

CURTISS WRIGHT CORP

FORM 10-K (Annual Report)

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Address	1200 WALL ST W LYNDHURST, New Jersey 07071
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CIK	0000026324
Industry	Aerospace & Defense
Sector	Capital Goods
Fiscal Year	12/31

FORM 10-K

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 1998
 TRANSITION REPORT PURSUANT TO SECTION
13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934 For the transition period
from _____ to _____

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, N.J.
(Address of principal executive offices)

07071
(Zip Code)

Registrant's telephone number, including area code: (201) 896-8400

Securities registered pursuant to Section 12(b) of the Act:

Title of each class -----	Name of each exchange on which registered -----
Common Stock, par value \$1 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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 by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

The aggregate market value of the voting stock held by non-affiliates* of the Registrant is \$160,290,059 (based on the closing price of the Registrant's Common Stock on the New York Stock Exchange on March 24, 1999 of \$32.1875).

Indicate the number of shares outstanding of each of the Registrant's classes of Common Stock, as of the latest practicable date.

Class -----	Number of Shares Outstanding at March 24, 1999 -----
Common Stock, par value \$1 per share	10,186,420

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Annual Report of the Registrant to stockholders for the year

ended December 31, 1998 are incorporated by reference into Parts I, II and IV. Portions of the Proxy Statement of the Registrant with respect to the 1999 Annual Meeting of Stockholders are incorporated by reference into Part III.

* Shares held by Unitrin, Inc. and Argonaut Group, Inc. have been excluded from the amount shown solely because of the definition of the term "affiliate" in the regulations promulgated pursuant to the Securities Exchange Act of 1934. Also, for purposes of this computation, all directors and executive officers of Registrant have been deemed to be affiliates, but the Registrant disclaims that any of such directors or officers is an affiliate. See material referred to under Item 12, below.

FORWARD-LOOKING INFORMATION

Except for historical information, this Annual Report on Form 10-K may be deemed to contain "forward looking" information. Examples of forward looking information include, but are not limited to, (a) projections of or statements regarding return on investment, future earnings, interest income, other income, earnings or loss per share, investment mix and quality, growth prospects, capital structure and other financial terms, (b) statements of plans and objectives of management, (c) statements of future economic performance, and (d) statements of assumptions, such as economic conditions underlying other statements. Such forward looking information can be identified by the use of forward looking terminology such as "believes," "expects," "may," "will," "should," "anticipates," or the negative of any of the foregoing or other variations thereon or comparable terminology, or by discussion of strategy. No assurance can be given that the future results described by the forward looking information will be achieved. Such statements are subject to risks, uncertainties, and other factors which could cause actual results to differ materially from future results expressed or implied by such forward looking information. Such statements in this Report include, without limitation, those contained in (a) Item 1. Business, (b) Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) the Notes to the Consolidated Financial Statements including, without limitation, the Environmental Matters Note. 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 anticipated orders; (ii) an economic downturn; (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 and/or customer requirements; (vi) an inability to perform customer contracts at anticipated cost levels and (vii) other factors that generally affect the business of companies operating in the Corporation's Segments.

Introduction

Pursuant to the Securities Exchange Act of 1934, the Registrant, Curtiss-Wright Corporation hereby files its Form 10-K Annual Report for the fiscal year ended December 31, 1998. References in the text to the "Corporation," "Company," "Curtiss-Wright" or the "Registrant" include Curtiss-Wright Corporation and its consolidated subsidiaries unless the context indicates otherwise. References to the Company's "Annual Report" are to its 1998 Annual Report to Stockholders, which is attached hereto as Exhibit 13.

PART I

Item 1. Business.

Curtiss-Wright Corporation was incorporated in 1929 under the laws of the State of Delaware. During 1998, the Company adopted the Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information." (SFAS No. 131). Consistent with the requirements of SFAS No. 131, the Company now reports its operations in three segments: Precision Manufacturing Products & Services, Actuation and Control Products & Services, and Flow Control Products & Services.

Precision Manufacturing Products & Services

Curtiss-Wright provides approximately 50 metal-treating services in this Segment which are described on page 8 in the Company's Annual Report, such description being incorporated by reference in this Form 10-K. These processes are used principally to improve the strength and durability of metal parts. They are also used to form curvatures in metal panels which are assembled as wingskins of commercial and military planes, and to manufacture valve reeds used in compressors. The Corporation provides these services for a broad spectrum of customers in various industries, including aerospace, automotive, construction equipment, oil, petrochemical, metal working, and other industries. Operations are conducted from 36 facilities located in the United States, Canada, England, France, Germany, and Belgium. The services and products of this Segment are marketed directly by employees of the Company. Although numerous companies compete with the Company in this field, and many customers for the services provided have the resources to perform such services themselves, Curtiss-Wright believes that its greater technical know-how and superior quality provide it with a competitive advantage. The Corporation also competes on the basis of quality, service and price.

The backlog of this Segment as of January 31, 1999 was \$1.4 million, as compared with \$.3 million as of January 31, 1998. All of such backlog is expected to be shipped in the first quarter of 1999. The business of this Segment is not seasonal. Raw materials are generally available in adequate quantities from a number of suppliers, and the Segment is not materially dependent upon any single source of supply. No single customer accounted for 10% or more of total sales in 1998, 1997 and 1996 and the active customer base numbers in excess 5,000.

Actuation and Control Products & Services

The Corporation designs, develops and manufactures flight control actuation systems and components for the aerospace industry. Manufactured products offered consist of electro-mechanical and hydro-mechanical actuation components and systems which are designed to position aircraft control surfaces, or to operate canopies, cargo doors, weapons bay doors or other devices used on aircraft. They include actuators and control systems for the Boeing 737, 747, 757, 767 and 777 jet airliners, the Lockheed Martin F-16 Falcon fighter, the Boeing F/A-18 fighter, the F-22 Raptor fighter jointly developed by Lockheed Martin and Boeing, the Bell Boeing V-22 Osprey, and the Sikorsky Black Hawk and Seahawk helicopters. The Corporation also is designing wing flap actuators for business jet aircraft. With the acquisition on December 31, 1998 of SIG Antriebstechnik AG*, the Company also offers electro-mechanical and electro-hydraulic actuation components and systems including electronic controls to the military tracked and wheeled vehicle, high speed railroad train, and commercial marine propulsion markets. These products primarily involve the design and manufacture of drives and suspension systems for armored military vehicles sold to defense equipment manufacturers and tilting systems for high speed railway car applications, in each case to overseas markets.

* Merged into Curtiss-Wright Antriebstechnik GmbH (Curtiss-Wright Drive Technology) effective March 19, 1999.

The actuation and control products and services of this Segment are marketed directly to customers by employees of the Corporation. These products are sold in competition with a number of other system suppliers, most of which have broader product lines and financial, technical, and human resources greater than those of the Company. Competition is primarily on the basis of engineering capability, quality and price and is directed to the placement of systems to perform control and actuation functions on the limited number of new production programs.

As a related service within this Segment, Curtiss-Wright also provides commercial airlines, the military and general aviation customers with component overhaul and repair services. The Corporation overhauls a variety of hydraulic, pneumatic, mechanical, electro-mechanical, electrical and electronic components found on Boeing, Lockheed Martin, Airbus and other aircraft. The Corporation provides these services from facilities in Shelby, North Carolina, Miami, Florida, Karup, Denmark, and a marketing and distribution facility in Singapore.

This Segment's overhaul services are sold in competition with a number of other overhaul and repair providers. Competition in the overhaul business is based upon quality, delivery and price. Marketing is accomplished through sales representatives and by direct sales.

The Company sells a commercial rescue tool using its Power Hinge™ aerospace technology under the trademark Power Hawk®. Various accessories and related equipment are also offered. The primary use for this tool is the extrication of automobile accident victims.

Sales by this Segment to the Boeing Company in 1998, 1997, and 1996 were \$39.3, \$32.0 and \$17.4 million, respectively. This Segment would be adversely

affected by the loss of this customer. U.S. Government direct and end use sales of this Segment in 1998, 1997 and 1996 were \$19.7, \$20.1 and \$19.3 million, respectively. This Segment would be adversely affected by the loss of this business.

The backlog of this Segment as of January 31, 1999 was \$143.0 million as compared with \$120.7 million as of January 31, 1998. Of the January 31, 1999 amount, approximately 75% is expected to be shipped during 1999. None of the business of this Segment is seasonal. Raw materials are generally available in adequate quantities from a number of suppliers.

Flow Control Products & Services

The Corporation designs, manufactures, refurbishes and tests highly engineered valves of various types and sizes, such as motor operated and solenoid operated globe, gate, control and safety relief valves. These valves are used to control the flow of liquids and gases and to provide safety relief in high pressure applications. It also supplies actuators and controllers for its own valves as well as for valves manufactured by others. The primary customers for the Corporation's valves are the U.S. Navy, which uses them in nuclear propulsion systems, and owners and operators of commercial power utilities who use them in new and existing nuclear and fossil fuel power plants. All of the new nuclear plants are outside the U.S. and recent sales for such plants have been to Korea and Taiwan. Sales are made by responding directly to requests for proposals from customers. The production of valves for the U.S. Navy and for new power plants is characterized by long lead times from order placement to delivery.

As a result of the acquisition of Enertech, LLC in July 1998 the Company also designs, manufactures and distributes additional flow control products for sale into commercial nuclear power plants, both domestically and internationally, and it also distributes flow control products made by other manufacturers. Enertech's product lines include: snubbers, advanced valves, valve actuators, test and diagnostic equipment, as well as related diagnostic

services. In addition, the Company now provides training, on-site services, staff augmentation and engineering programs relating to nuclear power plants. The Company also provides hydraulic power units and components primarily for the automotive and entertainment industries. Strong competition in flow control products and services is encountered primarily from a large number of domestic and foreign sources in the commercial market. Sales to commercial users are accomplished through independent marketing representatives and by direct sales. These products and services are sold to customers who are sophisticated and demanding. Performance, quality, technology, delivery and price are the principal areas of competition.

The backlog of this Segment as of January 31, 1999 was \$55.2 million as compared with \$42.5 million as of January 31, 1998. Of the January 31, 1999 amount, approximately 54% is expected to be shipped during 1999. Approximately 60% of this Segment's backlog is composed of orders with the U.S. Navy through its prime contractor, the Plant Apparatus Division of Westinghouse Electric Company, a division of CBS. Inc. The loss of this customer would have a significant adverse impact on the business of this Segment.

None of the business of this Segment is seasonal. Raw materials are generally available in adequate quantities from a number of suppliers.

Other Information

Government Sales

In 1998, 1997 and 1996, direct sales to the United States Government and sales for United States Government end use aggregated 17%, 20% and 23% respectively, of total sales for all Segments. United States Government sales, both direct and subcontract, are generally made under one of the standard types of government contracts, including fixed price and fixed price-redeterminable.

In accordance with normal practice in the case of United States Government business, contracts and orders are subject to partial or complete termination at any time, at the option of the customer. In the event of a termination for convenience by the Government, there generally are provisions for recovery by the Corporation of its allowable incurred costs and a proportionate share of the profit or fee on the work done, consistent with regulations of the United States Government. Subcontracts for Navy nuclear valves usually provide that Curtiss-Wright must absorb most of any overrun of "target" costs. In the event that there is a cost underrun, however, the customer is to recoup a portion of the underrun based upon a formula in which the customer's portion increases as the underrun exceeds certain established levels.

It is the policy of the Corporation to seek customary progress payments on certain of its contracts. Where such payments are obtained by the Corporation under United States Government prime contracts or subcontracts, they are secured by a lien in favor of the Government on the materials and work in process allocable or chargeable to the respective contracts. (See Notes 1.C, 4 and 5 to the Consolidated Financial Statements, on pages 25 and 28 of the Annual Report, which notes are incorporated by reference in this Form 10-K Annual Report.) In the case of most valve products for United States Government end use, the subcontracts typically provide for the retention by the customer of stipulated percentages of the contract price, pending completion of contract closeout conditions.

Research and Development

Research and development expenditures sponsored by the Corporation amounted to \$1,346,000 in 1998 as compared with \$1,877,000 in 1997 and \$997,000 in 1996. During 1998, Curtiss-Wright spent an additional \$7,615,000 for customer-sponsored development work as compared with \$12,403,000 in 1997 and \$15,248,000 in 1996. The Corporation owns and is licensed under a number of

United States and foreign patents and patent applications which have been obtained or filed over a period of years. Curtiss-Wright does not consider that the successful conduct of its business is materially dependent upon the protection of any one or more of these patents, patent applications or patent license agreements under which it now operates. Environmental Protection The effect of compliance upon the Corporation with present legal requirements concerning protection of the environment is described in the material in Notes 1.H and 11 to the Consolidated Financial Statements which appears on pages 25 and 32 of the Registrant's Annual Report and is incorporated by reference in this Form 10-K Annual Report.

