CURTISS WRIGHT CORP

FORM 10-Q
(Quarterly Report)

Filed 11/13/1995 For Period Ending 9/30/1995

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Industry	Aerospace & Defense
Sector	Capital Goods
Fiscal Year	12/31

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 September 30, 1995

Commission File Number 1-134

CURTISS-WRIGHT CORPORATION

(Exact name of Registrant as specified in its charter)

Delaware	13-0612970
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer 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)

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: 5,059,293 shares (as of October 31, 1995)

CURTISS-WRIGHT CORPORATION AND SUBSIDIARIES

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PART I - FINANCIAL INFORMATION

Item 1 - Financial Statements

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

(In thousands)

	September 30, 1995	December 31, 1994
Assets:		
Cash and cash equivalents	$ 6,264	$ 4,245
Short-term investments	75,205	72,200
Receivables, net	35,706	32,467
Deferred tax asset	7,425	8,204
Inventories	27,517	24,889
Other current assets	2,088	2,338
Total current assets	154,205	144,343
Property, plant and equipment, at cost	196,911	202,988
Less, accumulated depreciation	140,515	142,550
Property, plant and equipment, net	56,396	60,438
Prepaid pension costs	30,134	28,092
Other assets	4,994	5,821
Total assets	$245,729	$238,694
Liabilities:		
Current portion of long-term debt	$ 4,000	$ 5,354
Accounts payable and accrued expenses	16,690	15,250
Dividends payable	1,264	
Income taxes payable	31	2,105
Other current liabilities	11,406	13,305
Total current liabilities	33,391	36,014
Long-term debt	10,347	9,047
Deferred income taxes	7,030	6,446
Accrued post retirement benefit costs	10,892	10,802
Other liabilities	15,323	17,616
Total liabilities	76,983	79,925
Stockholders' equity:		
Common stock, $1 par value	10,000	10,000
Capital surplus	57,135	57,139
Retained earnings	285,009	275,600
Equity adjustments from foreign currency translation	(1,061)	(1,622)
	351,083	341,117
Less, cost of treasury stock	182,337	182,348
Total stockholders' equity	168,746	158,769
Total liabilities and stockholders' equity	$245,729	$238,694

[FN] See notes to consolidated financial statements.

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
CONSOLIDATED STATEMENTS of EARNINGS
(UNAUDITED)

(In thousands except per share data)

	Nine Months Ended September 30, 1995	Nine Months Ended September 30, 1994	Three Months Ended September 30, 1995	Three Months Ended September 30, 1994
Revenues:				
Sales	$110,388	$114,819	$35,929	$38,792
Rentals and gains on sales of real estate and equipment	6,696	6,411	2,227	2,273
Interest, dividends and gains (losses) on sales of short-term investments, net	3,396	2,509	1,097	819
Other income, net	189	249	50	17
Total revenues	120,669	123,988	39,303	41,901
Costs and expenses:				
Product and engineering	75,662	79,387	24,077	27,142
Selling and service	4,425	4,108	1,388	1,462
Administrative and general	20,586	19,464	6,493	6,477
Interest	431	274	142	93
Total costs and expenses	101,104	103,233	32,100	35,174
Earnings before taxes & cumulative effect of a change in accounting principle	19,565	20,755	7,203	6,727
Provision for income taxes	6,362	6,958	2,237	2,560
Earnings before cumulative effect of a change in acctg principle	13,203	13,797	4,966	4,167
Cumulative effect of a change in accounting principle (net of applicable taxes)		(244)		
Net earnings	$ 13,203	$ 13,553	$ 4,966	$ 4,167
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 a change in accounting principle	$2.61	$2.73	$ .98	$ .82
Cumulative effect of a change in accounting principle		(.05)		
Net earnings per common share	$2.61	$2.68	$ .98	$ .82
Dividends per common share	$ .75	$ .75	$ .25	$ .25

[FN] See notes to consolidated financial statements.

