CURTISS WRIGHT CORP

FORM 10-Q
(Quarterly Report)

Filed 5/15/1997 For Period Ending 3/31/1997

Address	1200 WALL ST W
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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 and Exchange Act of 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1997

Commission File Number 1-134

CURTISS-WRIGHT CORPORATION
(Exact name of Registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	13-0612970 (I.R.S. Employer Identification No.)
1200 Wall Street West Lyndhurst, New Jersey (Address of principal executive offices)	07071 (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: 5,085,420 shares (as of April 30, 1997)

CURTISS-WRIGHT CORPORATION AND SUBSIDIARIES

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

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

(In thousands)

	March 31, 1997	December 31, 1996
Assets:		
Cash and cash equivalents	$ 6,142	$ 6,317
Short-term investments	49,002	55,674
Receivables, net	43,922	37,708
Deferred tax asset	9,153	8,769
Inventories	48,932	46,987
Other current assets	2,392	2,378
Total current assets	159,543	157,833
Property, plant and equipment, at cost	214,550	210,230
Less, accumulated depreciation	147,995	146,268
Property, plant and equipment, net	66,555	63,962
Prepaid pension costs	35,891	35,016
Other assets	10,261	10,353
Total assets	$272,250	$267,164
Liabilities:		
Accounts payable and accrued expenses	$ 23,982	$ 25,206
Dividends payable	1,270	
Income taxes payable	5,029	3,189
Other current liabilities	15,029	14,021
Total current liabilities	45,310	42,416
Long-term debt	10,347	10,347
Deferred income taxes	9,031	8,686
Accrued postretirement benefit costs	10,302	10,302
Other liabilities	11,767	12,050
Total liabilities	86,757	83,801
Stockholders' equity:		
Common stock, $1 par value	10,000	10,000
Capital surplus	57,071	57,127
Retained earnings	303,425	299,740
Unearned portion of restricted stock	(545)	(608)
Equity adjustments from foreign currency translation	(3,240)	(1,506)
	366,711	364,753
Less, cost of treasury stock	181,218	181,390
Total stockholders' equity	185,493	183,363
Total liabilities and stockholders' equity	$272,250	$267,164

See notes to consolidated financial statements.

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

(In thousands except per share data)

	Three Months Ended March 31, 1997	Three Months Ended March 31, 1996(1)
Net sales	$53,148	$36,316
Cost of sales	36,504	24,073
Gross margin	16,644	12,243
Research and development costs	598	169
Selling expense	1,456	1,618
General and Administrative	8,360	5,927
Operating income	6,230	4,529
Investment income, net	638	428
Rental income, net	940	447
Other income (expense), net	(107)	(264)
Interest expense	73	97
Earnings before tax	7,628	5,043
Provision for tax	2,673	1,728
Net earnings	$ 4,955	$ 3,315
Weighted average shares outstanding	5,085	5,078
Earnings per common share	$0.97	$0.65
Dividends per common share	$0.25	$0.25

(1) Prior year information has been restated to conform to current presentation.

See notes to consolidated financial statements.

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

(In thousands)

	Three Months Ended March 31	
	1997	1996
Cash flows from operating activities:		
Net earnings	$ 4,955	$ 3,315
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	2,455	2,206
Net gains on short-term investments	(211)	(227)
(Increase) decrease in deferred taxes	(39)	192
Changes in operating assets and liabilities:		
Proceeds from sales of trading securities	67,641	77,392
Purchases of trading securities	(60,425)	(77,797)
Increase in receivables	(4,718)	(764)
Increase in inventory	(809)	(3,237)
Decrease in progress payments	(2,632)	(1,463)
Increase (decease) in accounts payable and accrued expenses	(1,224)	156
Increase in income taxes payable	1,840	1,388
Increase in other assets	(797)	(907)
Increase (decrease) in other liabilities	392	(1,047)
Other, net	(1,467)	17
Total adjustments	6	(4,091)
Net cash provided (used) by operating activities	4,961	(776)
Cash flows from investing activities:		
Proceeds from sales of real estate and equipment	6	75
Additions to property, plant and equipment	(5,142)	(2,266)
Net cash used by investing activities	(5,136)	(2,191)
Cash flows from financing activities:		
Principal payments on long-term debt	-	-
Net cash used by financing activities	-	-
Net increase (decrease) in cash and cash equivalents	(175)	(2,967)
Cash and cash equivalents at beginning of period	6,317	8,865
Cash and cash equivalents at end of period	$ 6,142	$ 5,898

See notes to consolidated financial statements.