Employees

At the end of 1998, the Corporation had 2,050 employees, 305 of which were represented by labor unions and are covered by collective bargaining agreements.

Certain Financial Information

The industry segment information is described in the material in Note 14 to the Consolidated Financial Statements, which appears on pages 34 to 36 of the Registrant's Annual Report, and is incorporated by reference in this Form 10-K Annual Report. It should be noted that in recent years a significant percentage of the pre-tax earnings from operations of the Corporation has been derived from foreign operations of the Precision Manufacturing and Services Segment. The Company does not regard the risks attendant to these foreign operations to be materially greater than those applicable to its business in the U.S.

Item 2. Properties.

The principal physical properties of the Corporation and its subsidiaries are described below:

Location	Description(1)	Owned/ Leased	Principal Use
Fairfield, New Jersey	450,000 sq. ft. on 26.7 acres	Owned(2)	Actuation and Control Products & Services segment
Brampton, Ontario, Canada	87,000 sq. ft. on 8 acres	Owned	Precision Manufacturing Products & Services segment
East Farmingdale, New York	215,000 sq. ft. on 11 acres	Owned(3)	Flow Control Products & Services segment
Shelby, North Carolina	121,000 sq. ft. on 29 acres	Owned	Actuation and Control Products & Services segment
Miami, Florida	65,000 sq. ft. on 2.6 acres	Leased	Actuation and Control Products & Services segment
Columbus, Ohio	75,000 sq. ft. on 9 acres	Owned	Precision Manufacturing Products & Service segment
Deeside, Wales United Kingdom	81,000 sq. ft. on 2.2 acres	Owned	Precision Manufacturing Products & Services segment
Brea, California	30,550 sq. ft. on 1.76 acres	Leased	Flow Control Products & Services segment
Neuhausen am Rheinfall, Switzerland	40,100 sq. ft. within a business complex	Leased	Actuation and Control Products & Services segment

(1) Sizes are approximate. Unless otherwise indicated, all properties are owned in fee, are not subject to any major encumbrance and are occupied primarily by factory and/or warehouse buildings.

(2) Approximately 50,000 square feet are leased to other parties. 197,000 square feet are vacant and available for lease and 101,000 square feet are being made available for lease.

(3) Title to approximately six acres of land and the building located thereon is held by the Suffolk County Industrial Development Agency in connection with the issuance of an industrial revenue bond.

In addition to the properties listed above, the Corporation leases an aggregate of approximately 375,000 square feet of space at twenty-three different locations in the United States and England and owns buildings encompassing about 294,100 square feet in fourteen different locations in the United States, France, Germany, Belgium and England. None of these properties individually is material to the Company's business. It also leases a 25,000 square foot building in Lattimore, North Carolina, for warehouse purposes; 8,000 square feet of space in Karup, Denmark, for the Actuation and Control Products & Services Segment; 2,000 square feet of space in Suwanee, Georgia, for the Flow Control Products & Services Segment; and 1,150 square feet of space in Singapore for the Actuation and Control Products & Services Segment.

The Corporation also owns a multi-tenant industrial rental facility located in Wood-Ridge, New Jersey encompassing 2,322,000 square feet on 144 acres. The former manufacturing facility has approximately 2,260,000 square feet leased to other parties with the remaining 62,000 square feet vacant and available for lease. Additionally, Curtiss-Wright leases approximately 14,000 square feet of office space in Lyndhurst, New Jersey, for its corporate office.

It is the Corporation's opinion that the buildings on the properties referred to in this Item generally are well maintained, in good condition, and are suitable and adequate for the uses presently being made of them.

The following undeveloped tracts, owned by the Registrant, are not attributable to a particular Segment and are being held for sale: Hardwick Township, New Jersey, 23 acres; Fairfield, New Jersey, 12.3 acres subdivided from the Fairfield, New Jersey facility's property; and Perico Island, Florida, 112 acres, the bulk of which is below water. The Corporation owns approximately 7.4 acres of land in Lyndhurst, New Jersey, which is leased, on a long-term basis, to the owner of the commercial building located on the land. Item 3. Legal Proceedings.

In the ordinary course of business, the Corporation and its subsidiaries are subject to various pending claims, lawsuits and contingent liabilities. The Corporation does not believe that disposition of any of these matters will have a material adverse effect on the Corporation's consolidated financial position or results of operations.

Item 4. Submission of Matters to a Vote of Security Holders.

Not applicable.

PART II

**Item 5. Market for Registrant's Common Stock
And Related Stockholder Matters.**

See the information contained in the Registrant's Annual Report on the inside back cover under the captions "Common Stock Price Range," "Dividends," and "Stock Exchange Listing" which information is incorporated herein by reference. The approximate number of record holders of the Common Stock, \$1.00 par value, of Registrant was 3,973 as of March 24, 1999.

Item 6. Selected Financial Data.

See the information contained in the Registrant's Annual Report on page 16 under the caption "Consolidated Selected Financial Data," which information is incorporated herein by reference.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

See the information contained in the Registrant's Annual Report at pages 17 through 20, under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations," which information is incorporated herein by reference. The information included therein under the subheading "Year 2000" shall be considered "Year 2000 Readiness Disclosure" for purposes of the Year 2000 Information and Readiness Disclosure Act.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

The Corporation is exposed to certain market risk from changes in interest rates and foreign currency exchange rates as a result of its global operating and financing activities. However, the Corporation seeks to minimize the risks from these interest rate and foreign currency exchange rate fluctuations through its normal operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments. The Corporation did not use such instruments for trading or other speculative purposes and did not use leverage derivative financial instruments during the year ended December 31, 1998. Information regarding the Corporation's accounting policy on financial instruments is contained in Note 1.G to the Consolidated Financial Statements on page 26 of the Annual Report, which is incorporated by reference in this Form 10-K Annual Report.

The Corporation's market risk for a change in interest rates relates primarily to the debt obligations. Approximately 46% of the Corporation's debt at December 31, 1998 and 100% of the December 31, 1997 debt is comprised of Industrial Revenue Bond financing. As described in Note 8 to the Consolidated Financial Statements, which is incorporated by reference in this Form 10-K Annual Report, the Corporation borrowed variable rate debt under its short-term credit agreement and revolving credit agreement aggregating 31,000,000 Swiss Francs arising out of the December 31, 1998 purchase of SIG Antriebstechnik AG to mitigate its currency exposure.

Financial instruments expose the Corporation to counterparty credit risk for nonperformance and to market risk for changes in interest and currency rates. The Corporation manages exposure to counterparty credit risk through specific minimum credit standards, diversification of counterparties and procedures to monitor concentrations of credit risk. The Corporation monitors the impact of market risk on the fair value and cash flows of its investments by considering reasonably possible changes in interest rates and by limiting the amount of potential interest and currency rate exposures to amounts that are not material to the Corporation's consolidated results of operations and cash flows.

Item 8. Financial Statements and Supplementary Data.

The following Consolidated Financial Statements of the Registrant and its subsidiaries, and supplementary financial information, are included in the Registrant's Annual Report, which information is incorporated herein by reference.

Consolidated Statements of Earnings for the years ended December 31, 1998, 1997 and 1996, page 22.

Consolidated Balance Sheets at December 31, 1998 and 1997, page 23.

Consolidated Statements of Cash Flows for the years ended December 31, 1998, 1997 and 1996, page 24.

Consolidated Statements of Stockholder's Equity for the years ended December 31, 1998, 1997 and 1996, page 25.

Notes to Consolidated Financial Statements, pages 26 through 37, inclusive, and Quarterly Results of Operations on page 35.

Report of Independent Accountants for the three years ended December 31, 1998, 1997 and 1996, page 21.

Item 9. Changes in and Disagreements with Accountants On Accounting and Financial Disclosure

Not applicable.

PART III

**Item 10. Directors and Executive Officers
Of the Registrant**

Information required in connection with directors and executive officers is set forth below, as well as under the caption "Election of Directors," in the Registrant's Proxy Statement with respect to the Corporation's 1999 Annual Meeting of Stockholders (the "Proxy Statement"), which information is incorporated herein by reference.

Executive Officers of the Registrant.

The following table sets forth the names, ages, and principal occupations and employment of all executive officers of Registrant. The period of service is for at least the past five years and such occupations and employment are with Curtiss-Wright Corporation, except as otherwise indicated:

Name	Principal Occupation And Employment	Age
David Lasky	Chairman (since May 1995) and President	66
Gerald Nachman	Executive Vice President; President of Metal Improvement Company, Inc., a wholly owned subsidiary	69

George J. Yohrling	Vice President; President, Curtiss-Wright Flight Systems, Inc., a wholly-owned subsidiary, since April 1998; Executive Vice President for Aerospace Operations of Curtiss Wright Flight Systems, Inc. from April 1997 to April 1998, Senior Vice President from July 1996 to April 1997 of Curtiss Wright Flight Systems, Inc.; previously Vice President and General Manager of Curtiss-Wright Flight Systems/Shelby, Inc., then a wholly-owned subsidiary.	58
Martin A. Benante	Vice President (since April 1996); President (since March 1995) of Curtiss-Wright Flow Control Corporation ("CWFC") a wholly-owned subsidiary; previously Vice President/General Manager of CWFC.	46
Robert A. Bosi	Vice President-Finance	43
Dana M. Taylor, Jr.*	Secretary, General Counsel	66
Gary J. Benschip	Treasurer	51
Kenneth P. Slezak	Controller	47

*Effective March 12, 1999, Mr. Taylor retired as Secretary and General Counsel of the Corporation. Brian D. O'Neill, age 49, Assistant Secretary of the Corporation as of September 14, 1998 assumed the positions of Acting General Counsel of the Corporation effective March 15, 1999. Mr. O'Neill has been an attorney with the Company since 1980, holding the positions of Assistant General Counsel from November 1997 to March 1999 and Associate General Counsel from July 1992 to November 1997.

The executive officers of the Registrant are elected annually by the Board of Directors at its organization meeting in April and hold office until the organization meeting in the next subsequent year and until their respective successors are chosen and qualified.

There are no family relationships among these officers, or between any of them and any director of Curtiss-Wright Corporation, nor any arrangements or understandings between any officer and any other person pursuant to which the officer was elected.

Section 16a Beneficial Ownership Reporting Compliance

Dana M. Taylor, Jr., Secretary and General Counsel of the Registrant during the 1998 fiscal year, did not timely file a Form 4 report to report the grant of options in November 1998, pursuant to the Corporation's 1995 Long-Term Incentive Plan, to purchase 2,935 shares of the Corporation's common stock.

Item 11. Executive Compensation

Information required by this Item is included under the captions "Executive Compensation" and in the "Summary Compensation Table" in the Registrant's Proxy Statement, which information is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

See the following portions of the Registrant's Proxy Statement, all of which information is incorporated herein by reference: (i) the material under the caption "Security Ownership and Transactions with Certain Beneficial Owners" and (ii) the material included under the caption "Election of Directors."

Item 13. Certain Relationships and Related Transactions.

Information required by this Item is included under the captions "Executive Compensation" and "Security Ownership and Transactions with Certain Beneficial Owners" in the Registrant's Proxy Statement, which information is incorporated herein by reference.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K.

(a)(1) Financial Statements:

The following Consolidated Financial Statements of Registrant and supplementary financial information, included in Registrant's Annual Report, are incorporated herein by reference in Item 8:

- (i) Consolidated Statements of Earnings for the years ended December 31, 1998, 1997 and 1996
- (ii) Consolidated Balance Sheets at December 31, 1998 and 1997
- (iii) Consolidated Statements of Cash Flows for the years ended December 31, 1998, 1997 and 1996
- (iv) Consolidated Statements of Stockholders' Equity for the years ended December 31, 1998, 1997 and 1996
- (v) Notes to Consolidated Financial Statements
- (vi) Report of Independent Accountants for the years ended December 31, 1998, 1997 and 1996

(a)(2) Financial Statement Schedules:

The items listed below are presented herein on pages 24 and 25 of this Form 10-K.

Report of Independent Accountants on Financial Statement Schedule

Schedule II - Valuation and Qualifying Accounts

Schedules other than those listed above have been omitted since they are not required, are not applicable, or because the required information is included in the financial statements or notes thereto.

(a)(3) Exhibits:

(3)(i) Restated Certificate of Incorporation as amended May 8, 1987 (incorporated by reference to Exhibit 3(a) to Registrant's Form 10-Q Report for the quarter ended June 30, 1987). Restated Certificate of Incorporation as amended through April 18, 1997 to Registrant's Annual Report on Form 10-K for the year ended December 31, 1997).