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

(In thousands)

	Nine Months Ended September 30, 1995	Nine Months Ended September 30, 1994
Cash flows from operating activities:		
Net earnings	$ 13,203	$ 13,553
Adjustments to reconcile net earnings to net cash provided by (used for) operating activities:		
Cum effect of a change in acctg principle		244
Depreciation and amortization	7,814	8,109
Net gains on sales of short-term investments	(1,044)	(1,246)
Increase in deferred taxes	1,363	684
Changes in operating assets and liabilities:		
Proceeds from sales of trading securities	137,570	103,699
Purchases of trading securities	(139,155)	(116,691)
Increase in receivables	(2,332)	(7,155)
Increase in inventories	(6,840)	(2,847)
Increase in progress payments	3,305	3,549
Inc in accts payable & accrued expenses	1,440	922
Increase (decrease) in income taxes payable	(2,074)	2,182
Increase in other assets	(963)	(2,267)
Decrease in other liabilities	(4,480)	(4,814)
Litigation settlement		(8,880)
Other, net	(1,065)	1,003
Total adjustments	(6,461)	(23,508)
Net cash provided by (used for) operating activities	6,742	(9,955)
Cash flows from investing activities:		
Proceeds from sales of real estate and equipment	3,219	759
Additions to property, plant and equipment	(5,359)	(3,303)
Net cash used for investing activities	(2,140)	(2,544)
Cash flows from financing activities:		
Principal payments on long-term debt	(54)	(112)
Dividends paid	(2,529)	(2,530)
Net cash used for financing activities	(2,583)	(2,642)
Net inc/(dec) in cash & cash equivalents	2,019	(15,141)
Cash and cash equivalents at beginning of period	4,245	20,349
Cash and cash equivalents at end of period	$ 6,264	$ 5,208

[FN] 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, 1993	10,000,000	$10,000	$57,172	$261,356	$ (87)	$(1,862)	4,939,257	$182,348
Net earnings				19,303				
Common dividends				(5,059)				
Amortization of unearned portion of restricted stock			(33)		87			
Translation adjustments, net						240		
December 31, 1994	10,000,000	10,000	57,139	275,600	--	(1,622)	4,939,257	182,348
Net earnings				13,203				
Common dividends				(3,794)				
Exercise of stock options			(4)				(240)	(11)
Translation adjustment, net						561		
September 30, 1995	10,000,000	$10,000	$57,135	$285,009	$ -	$(1,061)	4,939,017	$182,337

[FN] See notes to consolidated financial statements.

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES

NOTES to CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. BASIS OF PRESENTATION

The financial statements present the consolidated accounts of Curtiss-Wright Corporation and all majority owned subsidiaries (the "Corporation"), after elimination of all significant intercompany transactions and accounts.

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 1994 Annual Report on Form 10-K. The results of operations for these interim periods are not necessarily indicative of the operating results for a full year.

2. SHORT-TERM INVESTMENTS

The Corporation accounts 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). The Corporation's short-term investments are comprised of marketable equity and non-equity securities, all classified as trading securities under SFAS No. 115 and, accordingly, are carried at their fair value, which is based on quoted prices for these investments. Short-term investments have an aggregate cost of $74,628,000 and an aggregate fair value of $75,205,000 at September 30, 1995, compared with an aggregate cost of $72,750,000 and an aggregate fair value of $72,200,000 at December 31, 1994.

Included in the determination of net earnings were net realized gains and losses on the sales of short-term investments, determined on the specific identification cost basis. The composition of investment income for the first nine months and third quarter of 1995 and 1994, respectively, is as follows:

(In thousands)

	Nine Months Ended September 30,		Three Months Ended September 30,	
	1995	1994	1995	1994
Net realized gains (losses) on the sale of marketable securities	$ (82)	$2,800	$ 65	$ 488
Interest and dividend income, net	2,352	1,263	767	538
Net unrealized holding gains (losses)	1,126	(1,554)	265	(207)
Interest, dividends & gains (losses) on short-term investments, net	$3,396	$2,509	$1,097	$ 819

