CURTISS WRIGHT CORP

FORM 10-Q
(Quarterly Report)

Filed 8/15/1994 For Period Ending 6/30/1994

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Sector	Capital Goods
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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities
Exchange Act of 1934

For the quarterly period ended June 30, 1994

Commission File Number 1-134

CURTISS-WRIGHT CORPORATION

(Exact name of Registrant as specified in its charter)

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           Delaware                            13-0612970
- - ------------------------------            ------------------
(State or other jurisdiction of           (I.R.S. Employer
incorporation or organization)            Identification No.)

     1200 Wall Street West
     Lyndhurst, New Jersey                        07071
- - ----------------------------------------        ----------
(Address of principal executive offices)       (Zip Code)

          (201) 896-8400
     ----------------------------------------------------
     (Registrant's telephone number, including area code)
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Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, par value $1.00 per share: 5,059,053 shares (as of August 8, 1994)

CURTISS-WRIGHT CORPORATION AND SUBSIDIARIES

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CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(In Thousands)

	June 30, 1994	December 31, 1993
ASSETS:		
Cash and cash equivalents	$ 8,688	$ 20,349
Short-term investments	70,660	54,811
Receivables, net	29,126	27,333
Income taxes refundable		255
Deferred tax asset	9,437	8,882
Inventories	23,306	22,455
Other current assets	1,720	2,142
TOTAL CURRENT ASSETS	142,937	136,227
Property, plant and equipment, at cost	207,666	208,791
Less, accumulated depreciation	140,669	137,361
Property, plant and equipment, net	66,997	71,430
Prepaid pension costs	25,812	24,062
Other assets	5,259	5,228
TOTAL ASSETS	$241,005	$236,947
LIABILITIES:		
Current portion of long-term debt	$ 1,415	$ 124
Accounts payable and accrued expenses	18,282	14,990
Dividends payable	1,264	
Income taxes payable	2,003	
Other current liabilities	18,834	28,401
TOTAL CURRENT LIABILITIES	41,798	43,515
Long-term debt	13,047	14,426
Deferred income taxes	6,767	6,354
Accrued post retirement benefit costs	10,688	10,376
Other liabilities	17,175	18,045
TOTAL LIABILITIES	89,475	92,716
STOCKHOLDERS' EQUITY:		
Common stock, $1 par value	10,000	10,000
Capital surplus	57,172	57,172
Retained earnings	268,212	261,356
Unearned portion of restricted stock	(35)	(87)
Equity adj from foreign currency translation	(1,471)	(1,862)
SUBTOTAL	333,878	326,579
Less, cost of treasury stock	182,348	182,348
TOTAL SHAREHOLDERS' EQUITY	151,530	144,231
TOTAL LIAB & SHAREHOLDERS' EQUITY	$241,005	$236,947

See notes to consolidated financial statements.

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
CONSOLIDATED STATEMENTS of EARNINGS
(UNAUDITED)
(In thousands except per share data)

	Six Months Ended June 30, 1994	Six Months Ended June 30, 1993	Three Months Ended June 30, 1994	Three Months Ended June 30, 1993
Revenues:				
Sales	$ 76,027	$ 81,636	$37,489	$40,909
Rentals and gains on sales of real estate and equipment	4,138	4,166	2,038	2,049
Interest, dividends and gains (losses) on sales of short-term investments, net	1,690	1,562	865	560
Other income, net	232	227	34	90
Total revenues	82,087	87,591	40,426	43,608
Cost and Expenses:				
Product and engineering	52,245	57,277	25,101	27,854
Selling and service	2,646	3,106	1,289	1,634
Administrative and general	12,987	14,238	6,472	7,255
Interest	181	322	93	177
Total costs and expenses	68,059	74,943	32,955	36,920
Earnings before taxes and cumulative effect of changes in accounting principles	14,028	12,648	7,471	6,688
Provision for income taxes	4,398	4,508	2,146	2,355
Earnings before cumulative effect of changes in account'g principles	9,630	8,140	5,325	4,333
Cumulative effect of changes in accounting principles (net of applicable taxes)	(244)	(2,671)		
Net earnings	$ 9,386	$ 5,469	$ 5,325	$ 4,333
Weighted average number of common shares outstanding	5,061	5,061	5,061	5,061
Net earnings per common share:				
Earnings before cumulative effect of changes in account'g principles	$1.90	$1.61	$1.05	$ .86
Cumulative effect of changes in accounting principles	(.05)	(.53)		
Net earnings per common share	$1.85	$1.08	$1.05	$ .86
Dividends per common share	$ .50	$ .50	$ .25	$ .25

See notes to consolidated financial statements.