(3)(ii) By-Laws as amended through January 30, 1997 (incorporated by reference to Exhibit (3)(ii) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1996).

(4)(i) Agreement to furnish to the Commission upon request,

a copy of any long term debt instrument where the amount of the securities authorized thereunder does not exceed 10% of the total assets of the Registrant and its subsidiaries on a consolidated basis (incorporated by reference to Exhibit 4 to Registrant's Annual Report on Form 10-K for the year ended December 31, 1985).

(4)(ii) Revolving Credit Agreement dated October 29, 1991 between Registrant, the Lenders parties thereto from time to time, the Issuing Banks referred to therein and Mellon Bank, N.A. Article I Definitions, Section 1.01 Certain Definitions; Article VII Negative Covenants, Section 7.07, Limitation on Dividends and Stock Acquisitions (incorporated by reference to Exhibit 10(b), to Registrant's Form 10-Q Report for the quarter ended September 30, 1991). Amendment No. 1 dated January 7, 1992 and Amendment No. 2 dated October 1, 1992 to said Agreement (incorporated by reference to Exhibit 4(ii) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1993). Third Amendment to Credit Agreement dated as of October 29, 1994 (incorporated by reference to

Exhibit (4)(ii) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1994). Fourth Amendment to Credit Agreement dated as of October 29, 1996 (incorporated by reference to Exhibit (4)(ii) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1996). Fifth Amendment to Credit Agreement dated as of October 29, 1997 (incorporated by reference to Exhibit 4(ii) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1997). Sixth Amendment to Credit Agreement dated as of October 29, 1998, filed herewith. Seventh Amendment to Credit Agreement dated as of December 28, 1998, filed herewith. Eighth Amendment to Credit Agreement and Waiver dated as of January 26, 1999, filed herewith.

(4)(iii) Short-Term Credit Agreement dated as of October 29,

1994 among Curtiss-Wright Corporation, as Borrower, the Lender Parties and Mellon Bank, N.A., as Agent (incorporated by reference to Exhibit (4)(iii) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1994). First Amendment to Short Term Credit Agreement dated as of October 26, 1996 (incorporated by reference to Exhibit (4)(iii) to Registrant's Annual Report on Form 10-K for the year

ended December 31, 1996). Second Amendment to Short-Term Credit Agreement dated as of October 24, 1997 (incorporated by reference to Exhibit 4(iii) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1997). Third Amendment to Short Term Credit Agreement dated as of October 23, 1998, filed herewith. Fourth Amendment to Short Term Credit Agreement dated as of December 28, 1998, filed herewith.

(10) Material Contracts:

- (i) Modified Incentive Compensation Plan, as amended November 9, 1989 (incorporated by reference to Exhibit 10(a) to Registrant's Form 10-Q Report for the quarter ended September 30, 1989).*
- (ii) Curtiss-Wright Corporation 1995 Long-Term Incentive Plan (incorporated by reference to Exhibit 4.1 to Registrant's Form S-8 Registration Statement No. 95602114 filed December 15, 1995).*
- (iii) Standard Severance Agreement with Officers of Curtiss-Wright (incorporated by reference to Exhibit 10(iv) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1991).*
- (iv) Retirement Benefits Restoration Plan as amended April 15, 1997 (incorporated by reference to Exhibit 10 to Registrant's Form 10-Q Report for the quarter ended June 30, 1997).*
- (v) Curtiss-Wright Corporation Retirement Plan as amended through August 1, 1997; Fourth Amendment to the Curtiss-Wright Corporation Retirement Plan dated October 20, 1997; Fifth Amendment to the Curtiss-Wright Corporation Retirement Plan dated January 1, 1998 (incorporated by reference to Registrant's Annual Report on Form 10-K for the year ended December 31, 1997); Amendments to Curtiss-Wright Retirement Plan dated April 1, 1998, April 20, 1998, April 30, 1998 and June 30, 1998 (incorporated by reference to Exhibit a(ii) to Registrant's Quarterly Report for the quarter ended June 30, 1998).*

(vi) Curtiss-Wright Corporation Savings and Investment Plan dated March 1, 1995 (incorporated by reference to Exhibit (10)(vii) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1994).*

(vii) Curtiss-Wright Corporation 1996 Stock Plan for Non-Employee Directors (incorporated by reference to Exhibit 4.1 to Registrant's Form S-8 Registration Statement No. 96583181, filed June 19, 1996).*

(viii) Curtiss-Wright Corporation Executive Deferred Compensation Plan effective November 18, 1997 (incorporated by reference to Exhibit (10)(viii) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1997).*

(ix) Standard Severance Protection Agreement dated June 19, 1998 between the Registrant and Officers of the Registrant (incorporated by reference to Exhibit A(i) to Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 1998).*

(x) Trust Agreement dated January 20, 1998 by and between Curtiss-Wright Corporation and PNC Bank, National Association (incorporated by reference to Exhibit 10(a) to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998).*

(13) Annual Report to Stockholders for the year ended December 31, 1998

(21) Subsidiaries of the Registrant

(23) Consents of Experts and Counsel - see Consent of Independent Accountants

(27) Financial Data Schedule

*Management contract or compensatory plan or arrangement

(b) Reports on Form 8-K

No report on Form 8-K was filed during the three months ended December 31, 1998.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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/ David Lasky

David Lasky
Chairman and President

Date: March 29, 1999

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Date: March 29, 1999

By: /s/ Robert A. Bosi

Robert A. Bosi
Vice President - Finance

Date: March 29, 1999

By: /s/ Kenneth P. Slezak

Kenneth P. Slezak
Controller

Date: March 29, 1999

By: /s/ Thomas R. Berner

Thomas R. Berner
Director

Date: March 29, 1999

By: /s/ James B. Busey

James B. Busey IV
Director

Date: March 29, 1999

By: /s/ David Lasky

David Lasky
Director

Date: March 29, 1999

By: /s/ William B. Mitchell

William B. Mitchell
Director

Date: March 29, 1999

By: /s/ John R. Myers

John R. Myers
Director

Date: March 29, 1999

By: /s/ William W. Sihler

William W. Sihler
Director

Date: March 29, 1999

By: /s/ J. McLain Stewart

J. McLain Stewart
Director

PricewaterhouseCoopers LLP
400 Campus Drive
P.O. Box 988
Florham Park, NJ 07932
Telephone (973) 236 4000
Facsimile (973) 236 5000

**REPORT ON INDEPENDENT ACCOUNTANTS ON
FINANCIAL STATEMENT SCHEDULE**

Our audits of the consolidated financial statements referred to in our report dated February 1, 1999 appearing on page 21 of the Curtiss-Wright Corporation 1998 Annual Report (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the Financial Statement Schedule listed in Item 14(a)(2) of this Form 10-K. In our opinion, this Financial Statement Schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

*/s/PricewaterhouseCoopers LLP
PRICEWATERHOUSECOOPERS LLP
Florham Park, New Jersey
February 1, 1999*

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
SCHEDULE II - VALUATION and QUALIFYING ACCOUNTS

for the years ended December 31, 1998, 1997 and 1996

(In thousands)

Description	Balance at Beginning of Period	Additions			Deductions - Describe	Balance at End of Period
		Charged to Costs and Expenses	Charged to Other Accounts - Describe			
Deducted from assets to which they apply:						
Reserves for doubtful accounts and notes:						
Year-ended December 31, 1998	\$1,747 =====	\$352 =====	\$ 20(A) =====	\$ 209 =====	\$1,910 =====	
Year-ended December 31, 1997	\$1,557 =====	\$596 =====		\$ 406 =====	\$1,747 =====	
Year-ended December 31, 1996	\$ 760 =====	\$506 =====	\$300(B) =====	\$ 9 =====	\$1,557 =====	
Deferred tax asset valuation allowance:						
Year-ended December 31, 1998	\$ - =====	\$ - =====		\$ - =====	\$ - =====	
1998						
Year-ended December 31, 1997	\$1,212 =====	\$ - =====		\$1,212(C) =====	\$ - =====	
Year-ended December 31, 1996	\$1,094 =====	\$171 =====		\$ 289(D) =====	\$1,212 =====	

Notes:

(A) Acquired from the Purchase of Enertech business. (B) Acquired from the purchase of Accessory Services business.
(C) Expiration of available capital loss carry forwards. (D) Utilization of tax benefits under capital-loss carryforward.

EXHIBIT INDEX

The following is an index of the exhibits included in this report or incorporated herein by reference.

Exhibit No.	Name	Page
(3)(i)	Restated Certificate of Incorporation as amended May 8, 1987 (incorporated by reference to Exhibit 3(a) to Registrant's Form 10-Q Report for the quarter ended June 30, 1987). Restated Certificate of Incorporation as amended through April 18, 1997 to Registrant's Annual Report on Form 10-K for the year ended December 31, 1997).	*
(3)(ii)	By-Laws as amended through January 30, 1997 (incorporated by reference to Exhibit 3(ii) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1996).	*
(4)(i)	Agreement to furnish to the Commission upon request, a copy of any long term debt instrument where the amount of the securities authorized thereunder does not exceed 10% of the total assets of the Registrant and its subsidiaries on a consolidated basis (incorporated by reference to Exhibit 4 to Registrant's Annual Report on Form 10-K for the year ended December 31, 1985).	*
(4)(ii)	Revolving Credit Agreement dated October 29, 1991 between Registrant, the Lenders parties thereto from time to time, the Issuing Banks referred to therein and Mellon Bank, N.A. Article I Definitions, Section 1.01 Certain Definitions; Article VII Negative Covenants, Section 7.07, Limitation on Dividends and Stock Acquisitions (incorporated by reference to Exhibit 10(b), to Registrant's Form 10-Q Report for the quarter ended September 30, 1991). Amendment No. 1 dated January 7, 1992 and Amendment No. 2 dated October 1, 1992 to said Agreement (incorporated by reference to Exhibit 4(ii) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1993).	*
	Third Amendment to Credit Agreement dated as of October 29, 1994 (incorporated by * reference to Exhibit (4)(ii) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1994).	*

- Fourth Amendment to Credit Agreement dated as of October 29, 1996 (incorporated by * reference to Exhibit 4(ii) to Registrant's Annual Report for the fiscal year ended December 31, 1996). *
- Fifth Amendment to Credit Agreement dated as of October 29, 1997 (incorporated by * reference to Exhibit 4(ii) to Registrant's Annual Report for the fiscal year ended December 31, 1997). *
- Sixth Amendment to Credit Agreement dated as of October 29, 1998, filed herewith. Seventh Amendment to Credit Agreement dated as of December 28, 1998, filed herewith. Eighth Amendment to Credit Agreement and Waiver dated as of January 26, 1999, filed herewith.
- (4)(iii) Short-Term Credit Agreement dated as of October 29, 1994 among Curtiss-Wright Corporation, as Borrower, the Lenders parties and Mellon Bank, N.A. (incorporated by reference to Exhibit (4)(iii) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1994). *
- First Amendment to Short Term Credit Agreement dated as of October 26, 1996 (incorporated by reference to Exhibit 4(iii) to Registrant's 10-K for the year ended December 31, 1996). *
- Second Amendment to Short-Term Credit Agreement dated as of October 24, 1997 (incorporated by reference to Exhibit 4(iii) to Registrant's Annual Report for the fiscal year ended December 31, 1997). *
- Third Amendment to Short Term Credit Agreement dated as of October 23, 1998, filed herewith. Fourth Amendment to Short Term Credit Agreement dated as of December 28, 1998, filed herewith.
- 10(i)** Modified Incentive Compensation Plan, as amended November 9, 1989 (incorporated by reference to Exhibit 10(a) to Registrant's Form 10-Q Report for the quarter ended September 30, 1989). *
- (10)(ii)** Curtiss-Wright Corporation 1995 Long-Term Incentive Plan (incorporated by * reference to Exhibit 4.1 to Registrant's Form S-8 Registration Statement No. 95602114 filed December 15, 1995). *
- (10)(iii)** Standard Severance Agreement with Officers of Curtiss-Wright (incorporated by reference to Exhibit 10(iv) to Registrant's Annual Report on Form 10-K Report for the year ended December 31, 1991). *

- (10)(iv)** Curtiss-Wright Corporation Retirement Benefits Restoration Plan as amended April 15, 1997 (incorporated by reference to Exhibit 10 to Registrant's Report on Form 10-Q Report for the quarter ended June 30, 1997). *
- (10)(v)** Curtiss-Wright Corporation Retirement Plan as amended through August 1, 1997; Fourth Amendment to the Curtiss-Wright Corporation Retirement Plan dated October 20, 1997; Fifth Amendment to the Curtiss-Wright Corporation Retirement Plan dated January 1, 1998 (incorporated by reference to Registrant's Annual Report on Form 10-K for the year ended December 31, 1997); Amendments to Curtiss-Wright Retirement Plan dated April 1, 1998, April 20, 1998, April 30, 1998 and June 30, 1998 (incorporated by reference to Exhibit a(ii) to Registrant's Quarterly Report for the quarter ended June 30, 1998). *
- (10)(vi)** Amended Curtiss-Wright Corporation Savings and Investment Plan dated March 1, 1995 (incorporated by reference to Exhibit (10)(vii) to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1994). *
- (10)(vii)** Curtiss-Wright Corporation 1996 Stock Plan for Non-Employee Directors (incorporated by reference to Exhibit 4.1 to Registrant's Form S-8 Registration Statement No. 96583181 filed June 19, 1996). *

(10)(viii)**Curtiss-Wright Corporation Executive Deferred Compensation * Plan effective November 18, 1997 (incorporated by reference to Exhibit 4.1 to Registrant's Form S-8 Registration Statement No. 96583181, filed June 19, 1996).