3. RECEIVABLES

Receivables, at September 30, 1995 and December 31, 1994, 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)

	September 30, 1995	December 31, 1994
Accounts receivable, billed	$30,084	$28,121
Less: progress payments applied	3,205	4,464
	26,879	23,657
Unbilled charges on long-term contracts	27,415	27,084
Less: progress payments applied	17,932	17,580
	9,483	9,504
Allowance for doubtful accounts	(656)	(694)
Receivables, net	$35,706	$32,467

4. INVENTORIES

Inventories are valued at the lower of cost (principally average cost) or market. The composition of inventories at September 30, 1995 and December 31, 1994 is as follows:

	In thousands September 30, 1995	December 31, 1994
Raw materials	$ 3,819	$ 4,195
Work-in-process	15,061	9,819
Finished goods	3,006	3,477
Inventoried costs related to U. S. Government & other long-term contracts	12,494	10,049
Total inventories	34,380	27,540
Less: progress payments applied, principally related to long-term contracts	6,863	2,651
Net inventories	$27,517	$24,889

5. ENVIRONMENTAL MATTERS

The Corporation is subject to federal, state and local laws and regulations concerning the environment, and is currently participating in administrative or court proceedings involving a number of sites under these laws, usually as a participant in an industry group of potentially responsible parties. Many of these proceedings are at a stage where it is impossible to estimate with any certainty the total cost of remediation, the timing and extent of remedial actions which may be required by governmental authorities, and the amount of the liability, if any, of the Corporation alone or in relation to that of any other responsible party. The Corporation also has been seeking to establish insurance coverage with respect to a number of these matters through litigation against certain insurance carriers. When it is possible to make a reasonable estimate of the Corporation's liability with respect to an environmental matter, a provision is recorded as appropriate. Actual costs to be incurred in future periods may vary from these estimates.

Based on facts presently known to it and the advice of counsel, the Corporation does not believe that the outcome of any one of these environmental proceedings, in excess of amounts provided, will have a material adverse effect on its results of operations or financial condition.

6. CONSOLIDATED STATEMENTS OF CASH FLOWS

Interest payments of $466,000 and $304,000 were made primarily in association with long-term debt in the first nine months of 1995 and 1994, respectively. The Corporation made estimated federal income tax payments of $3,762,000 and $3,400,000 in the first nine months of 1995 and 1994, respectively.

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. The assumed exercise of all outstanding stock options had an immaterial dilutive effect on earnings per share in each respective period.

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 (the "Corporation") posted consolidated net earnings for the third quarter of 1995 totaling $5.0 million, or $.98 per share, 19% above net earnings of $4.2 million, or $.82 per share, reported in the third quarter of 1994. Net earnings for the third quarter of 1995 continued to show a small, but steady, increase from the first two quarters of 1995. Net earnings totaled $.79 and $.83 per share for the first and second quarters of 1995, respectively. For the first nine months of 1995, net earnings totaled $13.2 million, or $2.61 per share, slightly below net earnings of $13.6 million, or $2.68 per share, reported for the same period of 1994.

Sales for the third quarter and first nine months of 1995 totaled $35.9 million and $110.4 million, respectively, showing declines when compared with sales of $38.8 million and $114.8 million posted in the same respective 1994 periods. New orders received, however, improved substantially for the third quarter of 1995, totaling $41.4 million, compared with orders of $29.0 million received in the third quarter of 1994. New orders for the first nine months of 1995 were $112.7 million, also significantly improved over orders of $87.6 reported for the same period of the prior year.

Operating income generated by the Corporation's three business segments totaled $6.1 million for the third quarter of 1995, even with the $6.1 million reported for the third quarter of 1994. The aggregate operating income from our segments for the 1995 quarter reflects a substantial increase in our Industrial segment earnings and improved income from our Flow Control and Marine segment. These improvements were offset by the continued decline in operating income from our Aerospace segment, details of which are discussed below. For the first nine months of 1995, the Corporation's aggregate operating income remained below 1994 levels, totaling $16.4 million in 1995, compared with $18.5 million for the same nine-month period of 1994. Partially offsetting the lower aggregate operating income from our business segments for the nine-month period were higher earnings from our short-term investments and gains on the sales of excess machinery made during the first nine months of 1995.