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
CONSOLIDATED STATEMENTS of CASH FLOWS
(UNAUDITED)
(In thousands)

	Six Months Ended June 30	
	1994	1993
Cash flows from operating activities:		
Net earnings	$ 9,386	$ 5,469
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Cumulative eff of changes in acctg principles	244	2,671
Depreciation and amortization	5,350	6,010
Net gains on sales of short-term investments	(965)	(274)
Decrease in deferred taxes	(11)	(1,458)
Changes in operating assets and liabilities:		
Proceeds from sales of trading securities	69,000	
Purchases of trading securities	(83,484)	
(Increase) decrease in receivables	(1,465)	1,342
Increase in retainages		(486)
(Increase) decrease in inventory	(2,002)	694
Increase (decrease) in progress payments	823	(3,270)
Inc in accounts payable & accrued expenses	1,743	435
Increase (decrease) in income taxes payable	2,258	(1,131)
Increase in other assets	(1,359)	(1,809)
Increase (decrease) in other liabilities	(471)	1,051
Litigation settlement	(8,880)	
Other, net	904	362
Total adjustments	(18,315)	4,137
Net cash provided (used) by operat'g activities	(8,929)	9,606
Cash flows from investing activities:		
Proceeds on sales of real estate and equipment	34	217
Additions to property, plant and equipment	(1,412)	(3,541)
Proceeds from sales of short-term investments		232,304
Purchases of short-term investments		(250,819)
Net cash used by investing activities	(1,378)	(21,839)
Cash flows from financing activities:		
Principal payments on long-term debt	(88)	(3,620)
Dividends paid	(1,266)	(1,265)
Net cash used by financing activities	(1,354)	(4,885)
Net decrease in cash and cash equivalents	(11,661)	(17,118)
Cash and cash equivalents at beginning of period	20,349	28,134
Cash and cash equivalents at end of period	$ 8,688	$ 11,016

See notes to consolidated financial statements.

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
CONSOLIDATED STATEMENTS of STOCKHOLDERS' EQUITY
(UNAUDITED)
(In thousands of dollars)

	Common Stock Shares Issued	Common Stock Amount	Capital Surplus	Retained Earnings	Unearned Portion of Restricted Stock	Equity Adjustments from Foreign Currency Translation	Treasury Stock Shares	Treasury Stock Amount
December 31, 1992	10,000,000	$10,000	$57,062	$272,038	$(317)	($1,231)	4,939,257	$182,348
Net earnings				(5,623)				
Common dividends				(5,059)				
Amortization of unearned portion of restricted stock			110		230			
Translation adjustments, net						(631)		
December 31, 1993	10,000,000	10,000	57,172	261,356	(87)	(1,862)	4,939,257	182,348
Net earnings				9,386				
Common dividends				(2,530)				
Amortization of unearned portion of restricted stock					52			
Translation adjustment, net						391		
June 30, 1994	10,000,000	$10,000	$57,172	$268,212	$ (35)	$(1,471)	4,939,257	$182,348

See notes to consolidated financial statements.

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES

NOTES to CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. BASIS OF PRESENTATION

The information furnished in this report reflects all adjustments, consisting primarily of normal recurring accruals, which are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented. The unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Corporation's 1993 Annual Report to Stockholders. The results of operations for these interim periods are not necessarily indicative of the operating results for a full year.

2. CHANGES IN ACCOUNTING PRINCIPLES

Effective January 1, 1994, Curtiss-Wright adopted Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits" (SFAS No. 112). This statement requires that provision be made for benefits for former or inactive employees, after employment but before retirement, such as salary continuation, severance benefits and disability-related items. Under the new accounting rules, the Corporation recorded a projected obligation for these benefits of $375,000. This obligation resulted in an after-tax charge to earnings for the first quarter of 1994 of $244,000 or $.05 per share.

3. SHORT-TERM INVESTMENTS

Effective January 1, 1994, the Corporation began accounting for its short-term investments in accordance with Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" (SFAS No. 115). This statement requires that the Corporation's investments in equity securities be classified as "trading securities" or "available for sale securities." The Corporation's short-term investments are comprised of marketable equity and non-equity securities, all classified as trading securities at June 30, 1994, under SFAS No. 115.