(10)(ix)** Standard Severance Protection Agreement dated June 19, 1998 * between the Registrant and Officers of the Registrant (incorporated by reference to Exhibit 4.1 to Registrant's Form S-8 Registration Statement No. 96583181, filed June 19, 1996).

(10)(x)** Trust Agreement approved April 17, 1998 dated as of January * 30, 1998 by and between Registrant and PNC Bank, National Association (incorporated by reference to Exhibit 10(a) to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998).

(13) Annual Report to Stockholders for the year ended December 31, 1998 (only those portions expressly incorporated herein by reference in this document are deemed "filed.")

(21) Subsidiaries of the Registrant

(23) Consents of Experts and Counsel - see Consent of Independent Accountants

(27) Financial Data Schedule

* Incorporated by reference as noted.

** Management contract or compensatory plan or arrangement.

Exhibit 4(ii)

SIXTH AMENDMENT TO CREDIT AGREEMENT

THIS SIXTH AMENDMENT TO CREDIT AGREEMENT, dated as of October 29, 1998 (this "Amendment"), by and between CURTISS-WRIGHT CORPORATION, a Delaware corporation (the "Borrower"), the lenders parties hereto from time to time (the "Lenders", as defined further below), the Issuing Banks referred to herein (the "Issuing Banks") and MELLON BANK, N.A., a national banking association, as agent for the Lenders and the Issuing Banks hereunder (in such capacity, together with its successors in such capacity, the "Agent");

WITNESSETH:

WHEREAS, the Borrower, the Lenders, the Issuing Banks and the Agent are parties to a Credit Agreement, dated as of October 29, 1991 (as amended, the "Credit Agreement"), pursuant to which the Lenders have made Loans to the Borrower and certain Issuing Banks have issued Letters of Credit on behalf of the Borrower and its Subsidiaries; and

WHEREAS, the Borrower has requested the Lenders to extend the Revolving Credit Maturity Date to October 29, 2001; and

WHEREAS, the Lenders are willing to so extend the Revolving Credit Maturity Date and to amend the Credit Agreement upon the terms and conditions hereinafter set forth; and

WHEREAS, capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Credit Agreement;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Extension of Revolving Credit Maturity Date. The definition of the term "Revolving Credit Maturity Date" in Section 1.01 of the Credit Agreement is hereby amended to substitute the date "October 29, 2001" for the date "October 29, 2000".

2. Conditions Precedent. The effectiveness of this Amendment is subject to the accuracy as of the date hereof of the representations and warranties herein contained, to the performance by the Borrower of its obligations to be performed hereunder on or before the date hereof and to the satisfaction, on or before October 29, 1998 (the date of such satisfaction being referred to herein as the "Effective Date"), of the following further conditions precedent:

(a) Amendment. Each Lender shall have received a counterpart of this Amendment, duly executed by the Borrower.

(b) Representations and Warranties; Events of Default and Potential Defaults. The representations and warranties contained in Section 3 hereof shall be true and correct on and as of the Effective Date with the same effect as though made on and as of such date. On the Effective Date, no Event of Default and no Potential Default shall have occurred and be continuing or shall exist or shall occur or exist after giving effect to this Amendment and the transactions contemplated hereby. By execution of this Amendment, the Borrower certifies to the Lenders that as of the Effective Date (a) the representations and warranties set forth in Section 3 hereof are true and correct on and as of such date and (b) on such date no Event of Default or Potential Default has occurred and is continuing or exists or will occur or exist after giving effect to this Amendment and the transactions contemplated hereby.

2. Representations and Warranties. The Borrower hereby represents and warrants to the Agent and the Lenders that the representations and warranties set forth in the Credit Agreement, as amended by this Amendment, are true and correct on and as of the date hereof as if made on and as of the date hereof, and that no Event of Default or Potential Default has occurred and is continuing or exists on and as of the date hereof; provided, however, that, for purposes of the foregoing, all references in the Credit Agreement to "this Agreement" shall be deemed to be references to this Amendment and the Credit Agreement as amended by this Amendment. In addition, the reference in Section 4.05 of the Credit Agreement to the financial statements of the Borrower and its consolidated Subsidiaries as of December 31, 1989 and December 31, 1990 shall be deemed to be a reference to the financial statements of the Borrower and its consolidated Subsidiaries as of December 31, 1996 and December 31, 1997, respectively, the reference in such Section to the parallel interim consolidated financial statements for and as of the end of the six months ended June 30, 1991 shall be deemed to be a reference to the parallel interim consolidated financial statements for and as of the end of the second fiscal quarter of the fiscal year beginning January 1, 1998, and the references in the last sentence of Section 4.05 of the Credit Agreement to June 30, 1991 and December 31, 1990 shall be deemed to be references to June 30, 1998 and December 31, 1997, respectively; and the reference in Section 4.10 of the Credit Agreement to December 31, 1990 shall be deemed to be a reference to December 31, 1997.

4. Effectiveness of Amendment. This Amendment shall be effective from and after the Effective Date upon satisfaction of the conditions precedent referred to herein.

5. Effect of Amendment. The Credit Agreement, as amended by this Amendment, is in all respects ratified, approved and confirmed and shall, as so amended, remain in full force and effect.

6. Governing Law. This Amendment shall be deemed to be a contract under the laws of the State of New York and for all purposes shall be governed by and construed and enforced in accordance with the laws of said State.

7. Counterparts. This Amendment may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

CURTISS-WRIGHT CORPORATION

By /s/ Gary Benschip

Title Treasurer

MELLON BANK, N.A., individually and as Agent

By /s/ David N. Smith

Title Vice President

PNC BANK, NATIONAL ASSOCIATION

By /s/ Judy B. Land

Title Vice President

THE BANK OF NOVA SCOTIA

By /s/ Brian Allen

Title Senior Relationship Manager

SEVENTH AMENDMENT TO CREDIT AGREEMENT

THIS SEVENTH AMENDMENT TO CREDIT AGREEMENT, dated as of December 28, 1998 (this "Amendment"), by and between CURTISS-WRIGHT CORPORATION, a Delaware corporation (the "Borrower"), the lenders parties hereto from time to time (the "Lenders", as defined further below), the Issuing Banks referred to herein (the "Issuing Banks") and MELLON BANK, N.A., a national banking association, as agent for the Lenders and the Issuing Banks hereunder (in such capacity, together with its successors in such capacity, the "Agent").

WITNESSETH:

WHEREAS, the Borrower, the Lenders, the Issuing Banks and the Agent are parties to a Credit Agreement, dated as of October 29, 1991 (as amended, the "Credit Agreement"), pursuant to which the Lenders have made Loans to the Borrower and certain Issuing Banks have issued Letters of Credit on behalf of the Borrower and its Subsidiaries; and

WHEREAS, the Borrower has requested the Lenders to amend certain provisions of the Credit Agreement and to add certain terms thereto; and

WHEREAS, the Lenders are willing to amend the Credit Agreement upon the terms and conditions hereinafter set forth; and

WHEREAS, capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Credit Agreement;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Amendments to Credit Agreement. The Credit Agreement is hereby amended as follows:

1.1 Section 1.01 is hereby amended as follows:

(i) The following definitions shall be added thereto in the proper alphabetical order:

"As-Offered" shall have the meaning set forth in Section 2.04(a) hereof.

"Dollar Equivalent Amount" of any Revolving Credit Loan shall mean (a) with respect to a Revolving Credit Loan denominated in an Other Currency, an amount equal to the amount of Dollars that the amount of such Other Currency (equal to the principal amount of such Revolving Credit Loan) could purchase at 12:00 p.m., noon, Pittsburgh time, on the date of determination, based upon the quoted spot rates of the Agent, at which its applicable branch or office offers to exchange Dollars for such currency in the foreign exchange market and (b) with respect to a Revolving Credit Loan denominated in US Currency, an amount in Dollars equal to the principal amount of such Revolving Credit Loan.

"Other Currency" shall mean British Pounds, Swiss Francs, Belgium Francs, French Francs, Italian Lira, German Marks, Eurodollars, Singapore Dollars, Dutch Guilders, Denmark Krone and any freely available currency that is freely transferable and freely convertible into Dollars and requested by the Borrower and acceptable to all of the Lenders and to the Agent.

"Subsidiary Borrower" shall mean Curtiss-Wright Flight Systems, Inc., a Delaware corporation; Metal Improvement Company, Inc., a Delaware corporation; Curtiss-Wright Flow Control Corporation, a New York corporation; Curtiss-Wright Flow Control Service Corporation, a Delaware corporation; Curtiss-Wright Foreign Sales Corp., a Barbados corporation; Curtiss-Wright Flight Systems Europe A/S, a Danish corporation. Subsidiary Borrower shall also include (i) Curtiss-Wright Antriebstechnik GmbH, upon its formation as a wholly owned subsidiary of Curtiss-Wright Corporation, and (ii) SIG Antriebstechnik Ag, upon the consummation of the purchased of its issued and outstanding capital stock by Curtiss-Wright Corporation or a wholly owned subsidiary of Curtiss-Wright Corporation.

"US Currency" shall mean Dollars.

"Year 2000 Problem" shall mean any significant risk that computer hardware, software or equipment containing embedded microchips of any Borrower or any of its Subsidiaries which is essential to its business or operations will not, in the case of dates or time periods occurring after December 31, 1999, function at least as effectively and reliably as in the case of times or time periods occurring before January 1, 2000, including the making of accurate leap year calculations.

(ii) The following definitions set forth in Section 1.01 shall be amended as follows:

"Loan Documents" shall be amended by adding ", the Guaranty" in the first line thereof after "the Notes" and before "the Transfer Supplements".

1.2 Article II is deleted in its entirety and Article II shall be amended and restated, as attached hereto as Annex A.

1.3 A new Section 4.19 is hereby added:

"4.19. Year 2000 Compliance. The Borrower has reviewed its operations and those of its Subsidiaries with a view to assessing whether its businesses, or the businesses of any of its Subsidiaries, will be vulnerable to a Year 2000 Problem or will be vulnerable to the effects of a Year 2000 Problem suffered by any of the Borrower's or any of its Subsidiaries' major commercial counter-parties. The Borrower represents and warrants that it has a reasonable basis to believe that no Year 2000 Problem will cause a Material Adverse Effect."

1.4 A new Section 6.17 is hereby added:

"6.17. Year 2000 Compliance. The Borrower shall to the best of its ability take all actions necessary and commit adequate resources to assure that its computer-based and other systems (and those of all Subsidiaries) are able to effectively process data, including dates before, on and after January 1, 2000, to avoid experiencing any Year 2000 Problem that could reasonably be expected to cause a Material Adverse Effect. The Borrower will provide the Agent with a quarterly certificate within 60 days of the end of each quarter commencing with such quarter ending at March 31, 1999 containing assurances and substantiations reasonably acceptable to the Required Lenders as to the capability of the Borrower and its Subsidiaries to conduct its and their businesses and operations before, on and after January 1, 2000 without experiencing a Year 2000 Problem causing a Material Adverse Effect."