Segment Performance

The Corporation's Aerospace segment performance, while down from last year, showed improving results between the second and third quarters of 1995. Sales increased 7% in the third quarter, when compared with sales in the second quarter of 1995 and operating income for the third quarter of 1995 was almost double that of the prior quarter. Both sales and operating income for the Aerospace segment for third quarter of 1995, however, were below the levels reported in the same period of the prior year. Sales for the third quarter of 1995 totaled $18.4 million, compared with sales of $19.3 million in third quarter of 1994. Sales had totaled $17.3 million for the second quarter of 1995. The improvements shown in the third quarter of 1995 primarily reflect the continued growth of our commercial domestic component overhaul services and the addition of sales provided by Curtiss-Wright Flight Systems Europe A/S, which began its operations during the second quarter of 1995. Sales of shot-peening services for the third quarter of 1995 also improved in both domestic and foreign markets, when compared with the same period of 1994. Overshadowing improvements in these programs, when comparing the 1995 third quarter period with the same period in the prior year, was an overall decline in sales from actuation production programs primarily for military customers. Declines in revenue from production programs, the continuation of significant non-reimbursed engineering costs on actuation and control developmental contracts relating to the Lockheed/Martin F-22, the Bell Boeing V-22 Osprey and the McDonnell Douglas F/A-18 E/F aircraft, and start-up costs on our European facility largely account for the decline in operating income when comparing the third quarter of 1995 with the third quarter of 1994. As indicated in prior reports, the Corporation regards these development costs as important investments for its long-term future, in view of the potential significance of these major military aircraft programs.

Aerospace segment sales for the first nine months of 1995 totaled $52.6 million, 17% below sales of $63.2 million posted in the first nine months of 1994. Operating income for the first nine months of 1995 was also substantially below that of the same period of 1994. Sales reductions in the comparable nine-month periods reflect the absence this year of significant shipments on the F-16 program, the retrofit portion of which was completed in the third quarter of 1994. Sales of shot-peening and peen-forming aerospace services also declined, when comparing the first nine months of 1995 with the same prior year period, reflecting the continued general softness in the global aerospace markets during the early portion of 1995. Operating income levels for the first nine months of 1995 were further impaired by significant non-reimbursed engineering costs, referred to above, associated with development work on the F-22, V-22 and F/A-18 E/F aircraft.

Sales for the Industrial segment totaled $12.0 million and $40.2 million for the third quarter and first nine months of 1995, respectively, compared with sales of $12.8 million and $32.1 million posted in the same respective periods of 1994. The decline in sales for the third quarter periods reflects the lack of any contribution from the Buffalo Extrusion Facility, which was sold in June 1995. Excluding results generated by the Buffalo Facility, sales of this segment for the third quarter of 1995 were 21% higher than those of the same period of the prior year. Operating income showed substantial improvements for both the third quarter and first nine-month periods of 1995 when compared with the same periods of 1994. The sale of the Buffalo Facility did not have a material impact on operating income for either period. Improvements in the Industrial segment's performance are largely reflective of higher sales of shot-peening and heat-treating services to automotive and other customers. The Corporation's Metal Improvement Company subsidiary, which provides shot-peening services in North America and Europe, has experienced substantial improvements in all sectors of its industrial markets during the first nine months of 1995.

Sales for the Flow Control and Marine segment totaled $5.5 million and $17.6 million for the third quarter and first nine-month periods of 1995, respectively, as compared with sales of $6.7 million and $19.5 million reported in the third quarter and first nine month periods of 1994, respectively. Declines for both periods generally reflect lower sales of commercial valve spare parts and lower volume on military production contracts, offset in part by revenue from the settlement of a termination claim relating to a part of a military valve actuation contract. Operating income for both the third quarter and first nine-month periods of 1995 improved over the income recorded in the same respective periods of 1994. Improvements in operating income largely reflect an improved sales mix on current military valve production programs and cost containments.