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

	Common Stock	Capital Surplus	Retained Earnings	Equity Unearned Portion of Restricted Stock Awards	Adjustments from Foreign Currency Translation	Treasury Stock
December 31, 1995	$10,000	$57,141	$288,710	$(780)	$(1,330)	$181,562
Net earnings			16,109			
Common dividends			(5,079)			
Stock awards issued		10		(93)		(83)
Stock options exercised		(24)				(89)
Amortization of earnings portion of restricted stock				265		
Translation adjustments, net					(176)	
December 31, 1996	10,000	57,127	299,740	(608)	(1,506)	181,390
Net earnings			4,955			
Common dividends			(1,270)			
Stock options exercised		(56)				(172)
Amortization of earned portion of restricted stock				63		
Translation adjustment, net					(1,736)	
March 31, 1997	$10,000	$57,071	$303,425	$(545)	$(3,240)	$181,218

See notes to consolidated financial statements.

NOTES to CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. BASIS of PRESENTATION

Curtiss-Wright Corporation (the "Corporation") is a diversified multi-national manufacturing and service concern that designs, manufactures and overhauls precision components and systems and provides highly engineered services to the aerospace, automotive, shipbuilding, oil, petrochemical, agricultural equipment, power generation, metal working and fire & rescue industries. Operations are conducted principally by three wholly-owned subsidiaries:
Curtiss-Wright Flight Systems, Inc., Metal Improvement Company, Inc. and Curtiss-Wright Flow Control Corporation. The group's principal operations include three domestic manufacturing facilities, thirty-three Metal Improvement service facilities located in North America and Europe, and two component overhaul facilities located in Florida and Denmark.

The information furnished in this report has been prepared in conformity with generally accepted accounting principles and as such 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 1996 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. RECEIVABLES

Receivables, at March 31, 1997 and December 31, 1996, 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) March 31, 1997	December 31, 1996
Accounts receivable, billed	$43,990	$37,253
Less: progress payments applied	5,798	5,701
	38,192	31,552
Unbilled charges on long-term contracts	17,408	19,761
Less: progress payments applied	10,455	12,048
	6,953	7,713
Allowance for doubtful accounts	(1,223)	(1,557)
Receivables, net	$43,922	$37,708

3. INVENTORIES

Inventories are valued at the lower of cost (principally average cost) or market. The composition of inventories at March 31, 1997 and December 31, 1996 is as follows:

	(In thousands) March 31, 1997	December 31, 1996
Raw materials	$ 4,437	$ 4,653
Work-in-process	24,968	25,128
Finished goods	17,800	15,817
Inventoried costs related to U.S. Government and other long-term contracts	5,509	6,307
Total inventories	52,714	51,905
Less: progress payments applied, principally related to long-term contracts	3,782	4,918
Net inventories	$48,932	$46,987

4. ENVIRONMENTAL MATTERS

The Corporation establishes a reserve for a potential environmental responsibility when it concludes that a determination of legal liability is probable, based upon the advice of counsel. Such amounts, if quantified, reflect the Corporation's estimate of the amount of that liability. If only a range of potential liability can be estimated, a reserve will be established at the low end of that range. Such reserves represent today's values of anticipated remediation not recognizing any recovery from insurance carriers, or third-party legal actions, and are not discounted.

The Corporation is joined with many other corporations and municipalities as potentially responsible parties (PRPs) in a number of environmental cleanup sites, which include the Sharkey Landfill Superfund Site, Parsippany, N. J., Caldwell Trucking Company Superfund Site, Fairfield, N. J., and Pfohl Brothers Landfill Site, Cheektowaga, N. Y., identified to date as the most significant sites. Other environmental sites in which the Corporation is involved include but are not limited to Chemsol, Inc. Superfund Site, Piscataway, N. J., and PJP Landfill, Jersey City, N. J.

(UNAUDITED)

The Corporation believes that the outcome of any of these matters would not have a material adverse effect on the Corporation's results of operations or financial condition.

5. 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 outstanding stock options had an immaterial dilutive effect on earnings per share in each respective period.

6. RECENTLY ISSUED ACCOUNTING STANDARDS

In February 1997, the Financial Accounting Standards Board issued Statement No. 128, "Earnings per Share" ("SFAS No. 128"). This statement simplifies the standards for computing earnings per share ("EPS"), making them comparable to international EPS standards and amends certain disclosure requirements regarding EPS. The Corporation plans to adopt this statement for interim and annual periods ending after December 15, 1997 which is the statement's effective date. The statement is not expected to have a material impact on the Corporation.

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 posted a 46% increase in sales and a 49% increase in net earnings for the first quarter of 1997, as compared with the same period of 1996. The increases primarily reflect improved performance by the business segments during the first quarter of 1997, particularly in the Aerospace & Marine businesses. Operating income from the Corporation's business segments totaled $7.4 million for the first quarter of 1997, a 38% increase over the $5.4 million earned in the first quarter of 1996.