1.5 A new Section 8.03 is hereby added:

"8.03. Judgment Currency. If any Lender or the Agent obtains a judgment against the Borrower in an Other Currency, the obligations of the Borrower in respect of any sum adjudged to be due to such Lender or the Agent hereunder or under the Revolving Credit Notes (the "Judgment Amount") shall be discharged only to the extent that, on the Business Day following receipt by such Lender or the Agent of the Judgment Amount in such Other Currency, such Lender or Agent, in accordance with normal banking procedures, purchases Dollars with the Judgment Amount in such Other Currency. If the amount of Dollars so purchased is less than the amount of Dollars that could have been purchased with the Judgment Amount on the date or dates the Judgment Amount was originally due and owing to the Lenders or the Agent hereunder or under the Revolving Credit Notes (the "Original Due Date") (excluding the portion of the Judgment Amount which has accrued as a result of the failure of the Borrower to pay the sum originally due hereunder or under the Revolving Credit Notes when it was originally due hereunder or under the Revolving Credit Notes) (the "Loss"), the Borrower agrees, to indemnify such Lender or the Agent, as the case may be, against the Loss, and if the amount of Dollars so purchased exceeds the amount of Dollars that could have been purchased with the Judgment Amount on the Original Due Date, such Lender or the Agent agrees to remit such excess to the Borrower."

2. Conditions Precedent. The effectiveness of this Amendment is subject to the accuracy as of the date hereof of the representations and warranties herein contained, to the performance by the Borrower of its obligations to be performed hereunder on or before the date hereof and to the satisfaction, on or before December 28, 1998 (the date of such satisfaction being referred to herein as the "Effective Date"), of the following further conditions precedent:

(a) Amendment. Each Lender shall have received a counterpart of this Amendment, duly executed by the Borrower.

(b) Representations and Warranties; Events of Default and Potential Defaults. The representations and warranties contained in Section 3 hereof shall be true and correct on and as of the Effective Date with the same effect as though made on and as of such date. On the Effective Date, no Event of Default and no Potential Default shall have occurred and be continuing or shall exist and shall occur or exist after giving effect to this Amendment and the transactions contemplated hereby. On the Effective Date, there shall have been delivered to the Agent a certificate, dated the Effective Date and signed on behalf of the Borrower by the President, Treasurer or chief financial officer of the Borrower, that (a) the representations and warranties set forth in Section 3 hereof are true and correct on and as of such date and (b) on such date no Event of Default or Potential Default has occurred and is continuing or exists or will occur or exist after giving effect to this Amendment and the transactions contemplated hereby.

(c) Proceedings and Incumbency. On the Effective Date, there shall have been delivered to the Agent with an original counterpart for each Lender a certificate, dated the Effective Date and signed on behalf of the Borrower by the Secretary or an Assistant Secretary of the Borrower, certifying as to (i) true copies of the articles of incorporation and bylaws of the Borrower as in effect on such date (or a certificate of the Secretary or Assistant Secretary of the Borrower to the effect that there have been no changes in such articles of incorporation or bylaws from the forms thereof previously delivered to the Agent and the Lenders or, if there have been any such changes, attaching copies thereof), (ii) true copies of all corporate action taken by the Borrower relative to this Amendment and (iii) the names, true signatures and incumbency of the officer or officers of the Borrower authorized to execute and deliver this Amendment and the other documents and instrument to be executed and delivered under the Credit Agreement, as amended hereby. The Agent shall be entitled to conclusively rely on such certificate unless and until a later certificate revising the prior certificate has been furnished to the Agent.

(d) Opinions of Counsel. On the Effective Date, there shall have been delivered to the Agent written opinions, dated the Effective Date, of the General Counsel to the Borrower in form and substance satisfactory to the Agent and as to such matters incident to the transactions contemplated hereby as the Agent may reasonably request.

(e) Details, Proceedings and Documents. All legal details and proceedings in connection with the transactions contemplated by this Amendment shall be satisfactory to the Lenders, and, on the Effective Date, the Agent shall have received all such counterpart originals or certified or other copies of such documents and proceedings in connection with such transactions, in form and substance satisfactory to the Agent and the Lenders, as the Agent or any Lender may reasonably request.

3. Representations and Warranties. The Borrower hereby represents and warrants to the Agent and the Lenders that the representations and warranties set forth in the Credit Agreement, as amended by this Amendment, are true and correct on and as of the date hereof as if made on and as of the date hereof, and that no Event of Default or Potential Default has occurred and is continuing or exists on and as of the date hereof; provided, however, that, for purposes of the foregoing, all references in the Credit Agreement to "this Agreement" shall be deemed to be references to this Amendment and the Credit Agreement as amended by this Amendment.

4. Effectiveness of Amendment. This Amendment shall be effective from and after the Effective Date upon satisfaction of the conditions precedent referred to herein.

5. Effect of Amendment. The Credit Agreement, as amended by this Amendment, is in all respects ratified, approved and confirmed and shall, as so amended, remain in full force and effect.

6. Governing Law. This Amendment shall be deemed to be a contract under the laws of the State of New York and for all purposes shall be governed by, construed and enforced in accordance with the laws of the State of New York, without regard to principles of conflicts of law.

7. Counterparts. This Amendment may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

CURTISS-WRIGHT CORPORATION

By /s/ Gary Benschip

Title Treasurer

MELLON BANK, N.A., individually and as Agent

By /s/ David N. Smith

Title Vice President

PNC BANK, NATIONAL ASSOCIATION

By /s/ Judy B. Land

Title Vice President

THE BANK OF NOVA SCOTIA

By /s/ Brian Allen

Title Senior Relationship Manager

CURTISS-WRIGHT CORPORATION

Subsidiary Note

\$ Pittsburgh, Pennsylvania -----,-----

FOR VALUE RECEIVED, the undersigned, [INSERT PROPER NAME OF SUBSIDIARY] (the "Borrower"), promises to pay to the order of [INSERT PROPER NAME OF THE LENDER] (the "Lender") on or before the Revolving Credit Maturity Date (as defined in the Agreement referred to below), and at such earlier dates as may be required by such Agreement, the lesser of (i) the principal sum of (\$) or (ii) the aggregate unpaid principal amount of all Revolving Credit Loans made by the Lender to the Borrower from time to time pursuant to the Agreement. The Borrower further promises to pay to the order of the Lender interest on the unpaid principal amount hereof from time to time outstanding at the rate or rates per annum determined pursuant to the Agreement, payable on the dates set forth in the Agreement.

This Note is one of the "Subsidiary Notes" as referred to in, and is entitled to the benefits of, the Credit Agreement, dated as of October 29, 1991, as amended, by and among the Borrower, the Lenders parties thereto from time to time, the Issuing Banks from time to time thereunder, and Mellon Bank, N.A., as Agent (as the same may be amended, modified or supplemented from time to time, the "Agreement"), which among other things provides for the acceleration of the maturity hereof upon the occurrence of certain events and for prepayments in certain circumstances and upon certain terms and conditions. Terms defined in the Agreement have the same meanings herein.

The Borrower hereby expressly waives presentment, demand, notice, protest and all other demands and notices in connection with the delivery, acceptance, performance, default or enforcement of this Note and the Agreement, and an action for amounts due hereunder or thereunder shall immediately accrue.

This Note shall be governed by, construed and enforced in accordance with the laws of the State of New York, without regard to principles of conflicts of law.

[INSERT PROPER NAME OF THE SUBSIDIARY]

By:
Name:
Title:

ANNEX A

ARTICLE II THE CREDITS

2.01. Revolving Credit Loans.

(a) Revolving Credit Commitments. Subject to the terms and conditions and relying upon the representations and warranties herein set forth, each Lender, severally and not jointly, agrees (such agreement being herein called such Lender's "Revolving Credit Commitment") to make loans in either US Currency or in an Other Currency (the "Revolving Credit Loans") to the Borrower at any time or from time to time on or after the date hereof and to but not including the Revolving Credit Maturity Date.

Subject to the terms and conditions herein, each Lender agrees to make Loans to any Subsidiary Borrower at any time or from time to time on or after the date hereof and to but not including the Revolving Credit Maturity Date. The Loans shall be made to such Subsidiary Borrower upon the completion of the following conditions: (i) submit Standard Notice under Section 2.03 hereof, (ii) Curtiss-Wright Corporation executes and delivers to the Agent a Guaranty and Suretyship Agreement in favor of Lenders in the form as attached hereto as Exhibit B (the "Guaranty"), and (iii) the obligation of such Subsidiary Borrower to repay the unpaid principal amount of the Revolving Credit Loans made to it by each Lender and to pay interest thereon shall be evidenced in part by promissory notes from such Subsidiary Borrower to each Lender in substantially the form attached hereto as Exhibit C (the "Subsidiary Borrower Notes"). In the event that a Subsidiary Borrower becomes a Borrower under this Section 2.01(a), all references to "Borrower" in Articles I, II, IV, VI, VII, VIII and X and Section 5.02 shall be deemed to include such Subsidiary Borrower.

A Lender shall have no obligation to make any Revolving Credit Loan to the extent that the aggregate principal amount of such Lender's Pro Rata share of the total Revolving Credit Extensions of Credit at any time outstanding would exceed such Lender's Revolving Credit Committed Amount at such time. Each Lender's "Revolving Credit Committed Amount" at any time shall be equal to the amount set forth as its "Initial Revolving Credit Committed Amount" below its name on the signature pages hereof, as either such amount may have been reduced under Section 2.02 hereof at such time, and subject to transfer to another Lender as provided in Section 10.14 hereof.

(b) Nature of Credit. Within the limits of time and amount set forth in this Section 2.01, and subject to the provisions of this Agreement, the Borrower may borrow, repay and reborrow Revolving Credit Loans hereunder.

(c) Revolving Credit Notes. The obligation of the Borrower to repay the unpaid principal amount of the Revolving Credit Loans made to it by each Lender and to pay interest thereon shall be evidenced in part by (i) promissory notes of the Borrower, one to each Lender, dated the Closing Date (the "Borrower Notes") in substantially the form attached hereto as Exhibit A, with the blanks appropriately filled, payable to the order of such Lender in a face amount equal to such Lender's Initial Revolving Credit Committed Amount and (ii) the Subsidiary Notes (the Borrower Notes and the Subsidiary Notes are collectively the "Revolving Credit Notes").

(d) Maturity. To the extent not due and payable earlier, the Revolving Credit Loans shall be due and payable on the Revolving Credit Maturity Date.

(e) Extension of Revolving Credit Maturity Date. The Revolving Credit Maturity Date may be extended for successive one year periods at the request of the Borrower with the express consent of each Lender as provided below. Not later than the date 90 days prior to each Anniversary Date, the Borrower shall, at its option, in a written notice to the Agent request (an "Extension Request") that the Revolving Credit Maturity Date be extended for a period of one year. The Agent shall promptly inform the Lenders of such Extension Request. Each Lender that agrees with such Extension Request shall deliver to the Agent its express written consent thereto no later than 60 days prior to such Anniversary Date. If (i) any Lender notifies the Agent in writing on or before the 60th day prior to such Anniversary Date that it will not consent to such Extension Request or (ii) all of the Lenders have not in writing expressly consented to any such Extension Request as provided in the preceding sentence, then the Agent shall so notify the Borrower and the Borrower, at its option, may replace each Lender which has not agreed to such Extension Request (a "Nonextending Lender") with another commercial lending institution reasonably satisfactory to the Agent (a "Replacement Lender") by giving notice (not later than the date 30 days prior to such Anniversary Date) of the name of such Replacement Lender to the Agent. Unless the Agent shall object to the identity of such proposed Replacement Lender prior to the date 20 days prior to such Anniversary Date, upon notice from the Agent, each Nonextending Lender shall promptly (but in no event later than such Anniversary Date) assign all of its interests hereunder to such Replacement Lender in accordance with the provisions of Section 10.14(c) hereof. If, prior to such Anniversary Date some, but not all, of the Lenders have agreed to such Extension Request, and each Nonextending Lender has not been replaced by the Borrower in accordance with the terms of this Section 2.01(e), the Revolving Credit Maturity Date shall be extended in accordance with such Extension Request; provided, however, that on the original Revolving Credit Maturity Date (as such date may have been previously extended), the Commitment of each Nonextending Lender shall be terminated, the Borrower shall pay to the Agent for the account of such Nonextending Lender such Nonextending Lender's Pro Rata share of the principal of and interest on all outstanding Revolving Credit Loans and Letter of Credit Reimbursement Obligations, and the total Revolving Credit Commitment shall be irrevocably reduced by an amount equal to the aggregate Commitments of all Nonextending Lenders. If all Lenders consent to any such Extension Request (or, if any Nonextending Lenders are replaced in accordance with this Section), then as of 5:00 p.m. Pittsburgh time on the Anniversary Date the Revolving Credit Maturity Date shall be deemed to have been extended for, and shall be the date, one year after the then effective Revolving Credit Maturity Date (as such date may have been previously extended pursuant to this Section).