Short term investments have an aggregate cost of $72,007,000 and an aggregate market value of $70,660,000 at June 30, 1994, compared to an aggregate cost of $54,811,000 and an aggregate market value of $54,869,000 at December 31, 1993. Included in the determination of net earnings were net realized gains on the sales of short-term investments, determined on the specific identification cost basis, totaling $2,312,000 and $549,000 for the first six months of 1994 and 1993, respectively. Also included in the determination of net earnings for the first six months of 1994 were net unrealized holding losses on trading securities totaling $1,347,000 and $275,000 for the first six months of 1994 and 1993, respectively. Net realized gains on sales of short-term investments totaled $1,103,000 and $214,000 for the second quarter of 1994 and 1993, respectively.

4. RECEIVABLES

Receivables, at June 30, 1994 and December 31, 1993, include amounts billed to customers and unbilled charges on long-term contracts consisting of amounts recognized as sales but not billed at the dates presented. Substantially all amounts of unbilled receivables are expected to be billed and collected within a year. The composition of receivables for those periods is as follows:

	(In thousands) June 30, 1994	(In thousands) December 31, 1993
Accounts receivable, billed	$22,785	$25,004
Less: progress payments applied	1,635	4,108
	21,150	20,896
Unbilled charges on long-term contracts	23,960	20,265
Less: progress payments applied	15,080	12,935
	8,880	7,330
Allowance for doubtful accounts	(904)	(893)
Receivables, net	$29,126	$27,333

5. INVENTORIES

Inventories are valued at the lower of cost (principally average cost) or market. The composition of inventories at June 30, 1994 and December 31, 1993 is as follows:

	In thousands June 30, 1994	In thousands December 31, 1993
Raw material	$ 5,105	$ 5,626
Work-in-process	10,303	7,905
Finished goods	1,962	2,385
Inventoried costs related to U. S. Gov't and other long-term contracts	9,772	9,224
Total inventories	27,142	25,140
Less: progress payments applied, principally related to long-term contracts	3,836	2,685
Net inventories	$23,306	$22,455

6. CONSOLIDATED STATEMENTS OF CASH FLOWS

Interest payments totaling $212,000 and $332,000 were made primarily in association with long-term debt in the first six months of 1994 and 1993, respectively. The Corporation made estimated federal income tax payments totaling $2,400,000 and $6,019,000 in the first half of 1994 and 1993, respectively.

Cash flows from purchases and sales of trading securities have been classified as cash flows from operating activities for the first six months of 1994, in accordance with SFAS No. 115. Cash flows from purchases and sales of short-term investments for the first six months of 1993 are classified as investing activities.

7. EARNINGS PER SHARE

Earnings per share were computed by dividing the applicable amount of earnings by the weighted average number of common shares outstanding during each period shown in the accompanying Consolidated Statements of Earnings.

PART I - ITEM 2
CURTISS-WRIGHT CORPORATION and SUBSIDIARIES

MANAGEMENT'S DISCUSSION and ANALYSIS of
FINANCIAL CONDITION and RESULTS of OPERATIONS

RESULTS OF OPERATIONS:

Curtiss-Wright Corporation reported consolidated net earnings for the second quarter 1994 of $5.3 million or $1.05 per share, a 23% increase compared to net earnings of $4.3 million or $.86 per share reported in the second quarter of 1993. Excluding the effects of accounting changes in both years, net earnings for the first six months of 1994 totaled $9.6 million or $1.90 per share, showing an 18% improvement over comparable period 1993 earnings of $8.1 million or $1.61 per share. Net earnings of both six month periods were reduced by charges for required accounting changes which were recorded in the first quarter of each year. Net earnings for 1994 were reduced by $.2 million or $.05 per share for a change in accounting for postemployment benefits, while 1993 net earnings were reduced by $2.7 million or $.53 per share for the net effect of changes in accounting for postretirement benefits and income taxes. Overall, earnings before taxes and accounting changes increased for the second quarter and first six months of 1994, as compared with the prior year's results, reflecting the benefits of reduced corporate administrative expenses and the absence of environmental charges recorded in 1993, as discussed following the segment performance review.

Sales for the second quarter of 1994 totaled $37.5 million and were $76.0 million for the first six months of the year. Sales in both periods declined when compared with sales of $40.9 million and $81.6 million for the second quarter and first six month periods of 1993, respectively. In recent years, Curtiss-Wright's Aerospace operations have accounted for more than 50% of total sales and, as expected, the declines in sales, year to year, continue to reflect reduced worldwide aerospace production overall and the winding down of certain mature military programs. New orders also declined, to $31.8 million and $58.6 million for the second quarter and first six months of 1994, respectively, from new orders of $38.4 million and $65.7 million reported for the same respective periods of 1993. The backlog of unshipped orders for the Corporation totaled $131.7 million at June 30, 1994, compared to $136.1 million at June 30, 1993.