Overall, net earnings for the Corporation totaled $5.0 million, or $.97 per share, for the first quarter of 1997, as compared with $3.3 million or $.65 per share, for the first quarter of 1996. Sales for the 1997 period were $53.1 million, compared with $36.3 million for the prior year quarter. New orders received in the first quarter of 1997 totaled $45.6 million, a 20% increase over orders of $38.2 million for the first quarter of 1996.

SEGMENT PERFORMANCE

The Corporation's Aerospace & Marine segment posted sales of $37.1 million for the first quarter of 1997, a 75% increase over sales reported in the same 1996 period. Operating income also showed a substantial improvement, totaling $4.1 million for the 1997 period compared with $2.1 million for the prior year first quarter. Improvements in sales for the 1997 period are largely due to the contributions from our Miami, Florida overhaul and repair facility acquired in May 1996, work performed on Boeing production contracts received in 1995 and 1996 and the general ramp-up of production on mature programs to meet Boeing's needs.

Sales of overhaul and repair services continue to show substantial growth from our established facilities in Shelby, North Carolina and Karup, Denmark, and the addition of the Miami facility. Sales of overhaul services increased 170% in the first quarter of 1997 over like sales in the first quarter of 1996. In the aggregate, overhaul and repair services now provide 29% of the total Aerospace & Marine revenue. The Corporation shipped a higher level of actuation production products for the Boeing 737 Classic, 737-700, 747 and 767 aircraft in the first quarter of 1997, than in the same period of 1996. Sales to Boeing are expected to more than double in the next few years as a result of increases in Boeing's production rates. The Corporation's metal- treating operations are also benefiting from increased production by both domestic and foreign aircraft manufacturers. Sales of aerospace metal-treating services worldwide improved 22% on a quarter-to-quarter basis, comparing 1997 with the prior year. The Aerospace & Marine segment also showed improvements in sales of military actuation products for the F-16 program, in support of Lockheed Martin's foreign military sales requirements, as well as increased sales of military valve products.

Operating income for the Aerospace & Marine segment rose despite the continuing engineering cost overruns on military development programs. As discussed in previous reports, the Corporation is proceeding with the testing phase of major military actuation and control development programs for the F-22, the V-22 Osprey and the F/A-18 E/F aircraft. During the remainder of 1997, the Corporation expects to substantially complete the testing phase of these programs.

The Corporation's Industrial segment posted sales of $16.0 million for the first quarter of 1997, a 6% increase over sales for the same period of 1996. Operating income improved by 3% in the same comparable period. Increases in the Industrial segment's performance are primarily reflective of higher levels of metal-treating services, particularly within the construction and oil tool industries. Sales of compressor valve reeds also increased due to a new program in the refrigeration industry which started in the latter part of 1996. Slightly offsetting improvements in these product lines were lower sales and operating income for commercial valve products. During the first quarter of 1996, the Corporation had benefited from sales of valve products to two utilities in response to their emergency shutdown requirements.

NON-OPERATING REVENUES:
Administrative expenses for the first quarters of 1997 and 1996 were reduced by accrued income generated from the Corporation's overfunded pension plan. Net pension income increased slightly, totaling $.9 million for the first quarter of 1997, compared with $.8 million for the first quarter of 1996.

The Corporation recorded other non-operating net revenue totaling $1.5 million for the first quarter of 1997, compared with $.6 million for the first quarter of 1996. Net rental income improved $.5 million in the 1997 period as compared to the prior year quarter driven by an increase in occupancy at the Corporation's Wood-Ridge, New Jersey Business Complex and a non-recurrence of high maintenance costs at the complex due to the severe winter of 1996. Investment income also increased in the first quarter of 1997 over the first quarter of 1996. The Corporation's total other revenue also improved because of the absence in the 1997 quarter of losses recorded on fixed asset write-offs in the first quarter of 1996.

CHANGES IN FINANCIAL CONDITION:
LIQUIDITY AND CAPITAL RESOURCES:

The Corporation's working capital was $114.2 million at March 31, 1997, slightly below working capital at December 31, 1996 of $115.4 million. The ratio of current assets to current liabilities was 3.52 to 1 at March 31, 1997, compared with a current ratio of 3.72 to 1 at December 31, 1996. Cash, cash equivalents and short-term investments totaled $55.1 million in aggregate at March 31, 1996, declining from $62.0 million at the prior year end. Changes in working capital reflect a substantial increase in accounts receivable from customers largely due to a 15% increase in sales for the first quarter of 1997, as compared with sales for the fourth quarter of 1996. Gross inventory also increased due to a high level of finished goods required to maintain our component overhaul and repair businesses. Partially offsetting the increase in working capital from higher receivables and inventory levels was an increase in income taxes payable at March 31, 1997, from December 31, 1996, and accrued dividends payable only at the former date.