2.02. Revolving Credit Commitment Fee; Reduction of the Revolving Credit Committed Amounts.

(a) Revolving Credit Commitment Fee. The Borrower shall pay to the Agent for the account of each Lender a commitment fee (the "Revolving Credit Commitment Fee") equal to 0.25% per annum (based on a year of 365 or 366 days, as the case may be, and actual days elapsed), for each day from and including the date hereof to but not including the Revolving Credit Maturity Date, on the amount (not less than zero) equal to (i) such Lender's Revolving Credit Committed Amount on such day, minus (ii) the Dollar Equivalent Amount aggregate principal amount of such Lender's Revolving Credit Extensions of Credit outstanding on such day. Such Revolving Credit Commitment Fee shall be due and payable for the preceding period for which such fee has not been paid (x) on each Regular Payment Date, (y) on the date of each reduction of the Revolving Credit Committed Amount (whether optional or mandatory) on the amount so reduced and (z) on the Revolving Credit Maturity Date.

(b) Reduction of the Revolving Credit Committed Amounts. The Borrower may at any time or from time to time reduce Pro Rata the Revolving Credit Committed Amounts of the Lenders to an aggregate amount (which may be zero) not less than the Dollar Equivalent Amount sum of the unpaid principal amount of the Revolving Credit Loans then outstanding plus the principal amount of all Revolving Credit Loans not yet made as to which notice has been given by the Borrower under Section 2.03 hereof. Any reduction of the Revolving Credit Committed Amounts shall be in an aggregate amount which is a minimum amount of \$5,000,000 and integral multiples of \$500,000 thereof. Reduction of the Revolving Credit Committed Amounts shall be made by providing not less than 30 days' notice (which notice shall be irrevocable) to such effect to the Agent. After the date specified in such notice the Revolving Credit Commitment Fee shall be calculated upon the Revolving Credit Committed Amounts as so reduced. Upon reduction of the Revolving Credit Committed Amounts to zero, payment in full of all Obligations and expiration or termination of all outstanding Letters of Credit, this Agreement shall be terminated.

2.03. Making of Loans. Whenever the Borrower desires that the Lenders make Revolving Credit Loans, the Borrower shall provide Standard Notice to the Agent setting forth the following information:

(a) The currency, which shall be either US Currency or an Other Currency, in which such Revolving Credit Loans are to be made;

(b) The party making the borrowing thereunder;

(c) The date, which shall be a Business Day, on which such proposed Loans are to be made;

(d) The aggregate principal amount of such proposed Loans, which shall be the sum of the principal amounts selected pursuant to clause (e) of this Section 2.03;

(e) The interest rate Option or Options selected in accordance with Section 2.04(a) hereof and the principal amounts selected in accordance with Section 2.04(d) hereof of the Base Rate Portion and each Funding Segment of the CD Rate Portion and the Euro-Rate Portion, as the case may be, of such proposed Loans; and

(f) With respect to each such Funding Segment of such proposed Loans, the Funding Period to apply to such Funding Segment, selected in accordance with Section 2.04(c) hereof.

Standard Notice having been so provided, the Agent shall promptly notify each Lender of the information contained therein and of the amount of such Lender's Loan. Unless any applicable condition specified in Article V hereof has not been satisfied, on the date specified in such Standard Notice each Lender shall make the proceeds of its Loan available to the Agent (a) with respect to a Loan denominated in US Currency, at the Agent's Office, no later than 12:00 o'clock Noon, Pittsburgh time, in funds immediately available at such Office, and (b) with respect to a Loan denominated in an Other Currency, at the Agent's London Office, no later than 12:00 o'clock Noon, London time, in funds immediately available at such London Office. The Agent will make the funds so received available to the Borrower in funds immediately available at the Agent's Office or London Office, as the case may be.

2.04. Interest Rates.

(a) Optional Bases of Borrowing. The unpaid principal amount of the Loans shall bear interest for each day until due on one or more bases selected by the Borrower from among the interest rate Options set forth below. Subject to the provisions of this Agreement the Borrower may select different options to apply simultaneously to different Portions of the Loans and may select different Funding Segments to apply simultaneously to different parts of the CD Rate Portion or the Euro-Rate Portion of the Loans. The aggregate number of Funding Segments applicable to the CD Rate Portion and the Euro-Rate Portion of the Revolving Credit Loans at any time shall not exceed five.

(i) Base Rate Option: A rate per annum (computed on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed) for each day equal to the Base Rate for such day plus the Applicable Margin for such day. The "Base Rate" for any day shall mean the greater of (A) the Prime Rate for such day or (B) 0.625% plus the Federal Funds Effective Rate for such day, such interest rate to change automatically from time to time effective as of the effective date of each change in the Prime Rate or the Federal Funds Effective Rate.

(ii) CD Rate Option: A rate per annum (based on a year of 360 days and actual days elapsed) for each day equal to the CD Rate for such day plus the Applicable Margin for such day. "CD Rate" for any day

shall mean for each Funding Segment of the CD Rate Portion corresponding to a proposed or existing CD Rate Funding Period the rate per annum determined by the Agent by adding:

(A) the rate per annum obtained by dividing (the resulting quotient to be rounded upward to the nearest 1/100 of 1%) (1) the rate of interest (which shall be the same for each day in such CD Rate Funding Period) determined in good faith by the Agent in accordance with its usual procedures (which determination shall be conclusive absent manifest error) to be the average of the secondary market bid rates at or about 11:00 a.m., Eastern time, on the first day of such CD Rate Funding Period by dealers of recognized standing in negotiable certificates of deposit for the purchase at face value of negotiable certificates of deposit of major money center banks for delivery on such day in amounts comparable to such Funding Segment and having maturities comparable to such CD Rate Funding Period by (2) a number equal to 1.00 minus the CD Rate Reserve Percentage for such CD Rate Funding Period plus

(B) the Assessment Rate.

The "CD Rate" may also be expressed by the following formula:

$$\text{CD Rate} = \frac{\begin{array}{l} \text{[average of the secondary market} \\ \text{[bid rates determined by the Agent} \\ \text{[per subsection (A)(1)} \end{array}}{\begin{array}{l} \text{]} \\ \text{]} \\ \text{]} + \text{Assessment Rate} \\ \text{[1.00 - CD Rate Reserve Percentage]} \end{array}}$$

"CD Rate Reserve Percentage" for any day and for any CD Rate Funding Period shall mean the percentage (expressed as a decimal, rounded upward to the nearest 1/100 of 1%), as determined in good faith by the Agent (which determination shall be conclusive absent manifest error), which is in effect on such day as prescribed by the Board of Governors of the Federal Reserve System (or any successor) representing the maximum reserve requirement (including without limitation supplemental, marginal and emergency reserve requirements) for a member bank of such System in respect of nonpersonal time deposits in Dollars in the United States having a maturity comparable to such CD Rate Funding Period. The CD Rate shall be adjusted automatically as of the effective date of each change in the CD Rate Reserve Percentage. The CD Rate Option shall be calculated in accordance with the foregoing whether or not any Lender is actually required to hold such reserves in connection with its funding hereof or, if required to hold such reserves, is required to hold reserves at the "CD Rate Reserve Percentage" as herein defined.

"Assessment Rate" for any day shall mean the rate per annum (rounded upward to the nearest 1/100 of 1%) determined in good faith by the Agent in accordance with its usual procedures (which determination shall be conclusive absent manifest error) to be the maximum rate per annum payable by a depository institution insured by the Federal Deposit Insurance Corporation (or any successor) for such day as an assessment for insurance on Dollar time deposits, exclusive of any credit that is or may be allowed against such assessment on account of assessment payments made or to be made by such depository institution. The CD Rate shall be adjusted automatically as of the effective date of each change in the Assessment Rate. The CD Rate Option shall be calculated in accordance with the foregoing whether or not any Lender is actually required to pay Federal Deposit Insurance Corporation assessments or, if required to pay such assessments, is required to pay such assessments at the "Assessment Rate" as herein defined.

The Agent shall give prompt notice to the Borrower and to the Lenders of the CD Rate determined or adjusted in accordance with the definition of CD Rate, which determination or adjustment shall be conclusive absent manifest error.

(iii) Euro-Rate Option: A rate per annum (based on a year of 365 days and actual days elapsed) for each day equal to the Euro-Rate for such day plus the Applicable Margin for such day. "Euro-Rate" for any day, as used herein, shall mean for each Funding Segment of the Euro-Rate Portion corresponding to a proposed or existing Euro-Rate Funding Period the rate per annum determined by the Agent by dividing (the resulting quotient to be rounded upward to the nearest 1/100 of 1%) (A) the rate of interest (which shall be the same for each day in such Euro-Rate Funding Period) determined in good faith by the Agent in accordance with its usual procedures (which determination shall be conclusive absent manifest error) to be the average of the rates per annum for deposits in US Currency or any Other Currency, as applicable, offered to major money center banks in the London interbank market at

approximately 11:00 a.m., London time, two London Business Days prior to the first day of such Euro-Rate Funding Period for delivery on the first day of such Euro-Rate Funding Period in amounts comparable to such Funding Segment and having maturities comparable to such Funding Period by (B) a number equal to

1.00 minus the Euro-Rate Reserve Percentage.

The "Euro-Rate" may also be expressed by the following formula:

$$\text{Euro-Rate} = \frac{\begin{array}{l} \text{[average of the rates offered to major money]} \\ \text{[center banks in the London interbank market]} \\ \text{[determined by the Agent per subsection (A)]} \end{array}}{\begin{array}{l} \text{[1.00 - Euro-Rate Reserve Percentage} \end{array}} \quad]$$

"Euro-Rate Reserve Percentage" for any day shall mean the

percentage (expressed as a decimal, rounded upward to the nearest 1/100 of 1%), as determined in good faith by the Agent (which determination shall be conclusive absent manifest error), which is in effect on such day as prescribed by the Board of Governors of the Federal Reserve System (or any successor) representing the maximum reserve requirement (including, without limitation, supplemental, marginal and emergency reserve requirements) with respect to eurocurrency funding (currently referred to as "Eurocurrency liabilities") of a member bank in such System. The Euro-Rate shall be adjusted automatically as of the effective date of each change in the Euro-Rate Reserve Percentage. The Euro-Rate Option shall be calculated in accordance with the foregoing whether or not any Lender is actually required to hold reserves in connection with its eurocurrency funding or, if required to hold such reserves, is required to hold reserves at the "Euro-Rate Reserve Percentage" as herein defined.

The Agent shall give prompt notice to the Borrower and to the Lenders of the Euro-Rate determined or adjusted in accordance with the definition of the Euro-Rate, which determination or adjustment shall be conclusive absent manifest error.

(iv) As-Offered Rate Option. A rate per annum (computed on the basis of a year of 360 days and actual days elapsed) for each day equal to the "As-Offered Rate" for such day. The "As-Offered Rate" for any day shall mean such rate per annum as may be offered by the Lenders in their sole discretion to the Borrower from December 30, 1998 to December 31, 1998 (the "As-Offered Funding Period") for such Funding Segment as Lenders shall offer in their sole discretion, which rate shall remain fixed for the duration of such As-Offered Rate Funding Period. Without limiting the discretion of Lender or the generality of the foregoing, the As-Offered Rate (if offered) shall reflect Lender's fully reserved cost of funds and shall include a margin of at least 0.625%.

(b) Applicable Margin. The "Applicable Margin" for each interest rate Option for any day shall mean the percentage set forth below:

Interest Rate Option	Applicable Margin
Base Rate Option	0
CD Rate Option	0.625%
Euro Rate Option	0.625%
As-Offered	0

(c) Funding Periods. At any time when the Borrower shall select, convert to or renew the CD Rate Option or the Euro-Rate Option to apply to any part of the Loans, the Borrower shall specify one or more periods (the "Funding Periods") during which each such Option shall apply, such Funding Periods being as set forth below:

Interest Rate Option	Available Funding Periods
CD Rate Option	30, 60, 90, 180 days or such longer period as may be offered by all of the Lenders in their sole discretion ("CD Rate Funding Period"); and
Euro-Rate Option	One, two, three, six months or one year or such longer period as may be offered by all of the Lenders in their sole discretion ("Euro-Rate Funding Period");
As-Offered	December 30, 1998 to December 31, 1998 ("As-Offered Funding Period");

provided, that:

(i) Each CD Rate Funding Period which would otherwise end on a day which is not a Business Day shall be extended to the next succeeding

Business Day;

(ii) Each Euro-Rate Funding Period shall begin on a London Business Day, and the term "month", when used in connection with a Euro-Rate Funding Period, shall be construed in accordance with prevailing practices in the interbank eurodollar market at the commencement of such Euro-Rate Funding Period, as determined in good faith by the Agent (which determination shall be conclusive);

(iii) The Borrower may not select a Funding Period that would end after the Revolving Credit Maturity Date; and

(iv) The Borrower shall, in selecting any Funding Period, allow for scheduled mandatory payments and foreseeable mandatory prepayments of the Loans.