Segment Performance:
Aggregate pre-tax operating income generated by the Corporation's three business segments was also lower in the second quarter of 1994, totaling $7.2 million, compared with operating earnings of $8.0 million for the second quarter of 1993. For the first six months of 1994, segment operating income is slightly behind 1993 levels, totaling $13.4 million in 1994, compared with $13.6 million in 1993.
The Corporation's Aerospace segment posted lower results for both the second quarter and first six months of 1994, when compared with results for the same periods of 1993. Sales declined 14% in the second quarter of 1994, to $21.3 million from the same period of the prior year and totaled $43.9 million for the first six months of 1994, 11% lower than in the same six month period of 1993.

Operating income for the Aerospace segment also showed declines when comparing the second quarter and first six months of 1994 to those same respective periods in the prior year, largely due to sales declines. The overall reductions in operating results of both periods, year to year, generally reflect lower production volume on Curtiss-Wright actuation equipment for both military and commercial programs. In addition, earnings were adversely affected by cost overruns on the development of a Boeing 777 actuator and expenditures in connection with the new Power HawkTM rescue tool discussed later in this report. The Corporation's earnings this year have also been penalized by delays in the overall F-22 program and development expenditures in excess of budgeted amounts. Reduced sales on military programs primarily reflect declines in both volume and pricing on the F-16 program, while reduced sales of commercial actuation products reflect lower production for Boeing transport aircraft. For the second quarter and first six months of 1994, there have been some significant improvements, compared to the 1993 periods, in sales of actuation spare parts and overhaul services, as well as increased sales of shot peening services in Europe. New orders received by the Aerospace segment in the second quarter of 1994 were $16.2 million and totaled $31.0 million for the first six month period of 1994. New orders recorded in both periods of 1994 are substantially below the order levels of the same respective periods of 1993 primarily reflecting the decline in orders for the matured F-16 program.

On July 1, 1994, after the close of the quarter, the Corporation received a not to exceed $3.8 million order for engineering and manufacturing development (EMD) for cockpit control feel and drive actuators for the Bell/Boeing V-22 program. The Corporation expects to realize some small development revenue on this program during the remainder of 1994 with the bulk of revenue expected upon the delivery of hardware in 1995.

Sales for the Flow Control and Marine segment totaled $6.2 million and $12.9 million for the second quarter and first six month periods of 1994, respectively, both periods showing declines from sales recorded in the second quarter and first six month periods of 1993. Operating income for the second quarter of 1994 trailed the income recorded in the second quarter of 1993, reversing the favorable period to period results shown in the first quarter of 1994. The declines largely reflect non-recurring additional revenue recorded in the second quarter of 1993 under a basic settlement agreement reached on termination claims filed due to the cancellation of the U. S. Navy's Seawolf Program. The recovery of costs and termination expenses resulted in additional revenue of $2.0 million and operating profits, before applicable taxes, of $1.3 million being added to the 1993 results for the second quarter and first six month periods. New orders received by the Flow Control and Marine segment were $2.4 million for the second quarter of 1994 and total $5.0 million for the first six months period. New order levels for both 1994 periods are well above the levels recorded in the same 1993 periods primarily due to an increase in orders for commercial nuclear valve products.

Sales for the Industrial segment totaled $9.9 million and $19.3 million for the second quarter and first six months of 1994, respectively. Sales in the second quarter of 1994 and operating income for both 1994 periods showed improvements when compared to the same periods' results in 1993. Improvements in Industrial segment results are largely due to higher sales of shot peening and heat treating services to automotive industry customers. New orders received in the second quarter of 1994 were $13.2 million compared to orders of $10.4 million received in the second quarter of 1993. For the first six months of 1994, new orders totaled $22.6 million compared to $19.7 million for the first six months of 1993. The increase in new orders for the 1994 periods is largely due to a $3.7 million order for stainless steel pipe received by our Buffalo Extrusion Facility.

Curtiss-Wright's Flight Systems Group announced the introduction of a new industrial product during the second quarter of 1994. Curtiss-Wright Flight Systems has designed, developed and patented a new rescue tool which utilizes a conventional 12 volt automotive battery as its power source. This new product, called the Power HawkTM, was introduced at the Fire Department Instructors Conference in Cincinnati, Ohio and at a major fire and rescue show held in Germany. The Power HawkTM utilizes Curtiss-Wright's aerospace technology to produce cutting and spreading forces competitive with existing products but with the advantages of light weight, extreme portability, compactness, low noise levels, no gasoline fumes or hazardous chemicals and ease and safety of use. Initial production of the Power HawkTM began early in the third quarter and initial deliveries are scheduled for late August of 1994. While the introduction of this new product has received encouraging reviews, the Corporation cannot yet determine the significance of its future sales or operating profits.

