for next year; the operating income is supposed to increase or expected to increase $35 million to $37 million, the revenue is supposed to increase $160 million, $170 million. So that's like a low 20% incremental margin. There's some, I would assume, non-volume based savings – cost savings in there. So sort of implies that your conversion on the revenue growth – underlying conversion is actually much lower than that 20%. So is that – is there something going on with the mix in the year or is there conservatism in there? Can you just explain why that implied conversion on the organic growth is actually pretty much lower?

<A – Glenn Tynan – Curtiss-Wright Corp.>: Well, okay. So probably from a non-volume – because most – a lot of the growth is coming from volume within the three segments, I will say our corporate and other is remaining flat to slightly down on the increased volume. That's also given us a lift from there as well on the incremental.

<Q>: Right, but it's – low 20% is the sort of consolidated operating income margin. And I assume, out of that $100 million plus savings, even though that's a longer term target, some of that is going to be booked into 2014, whether it's facility consolidation and things like that. And so you're going to get some bump up from that that's really not related to any of that revenue growth you're going to see. So the implied sort of contribution from that [indiscernible] (03:09:17)...

<A – Glenn Tynan – Curtiss-Wright Corp.>: [indiscernible] (03:09:17)

<Q>: Right. So my question is, I mean is there something going on in the mix or maybe there's some conservatism in that? Can you just sort of explain that?

<A – Glenn Tynan – Curtiss-Wright Corp.>: I don't – I can't think of anything directly on the mix question, but it could be some conservatism in there. I mean, we're comfortable. We're getting partial bump from the volume, and we do have, as I said, we have margin expansion initiatives we've put-in in the past that do flow through to this year. So that will continue, but we're comfortable with the guidance, but we'd love to be able to beat it as well.

<A – Dave Adams – Curtiss-Wright Corp.>: Any other question?

David C. Adams, President & Chief Executive Officer

Well, thank you, my shields for taking all the hard ones, making it easy for me. I only have one slide and just want to wrap up what we talked about and summarize it in the first that you saw from us. And hopefully, you'll agree with me that this has been a considerable departure from prior Investors Conferences that we've made, and prior information sharing that we provided and had with you all. I do believe that we're at an inflection point.

There's no question; we are taking the opportunity as a new management team and with tried and true members of the management team to make a difference with this company. And as I said, we all have a stake in it. We know you do as well. We appreciate that very much, and we're going to

make this thing happen. And we do set lofty goals. We will hit speed bumps. It's all right. We'll get there. We have a very positive outlook on this, and we're very proactive in approaching these.

We do have great positions in our market places. It took a lot to get there. We spent a lot of money to get there. Now it's time to reap the rewards of the money we spent, now having been there, we've established our critical mass. And that's just going to drive the improvements that we've set forth in this meeting. I think you'll agree with me that we do have a very talented team. You've heard from each of them. They're certainly ready, willing and able to answer any more questions.

This team is only a very small facet – a very small element of the 10,000 plus other members of the team that we have, who really do all the heavy lifting. We have the easy job. We get to come out here to New York and have nice dinners and talk to you all, but the rest of that team is what makes this really happen for us. And you've heard it before many times here today; we are targeting top quartile performance.

We'll get there. And as I said, the road might be a little bumpy at times, but we have that set in our sights. We have the means to get there. We have the wherewithal with the team, and I have no doubts that we will make it. I want to just take one second to a round of applause for those of you for – who invest in our company, those of you on the website or that are listening that invest in our company, and those employees that have done an outstanding job.

You would agree with me, I'm sure, of having made this transition from having an announcement in September about a management change and then delivered a strategic plan, gone through a board meeting, and now having done this; it's no small effort to have gone though all of these things in just the last few months to come up with a plan that, I believe, is extremely cohesive.

And a big shout-out and thanks to all of you that are listening, the employees of Curtiss-Wright, and all the rest of us in the room, and to you as shareholders.

So that concludes our meeting today. And at this point, you can feel free to go next door, and I don't know how long we have the room till?

James Ryan, Director-Investor Relations

About an hour.

David C. Adams, President & Chief Executive Officer

About an hour. So mill around, talk to our people, ask any questions. Thank you very much.

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