(d) Transactional Amounts. Every selection of, conversion from, conversion to or renewal of an interest rate Option and every payment or prepayment of any Loans shall be in a principal amount such that after giving effect thereto the aggregate principal amount of the Base Rate Portion of the Revolving Credit Loans, or the aggregate principal amount of each Funding Segment of the CD Rate Portion or the Euro-Rate Portion of the Revolving Credit Loans, shall be as set forth below:

----- Portion or Funding Segment -----	----- Allowable Aggregate Principal Amounts -----
----- Base Rate Portion -----	----- an integral multiple of 500,000 of US Currency or the Other Currency denominated by the Borrower -----
----- Each Funding Segment of the CD Rate Portion -----	----- an integral multiple of 500,000 of US Currency or the Other Currency denominated by the Borrower -----
----- Each Funding Segment of the Euro-Rate Portion -----	----- an integral multiple of 1,000,000 of US Currency or the Other Currency denominated by the Borrower -----
----- Each Funding Segment of the As-Offered Portion -----	----- an integral multiple of 500,000 of US Currency or the Other Currency denominated by the Borrower -----

(e) CD Rate or Euro-Rate Unascertainable; Impracticability. If

(i) on any date on which a CD Rate or a Euro-Rate would otherwise be set the Agent (in the case of clauses (A) or (B) below) or any Lender (in the case of clause (C) below) shall have determined in good faith (which determination shall be conclusive absent manifest error) that:

(A) adequate and reasonable means do not exist for ascertaining such CD Rate or Euro-Rate,

(B) a contingency has occurred which materially and adversely affects the secondary market for negotiable certificates of deposit maintained by dealers of recognized standing or the interbank eurodollar market, as the case may be, or

(C) the effective cost to such Lender of funding a proposed Funding Segment of the CD Rate Portion or the Euro-Rate Portion from a Corresponding Source of Funds shall exceed the CD Rate or the Euro-Rate, as the case may be, applicable to such Funding Segment, or

(ii) at any time any Lender shall have determined in good faith (which determination shall be conclusive absent manifest error) that the making, maintenance or funding of any part of the CD Rate Portion or the Euro-Rate Portion has been made impracticable or unlawful by compliance by such Lender or a Notional Euro-Rate Funding Office in good faith with any Law or guideline or interpretation or administration thereof by any Governmental Authority charged with the interpretation or administration thereof or with any request or directive of any such Governmental Authority (whether or not having the force of law);

then, and in any such event, the Agent or such Lender, as the case may be, may notify the Borrower of such determination (and any Lender giving such notice shall notify the Agent). Upon such date as shall be specified in such notice (which shall not be earlier than the date such notice is given), the obligation of each of the Lenders to allow the Borrower to select, convert to or renew the CD Rate Option or Euro-Rate Option, as the case may be, shall be suspended until the Agent or such Lender, as the case may be, shall have later notified the Borrower (and any Lender giving such notice shall notify the Agent) of the Agent's or such Lender's determination in good faith (which determination shall be conclusive absent manifest error) that the circumstance giving rise to such previous determination no longer exist.

If any Lender notifies the Borrower of a determination under subsection (ii) of this Section 2.04(e), the CD Rate Portion or the Euro-Rate

Portion, as the case may be, of the Loans of such Lender (the "Affected Lender") shall automatically be converted to the Base Rate Option as of the date specified in such notice (and accrued interest thereon shall be due and payable on such date).

If at the time the Agent or a Lender makes a determination under subsection (i) or (ii) of this Section 2.04(e) the Borrower previously has notified the Agent that it wishes to select, convert to or renew the CD Rate Option or the Euro-Rate Option, as the case may be, with respect to any proposed Loans but such Loans have not yet been made, such notification shall be deemed to provide for selection of, conversion to or renewal of the Base Rate Option instead of the CD Rate Option or the Euro-Rate Option, as the case may be, with respect to such Loans or, in the case of a determination by a Lender, such Loans of such Lender.

2.05. Conversion or Renewal of Interest Rate Options.

(a) Conversion or Renewal. Subject to the provisions of Sections 2.09(c) and 2.10(b) hereof, unless an Event of Default shall have occurred and be continuing, the Borrower may convert any part of its Loans from any interest rate Option or Options to one or more different interest rate Options and may renew the CD Rate Option or the Euro-Rate Option as to any Funding Segment of the CD Rate Portion or the Euro-Rate Portion:

(i) At any time with respect to conversion from the Base Rate Option; or

(ii) At the expiration of any Funding Period with respect to conversions from the As-Offered Rate Option or conversions from or renewals of the CD Rate Option or the Euro-Rate Option, as the case may be, as to the Funding Segment corresponding to such expiring Funding Period.

Whenever the Borrower desires to convert or renew any interest rate Option or Options, the Borrower shall provide to the Agent Standard Notice setting forth the following information:

(w) The date, which shall be a Business Day, on which the proposed conversion or renewal is to be made;

(x) The principal amounts selected in accordance with Section 2.04(d) hereof of the Base Rate Portion and each Funding Segment of the As-Offered Rate Option, the CD Rate Portion and the Euro-Rate Portion, as the case may be, to be converted from or renewed;

(y) The interest rate Option or Options selected in accordance with Section 2.04(a) hereof and the principal amounts selected in accordance with Section 2.04(d) hereof of the Base Rate Portion and each Funding Segment of the As-Offered Rate Option, the CD Rate Portion and the Euro-Rate Portion, as the case may be, to be converted; and

(z) With respect to each Funding Segment to be converted to or renewed, the Funding Period selected in accordance with Section 2.04(c) hereof to apply to such Funding Segment.

Standard Notice having been so provided, after the date specified in such Standard Notice, interest shall be calculated upon the principal amount of the Loans as so converted or renewed. Interest on the principal amount of any part of the Loans converted or renewed (automatically or otherwise) shall be due and payable on the conversion or renewal date.

(b) Failure to Convert or Renew. Absent due notice from the Borrower of conversion or renewal in the circumstances described in Section 2.05 (a)(ii) hereof, any part of the As-Offered Rate Portion, the CD Rate Portion or Euro-Rate Portion for which such notice is not received shall be converted automatically to the Base Rate Option on the last day of the expiring Funding Period; provided, however, that if any Euro-Rate Portion is in an Other Currency, such portion shall be renewed automatically for one month on the last day of the expiring Funding Period.

2.06. Prepayments Generally. Whenever the Borrower desires or is required to prepay any part of its Loans, it shall provide Standard Notice to the Agent setting forth the following information:

(a) The currency, which shall be either US Currency or an Other Currency, in which such prepayment is to be made;

(b) The date, which shall be a Business Day, on which the proposed prepayment is to be made;

(c) The total principal amount of such prepayment, which shall be the sum of the principal amounts selected pursuant to clause (c) of this Section 2.06; and

(d) The principal amounts selected in accordance with Section 2.04(d) hereof of the Base Rate Portion and each part of each Funding Segment of the As-Offered Rate Portion, the CD Rate Portion and the Euro-Rate Portion, as the case may be, to be prepaid.

Standard Notice having been so provided, on the date specified in such Standard Notice, the principal amounts of the Base Rate Portion and each Funding Segment of the As-Offered Rate Option, the CD Rate Portion and the Euro-Rate Portion specified in such notice, together with interest on each such principal amount to such date, shall be due and payable.

2.07. Optional Prepayments. The Borrower shall have the right at its option from time to time to prepay its Loans in whole or part without premium or penalty (subject, however, to Section 2.10(b) hereof):

(a) At any time with respect to any part of the Base Rate Portion; or

(b) At the expiration of any Funding Period with respect to prepayment of the As-Offered Rate Portion, the CD Rate Portion or the Euro-Rate Portion, as the case may be, with respect to any part of the Funding Segment corresponding to such expiring Funding Period.

Any such prepayment shall be made in accordance with Section 2.06 hereof.

2.08. Interest Payment Dates. Interest on the Base Rate Portion shall be due and payable on each Regular Payment Date. Interest on each Funding Segment of the As-Offered Portion shall be due and payable on the last day of the corresponding As-Offered Funding Period. Interest on each Funding Segment of the CD Rate Portion shall be due and payable on the last day of the corresponding CD Rate Funding Period and, if such CD Rate Funding Period is longer than 90 days, also every 90th day during such CD Rate Funding Period. Interest on each Funding Segment of the Euro-Rate Portion shall be due and payable on the last day of the corresponding Euro-Rate Funding Period and, if such Euro-Rate Funding Period is longer than three months, also every third month during such Funding Period. After maturity of any part of the Loans (by acceleration or otherwise), interest on such part of the Loans shall be due and payable on demand.

2.09. Pro Rata Treatment; Payments Generally.

(a) Pro Rata Treatment. Each borrowing and conversion and renewal of interest rate Options hereunder shall be made, and all payments made in respect of principal, interest and Revolving Credit Commitment Fees due from the Borrower hereunder or under the Notes shall be applied, Pro Rata from and to each Lender, except for payments of interest involving an Affected Lender as provided in Section 2.04(e) hereof, payments to a Lender under Sections 2.10, 2.12 or 3.07 hereof and payments to any Issuing Bank pursuant to Section 3.02(b) hereof. The failure of any Lender to make a Loan shall not relieve any other Lender of its obligation to lend hereunder, but neither the Agent nor any Lender shall be responsible for the failure of any other Lender to make a Loan.

(b) Payments Generally. The parties agree that (i) all payments and prepayments of principal, interest and other amounts in connection with Loans denominated in US Currency and all fees shall be made in US Currency and (ii) all payments of principal, interest and other amounts (other than fees) in connection with Revolving Credit Loans denominated in any Other Currency shall be made in such Other Currency. All payments and prepayments to be made in respect of principal, interest, fees or other amounts due from the Borrower in US Currency shall be payable by 12:00 o'clock noon, Pittsburgh time, on the day when due without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived, and an action therefor shall immediately accrue. Except for payments under Sections 2.10 and 10.06, such payments shall be made to the Agent at its Office in US Currency in funds immediately available at such Office without setoff, counterclaim or other deduction of any nature. All payments and prepayments to be made in respect of principal, interest fees or other amounts due from the Borrower in any Other Currency shall be payable by 12:00 o'clock noon, London time, on the day when due without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived, and an action therefor shall immediately accrue. Except for payments under Sections 2.10 and 10.06, such payments shall be made to the Agent at its London Office in such Other Currency in funds immediately available at such Office without setoff, counterclaim or other deduction of any nature. Any payment or prepayment received (i) in US Currency by the Agent or such Lender after 12:00 o'clock Noon, Pittsburgh time, on any day shall be deemed to have been received on the next succeeding Business Day and (ii) in any Other Currency by the agent or such Lender after 12:00 o'clock noon, London time, on any day shall be deemed to have been received on the next succeeding Business Day. The Agent shall distribute to the Lenders all such payments received by it from the Borrower as promptly as practicable after receipt by the Agent.

(c) Default Interest. To the extent permitted by law, from and after the date on which an Event of Default shall have occurred hereunder, and so long as such Event of Default continues to exist, principal, interest, fees, indemnity, expenses or any other amounts due from the Borrower hereunder or under any other Loan Document, shall bear interest for each day (before and after judgment), payable on demand, at a rate per annum (in each case based on a year of 360 days and actual days elapsed) which for each day shall be equal to the following:

(i) In the case of any part of the As-Offered Rate Portion, the CD Rate Portion or Euro-Rate Portion of any Loans, (A) until the end of the applicable then-current Funding Period at a rate per annum 2% above the rate otherwise applicable to such part, and (B) thereafter in accordance with the following clause (ii); and

(ii) In the case of any other amount due from the Borrower hereunder or under any Loan Document, 2% above the then-current Base Rate Option.

To the extent permitted by law, interest accrued under this Section 2.09 on any amount shall compound on a day-by-day basis, and hence shall be added daily to the overdue amount to which such interest relates.