OTHER REVENUES AND COSTS:

Other revenue recorded in the second quarter of 1994 totaled $2.9 million, compared to $2.7 million recorded in the second quarter of 1993, while other revenue for the first six months of 1994 totaled $6.1 million, essentially equal to other revenue recorded in the same period of 1993. The change in other revenue is primarily reflective of higher overall investment income recorded in the second quarter of 1994.

Operating costs for the Corporation as a whole were 11% lower for the second quarter and 9% lower for the first six months of 1994 when compared with costs incurred in the same respective periods of 1993. Lower costs for both 1994 periods are generally reflective of the lower overall sales from our operating segments in comparison to the same periods of 1993. Also contributing to the decline in operating costs, when comparing 1994 periods to 1993 periods, were lower Corporate administrative costs primarily associated with reduced personnel levels. Administrative and general expenses had also been increased in the 1993 periods by a charge for estimated future environmental costs associated with our Buffalo Extrusion Facility. Administrative expenses for the first six months of both years were reduced by $1.8 million for accrued income generated from the Corporation's overfunded pension plan.

In the first six months of 1994, the Corporation has made significant progress in the environmental clean-up program at its Wood-Ridge, New Jersey complex. The Corporation is currently proceeding with groundwater and soil remediation efforts including the design, pilot pumping and treatment for ground-water, and the installation of a vapor extrac- tion/enhanced bioremediation system for the soil. During the remainder of 1994, the Corporation expects to complete: 1) excavation of its former oil tank farm, 2) construction of the vapor extraction system, 3) landfill design and 4) remedial design for ground-water.

CHANGES IN FINANCIAL CONDITION:

Liquidity and Capital Resources:
The Corporation's working capital was $101.1 million at June 30, 1994, a 9% increase from working capital of $92.7 million at December 31, 1993. The ratio of current assets to current liabilities at June 30, 1994 also increased to 3.4 to 1 from 3.1 to 1 at December 31, 1993. The increase in working capital reflects an increase in cash and short-term investment balances which total $79.3 million at June 30, 1994, a 5% increase from December 31, 1993. Net receivables and inventories at June 30, 1994 were slightly higher when compared with balances at December 31, 1993 due to an increase in unbilled charges and inventory associated with long-term contracts and other current work in process inventory. Working capital for the first six months of 1994 was partially reduced by higher accrued expenses generally caused by the timing of expected payments for insurance, interest and accrued wages, and by the reclassification of $1.3 million of long-term debt to a current item, caused by the exercise of a call option by the bond holder for payment in early 1995. Current liabilities overall were reduced by an $8.9 million payment made to the U.S. Government early in 1994 in settlement of the litigation against Target Rock Corporation, which had been provided for in December 1993. In addition, the Corporation's estimated federal tax payments were significantly reduced when comparing first half 1994 payments to the same prior year period. The litigation settlement resulted in a $1.2 million refund for the fourth quarter of 1993 received in the 1994 period, compared to a payment of $2.7 million for the fourth quarter of 1992 made in the 1993 period.

The Corporation continues to maintain a $45.0 million revolving credit lending facility with a group of banks to provide an additional source of capital to the Corporation. This agreement of which $28.3 million remains unused at June 30, 1994, encompasses various letters of credit issued primarily in connection with outstanding industrial revenue bonds.

During the first half of 1994, internally generated funds were more than adequate to meet capital requirements. Projected funds from operating sources are expected to be more than adequate to cover future cash requirements, including anticipated capital expenditures of approximately $8.6 million for the balance of the year and anticipated expenditures connected with environmental remediation programs.

PART II - OTHER INFORMATION

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

(none)

(b) Reports on Form 8-K

On August 3, 1994 Registrant received a letter from the U. S. Securities and Exchange Commission dated July 28, 1994 stating that its Form 8-K, which it had transmitted via EDGAR on January 19, 1994, had not been received. On August 4, 1994 a subsequent transmission was made and the Form 8-K was received.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

CURTISS-WRIGHT CORPORATION
(Registrant)

By: Robert A. Bosi
Robert A. Bosi,
Vice-President Finance

By: Kenneth P. Slezak
Kenneth P. Slezak,
Controller

Dated: August 15, 1994

End of Filing

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