Other Revenues and Costs:

Other revenue recorded in the third quarter of 1995 totaled $3.4 million, compared with $3.1 million recorded in the third quarter of 1994, while other revenue for the first nine months of 1995 totaled $10.3 million, compared with $9.2 million recorded in the same period of 1994. The change in other revenue for both 1995 periods is reflective of higher overall investment income and net gains recorded on sales of machinery and equipment.

Operating costs for the Corporation as a whole declined for the third quarter and first nine months of 1995, when compared with costs incurred in the same respective periods of 1994, generally reflecting lower sales in the 1995 periods. Administrative expenses for the first nine months of 1995 were slightly higher than those of the same period in the prior year, reflecting a reduction in accrued income generated from the Corporation's over-funded pension plan. Estimated pre-tax pension income for the first nine months of 1995 totaled $2.0 million, compared with $2.6 million for the first nine months of 1994.

CHANGES IN FINANCIAL CONDITION:

Liquidity and Capital Resources:

The Corporation's working capital was $120.8 million at September 30, 1995, a 12% increase from working capital of $108.3 million at December 31, 1994. The ratio of current assets to current liabilities at September 30, 1995 also increased to 4.6 to 1 from 4.0 to 1 at December 31, 1994. The increase in working capital reflects an increase in cash and short-term investments balances which total $81.5 million at September 30, 1995, a 7% increase from December 31, 1994. Net receivables at September 30, 1995 increased when compared with net receivables at December 30, 1994 as a result of higher current sales of shot-peening services to industrial customers and a slightly longer collection period for the Corporation overall. Net inventories at September 30, 1995 were also higher when compared with the prior year-end, primarily due to increases in work-in-process inventory associated with long-term development contracts.

The Corporation continues to maintain its $22.5 million revolving credit lending facility and its $22.5 million short term credit agreement, which provide additional sources of capital to the Corporation. The revolving credit agreement, of which $3.6 million remains unused at September 30, 1995, encompasses various letters of credit issued primarily in connection with outstanding industrial revenue bonds. There were no cash borrowings made on the short term credit agreement during the first nine months of 1995.

During the first nine months of 1995, 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 $3.2 million for the balance of the year and anticipated expenditures connected with environmental remediation programs. On October 1, 1995, the Corporation repaid an outstanding industrial revenue bond amounting to $4.0 million.

PART II - OTHER INFORMATION

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Exhibit 27 - Financial Data Schedules

(b) Reports on Form 8-K

The Registrant did not file any reports on Form 8-K during the quarter ended September 30, 1995.

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: s/ Robert A. Bosi
Robert A. Bosi,
VicePresident-Finance

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

Dated: November 13, 1995

Exhibit Index

Exhibit No.	Description of Exhibit
27	Financial Data Schedule

ARTICLE 5

MULTIPLIER: 1000

PERIOD TYPE	9 MOS
FISCAL YEAR END	DEC 31 1995
PERIOD END	SEP 30 1995
CASH	6,264
SECURITIES	75,205
RECEIVABLES	36,362
ALLOWANCES	656
INVENTORY	27,517
CURRENT ASSETS	154,205
PP&E	196,911
DEPRECIATION	140,515
TOTAL ASSETS	245,729
CURRENT LIABILITIES	33,391
BONDS	10,347
COMMON	10,000
PREFERRED MANDATORY	0
PREFERRED	0
OTHER SE	158,746
TOTAL LIABILITY AND EQUITY	245,729
SALES	110,388
TOTAL REVENUES	120,669
CGS	74,626
TOTAL COSTS	100,673
OTHER EXPENSES	0
LOSS PROVISION	0
INTEREST EXPENSE	431
INCOME PRETAX	19,565
INCOME TAX	6,362
INCOME CONTINUING	13,203
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	13,203
EPS PRIMARY	2.61
EPS DILUTED	0

End of Filing