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 $7.8 million remains unused at March 31, 1997, encompasses various letters of credit issued primarily in connection with outstanding industrial revenue bonds. There were no cash borrowings during the first quarter of 1997 and no outstanding balances for borrowed funds under the agreement at March 31, 1997.

During the first quarter of 1997, internally generated funds were adequate to meet capital expenditures of $5.1 million. Expenditures incurred during the first quarter were primarily for machinery and equipment at the Corporation's newly expanded Shelby, North Carolina facility and expenditures related to the opening of a metal- treating facility in Belgium. Projected funds from operating sources and the Corporation's short-term investments are expected to be more than adequate to cover the cost of planned domestic and foreign metal-treating expansion in 1997. Capital expenditures of approximately $15.2 million are anticipated for the balance of the year along with $3.7 million of anticipated expenditures connected with environmental remediation programs at the Corporation's Wood-Ridge, New Jersey Business Complex.

RECENTLY ISSUED ACCOUNTING STANDARDS

As discussed in Note 6 to the Consolidated Financial Statements, the Corporation plans to adopt SFAS No. 128, "Earnings per Share", for interim and annual periods ending after December 15, 1997 as required by the statement. The adoption of SFAS No. 128 is not expected to have a material impact on the Corporation.

FORWARD-LOOKING INFORMATION

Because forward-looking statements involve risks and uncertainties, actual results may differ materially from those expressed or implied. Such statements in this report include those contained in (a) the Environmental Matters note to the Consolidated Financial Statements, (b) projections regarding sales in the Results of Operations portion of the Management Discussion and Analysis ("MD&A") section hereof and (c) information relating to future capital expenditures contained in the Changes in Financial Condition portion of the MD&A section hereof. Important factors that could cause the actual results to differ materially from those in these forward-looking statements include, among other items, (i) a reduction in the current order backlog; (ii) an economic downturn in the airline industry; (iii) unanticipated environmental remediation expenses or claims; (iv) changes in the need for additional machinery and equipment and/or in the cost for the expansion of the Corporation's operations; (v) changes in the competitive marketplace that could affect the company's revenue and/or cost basis; (vi) changes in customer requirements and (vii) other factors that generally affect the business of aerospace and industrial companies.

PART II - OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On April 11, 1997, the Registrant held its annual meeting of stockholders. The matters submitted to a vote by the stockholders were the election of directors, the retention of independent accounts for the Registrant, and the approval by the stockholders of an increase in the authorized number of the Registrant's common shares

The vote received by the director nominees was as follows:

	For	Withheld
Thomas R. Berner	4,354,935	8,336
James B. Busey IV	4,355,837	7,434
David Lasky	4,356,223	7,048
William B. Mitchell	4,356,060	7,211
John R. Myers	4,355,960	7,311
William W. Sihler	4,355,935	7,336
J. McLain Stewart	4,354,911	8,360

The foregoing represent all of the Registrant's directors.

There were no votes against or broker nonvotes.

The stockholders approved the retention of Price Waterhouse LLP, independent accountants for the Registrant. The holders of 4,354,948 shares voted in favor; 2,118 voted against. There were no broker nonvotes.

The final item voted on at the April 11, 1997 meeting was the proposed increase in the authorized number of the Registrant's common shares from 12,500,000 to 22,500,000. The stockholders approved the plan, the holders of 4,198,296 shares voting in favor and 154,362 voting against, there having been 10,613 abstentions.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Exhibit 27 - Financial Data Schedules (Page 16)

(b) Reports on Form 8-K

The Registrant did not file any report on Form 8-K during the quarter ended March 31, 1997.

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 undesigned thereunto duly authorized.

CURTISS-WRIGHT CORPORATION
(Registrant)

By: /s Robert A. Bosi
Robert A. Bosi
Vice President - Finance

By: /s Kenneth P. Slezak
Kenneth P. Slezak
Controller

Dated: May 15, 1997

ARTICLE 5

MULTIPLIER: 1000

PERIOD TYPE	3 MOS
FISCAL YEAR END	DEC 31 1997
PERIOD END	MAR 31 1997
CASH	6,142
SECURITIES	49,002
RECEIVABLES	45,145
ALLOWANCES	1,223
INVENTORY	48,932
CURRENT ASSETS	159,543
PP&E	214,550
DEPRECIATION	147,995
TOTAL ASSETS	272,250
CURRENT LIABILITIES	45,310
BONDS	10,347
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	10,000
OTHER SE	175,493
TOTAL LIABILITY AND EQUITY	272,250
SALES	53,148
TOTAL REVENUES	54,726
CGS	36,504
TOTAL COSTS	46,918
OTHER EXPENSES	107
LOSS PROVISION	0
INTEREST EXPENSE	73
INCOME PRETAX	7,628
INCOME TAX	2,673
INCOME CONTINUING	4,955
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	4,955
EPS PRIMARY	.97
EPS DILUTED	.97

End of Filing