2.10. Additional Compensation in Certain Circumstances.

(a) Increased Costs or Reduced Return Resulting From Taxes, Reserves, Capital Adequacy Requirements, Expenses, Etc. If any Law or guideline or interpretation or application thereof by any Governmental Authority charged with the interpretation or administration thereof or compliance with any request or directive of any Governmental Authority (whether or not having the force of law) now existing or hereafter

adopted:

(i) subjects any Lender or any Notional Euro-Rate Funding Office to any tax or changes the basis of taxation with respect to this Agreement, the Notes, the Loans or payments by the Borrower of principal, interest, commitment fees or other amounts due from the Borrower hereunder or under the Notes (except for taxes on the overall net income or overall gross receipts of such Lender or such Notional Euro-Rate Funding Office imposed by the jurisdictions (federal, state and local) in which the Lender's principal office or Notional Euro-Rate Funding Office is located),

(ii) imposes, modifies or deems applicable any reserve, special deposit or similar requirement against credits or commitments to extend credit extended by, assets (funded or contingent) of, deposits with or for the account of, other acquisitions of funds by, such Lender or any Notional Euro-Rate Funding Office (other than requirements expressly included herein in the determination of the CD Rate or the Euro-Rate, as the case may be, hereunder),

(iii) imposes, modifies or deems applicable any capital adequacy or similar requirement (A) against assets (funded or contingent) of, or credits or commitments to extend credit extended by, any Lender or any Notional Euro-Rate Funding Office, or (B) otherwise applicable to the obligations of any Lender or any Notional Euro-Rate Funding Office under this Agreement, or

(iv) imposes upon any Lender or any Notional Euro-Rate Funding Office any other condition or expense with respect to this Agreement, the Notes or its making, maintenance or funding of any Loan or any security therefor,

and the result of any of the foregoing is to increase the cost to, reduce the income receivable by, or impose any expense (including loss of margin) upon any Lender, any Notional Euro-Rate Funding office or, in the case of clause (iii) hereof, any Person controlling a Lender, with respect to this Agreement, the Notes or the making, maintenance or funding of any Loan (or, in the case of any capital adequacy or similar requirement, to have the effect of reducing the rate of return on such Lender's or controlling Person's capital, taking into consideration such Lender's or controlling Person's policies with respect to capital adequacy) by an amount which such Lender deems to be material (such Lender being deemed for this purpose to have made, maintained or funded each Funding Segment of the CD Rate Portion and the Euro-Rate Portion from a Corresponding Source of Funds), such Lender may from time to time notify the Borrower of the amount determined in good faith (using any averaging and attribution methods) by such Lender (which determination shall be conclusive) to be necessary to compensate such Lender or such Notional Euro-Rate Funding Office for such increase, reduction or imposition. Such amount shall be due and payable by the Borrower to such Lender five Business Days after such notice is given, together with an amount equal to interest on such amount from the date two Business Days after the date demanded until such due date at the Base Rate Option. A certificate by such Lender as to the amount due and payable under this

Section 2.10(a) from time to time and the method of calculating such amount shall be conclusive absent manifest error.

(b) Funding Breakage. In addition to all other amounts payable hereunder, if and to the extent for any reason any part of any Funding Segment of any As-Offered Rate Portion, CD Rate Portion or Euro-Rate Portion of the Loans becomes due (by acceleration or otherwise), or is paid, prepaid or converted to another interest rate Option (whether or not such payment, prepayment or conversion is mandatory or automatic and whether or not such payment or prepayment is then due), on a day other than the last day of the corresponding Funding Period (the date such amount so becomes due, or is so paid, prepaid or converted, being referred to as the "Funding Breakage Date"), the Borrower shall pay each Lender an amount ("Funding Breakage Indemnity") determined by such Lender as follows:

(i) first, calculate the following amount: (A) the principal amount of such Funding Segment of the Loans owing to such Lender which so became due, or which was so paid, prepaid or converted, times (B) the greater of (x) zero or (y) the rate of interest applicable to such principal amount on the Funding Breakage Date minus the Applicable Funding Rate as of the Funding Breakage Date, times (C) the number of days from and including the Funding Breakage Date to but not including the last day of such Funding Period, times (D) 1/360;

(ii) the Funding Breakage Indemnity to be paid by the Borrower to such Lender shall be the amount equal to the present value as of the Funding Breakage Date (discounted at the Applicable Funding Rate as of such Funding Breakage Date, and calculated on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed) of the amount described in the preceding clause (i) (which amount described in the preceding clause (i) is assumed for purposes of such present value calculation to be payable on the last day of the corresponding Funding Period).

For purposes of this Section, the term "Applicable Funding Rate" shall mean (i) in the case of any calculation of a Funding Breakage Indemnity payment with respect to a particular Funding Segment for which the corresponding Funding Period was originally one year or longer, the Treasury Rate, and (ii) in the case of any calculation of a Funding Breakage Indemnity payment with respect to a Funding Segment for which the corresponding Funding Period was originally less than one year, the Euro-Rate.

Such Funding Breakage Indemnity shall be due and payable on demand, and each Lender shall, upon making such demand, notify the Agent of the amount so demanded. In addition, the Borrower shall, on the due date for payment of any Funding Breakage Indemnity, pay to such Lender an additional amount equal to interest on such Funding Breakage Indemnity from the Funding Breakage Date to but not including such due date at the Base Rate Option applicable to the Loans (calculated on the basis of a year of 360 days and actual days elapsed). The amount payable to each Lender under this Section 2.10(b) shall be determined in good faith by such Lender, and such determination shall be conclusive absent manifest error.

2.11. HLT Classification. In the event that after the date hereof the Loans hereunder are classified as a "highly leveraged transaction" (an "HLT

Classification") by any Governmental Authority having jurisdiction over any Lender, such Lender may in its discretion from time to time so notify the Agent, and upon receiving such notice the Agent shall promptly give notice of such event to the Borrower, the Issuing Banks and the Lenders. In such event the parties hereto shall commence negotiations to agree on revised Revolving Credit Commitment Fees, interest rates and Applicable Margins hereunder. If the parties hereto fail to agree on such matters in their respective absolute discretion within 60 days of the notice given by the Agent referred to above, then the Required Lenders may at any time or from time to time thereafter direct the Agent to (a) by ten Business Days' notice to the Borrower, terminate the Revolving Credit Commitments, and the Revolving Credit Commitments shall thereupon terminate, or (b) by ten Business Days' notice to the Borrower, declare the Obligations, together with (without duplication) accrued interest thereon, to be, and the Obligations shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived, and an action therefor shall immediately accrue. The Lenders acknowledge that an HLT Classification is not an Event of Default or Potential Default hereunder.

2.12. Taxes.

(a) Payments Net of Taxes. All payments made by the Borrower under this Agreement or any other Loan Document shall be made free and clear of, and without reduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, and all liabilities with respect thereto, excluding

(i) in the case of the Agent and each Lender, income or franchise taxes imposed on the Agent or such Lender by the jurisdiction under the laws of which the Agent or such Lender is organized or any political subdivision or taxing authority thereof or therein or as a result of a connection between such Lender and any jurisdiction other than a connection resulting solely from this Agreement and the transactions contemplated hereby, and

(ii) in the case of each Lender, income or franchise taxes imposed by any jurisdiction in which such Lender's lending offices which make or book Loans are located or any political subdivision or taxing authority thereof or therein

(all such non-excluded taxes, levies, imposts, deductions, charges or withholdings being hereinafter called "Taxes"). If any Taxes are required to be withheld or deducted from any amounts payable to the Agent or any Lender under this Agreement or any other Loan Document, the Borrower shall pay the relevant amount of such Taxes and the amounts so payable to the Agent or such Lender shall be increased to the extent necessary to yield to the Agent or such Lender (after payment of all Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement and the other Loan Documents. Whenever any Taxes are paid by the Borrower with respect to payments made in connection with this Agreement or any other Loan Document, as promptly as possible thereafter, the Borrower shall send to the Agent for its own account or for the account of such Lender, as the case may be, a certified copy of an original official receipt received by the Borrower showing payment thereof.

(b) Indemnity. The Borrower hereby indemnifies the Agent and each of the Lenders for the full amount of such Taxes and any present or future claims, liabilities or losses with respect to or resulting from any omission to pay or delay in paying such Taxes (including any incremental Taxes, interest or penalties that may become payable by the Agent or such Lender as a result of any failure to pay such Taxes but excluding any claims, liabilities or losses with respect to or arising from omissions to pay or delays in payment attributable to the act or omission of the Agent or any Lender), whether or not such Taxes were correctly or legally asserted. Such indemnification shall be made within 30 days from the date such Lender or the Agent, as the case may be, makes written demand therefor.

(c) Withholding and Backup Withholding. Each Lender that is incorporated or organized under the laws of any jurisdiction other than the United States or any state thereof agrees that, on or prior to the date any payment is due to be made to it hereunder or under any other Loan Document, it will furnish to the Borrower and the Agent

(i) two valid, duly completed copies of United States Internal Revenue Service Form 4224 or United States Internal Revenue Form 1001 or successor applicable form, as the case may be, certifying in each case that such Lender is entitled to receive payments under this Agreement and the other Loan Documents without deduction or withholding of any United States federal income taxes and

(ii) a valid, duly completed Internal Revenue Service Form W-8 or W-9 or successor applicable form, as the case may be, to establish an exemption from United States backup withholding tax.

Each Lender which so delivers to the Borrower and the Agent a Form 1001 or 4224 and Form W-8 or W-9, or successor applicable forms agrees to deliver to the Borrower and the Agent two further copies of the said Form 1001 or 4224 and Form W-8 or W-9, or successor applicable forms, or other manner of certification, as the case may be, on or before the date that any such form expires or becomes obsolete or otherwise is required to be resubmitted as a condition to obtaining an exemption from withholding tax, or after the occurrence of any event requiring a change in the most recent form previously delivered by it, and such extensions or renewals thereof as may reasonably be requested by the Borrower and the Agent, certifying in the case of a Form 1001 or Form 4224 that such Lender is entitled to receive payments under this Agreement or any other Loan Document without deduction or withholding of any United States federal income taxes, unless in any such cases an event (including any changes in Law) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Lender from duly completing and delivering any such letter or form with respect to it and such Lender advises the Borrower and the Agent that it is not capable of receiving payments without any deduction or withholding of United States federal income tax, and in the case of a Form W-8 or W-9, establishing an exemption from United States backup withholding tax.

2.13. Funding by Branch, Subsidiary or Affiliate.

(a) Notional Funding. Each Lender shall have the right from time to time, prospectively or retrospectively, without notice to the Borrower, to deem any branch, subsidiary or affiliate of such Lender to have made, maintained or funded any part of the Euro-Rate Portion at any time. Any branch, subsidiary or affiliate so deemed shall be known as a "Notional Euro-Rate Funding office." Such Lender shall deem any part of the Euro-Rate Portion of the Loans or the funding therefor to have been transferred to a different Notional Euro-Rate Funding Office if such transfer would avoid or cure an event or condition described in Section 2.04(e)(ii) hereof or would lessen compensation payable by the Borrower under Section 2.10(a) hereof, and if such Lender determines in its sole discretion that such transfer would be practicable and would not have a Material Adverse Effect on such part of the Loans, such Lender or any Notional Euro-Rate Funding office (it being assumed for purposes of such determination that each part of the Euro-Rate Portion is actually made or maintained by or funded through the corresponding Notional Euro-Rate Funding Office). Notional Euro-Rate Funding Offices may be selected by such Lender without regard to such Lender's actual methods of making, maintaining or funding Loans or any sources of funding actually used by or available to such Lender.

(b) Actual Funding. Each Lender shall have the right from time to time to make or maintain any part of the Euro-Rate Portion by arranging for a branch, subsidiary or affiliate of such Lender to make or maintain such part of the Euro-Rate Portion. Such Lender shall have the right to (i) hold any applicable Note payable to its order for the benefit and account of such branch, subsidiary or affiliate or (ii) request the Borrower to issue one or more substitute promissory notes in the principal amount of such Euro-Rate Portion, in substantially the form attached hereto as Exhibit A, with the blanks appropriately filled, payable to such branch, subsidiary or affiliate and with appropriate changes reflecting that the holder thereof is not obligated to make any additional Loans to the Borrower; provided, that if a Lender requests the Borrower to issue one or more substitute promissory notes in accordance with clause (ii) above, the amount of the Note payable to such Lender shall automatically be reduced accordingly. The Borrower agrees to comply promptly with any request under subsection (ii) of this Section 2.13(b). If any Lender causes a branch, subsidiary or affiliate to make or maintain any part of the Euro-Rate Portion hereunder, all terms and conditions of this Agreement shall, except where the context clearly requires otherwise, be applicable to such part of the Euro-Rate Portion and to any note payable to the order of such branch, subsidiary or affiliate to the same extent as if such part of the Euro-Rate Portion were made or maintained and such note were a Revolving Credit Note payable to such Lender's order.

2.14. Closing Fee. The Borrower shall pay to the Agent for the account of each Lender on the Closing Date a fee equal to .10 of 1% of each Lender's Revolving Credit Commitment.

2.15. Multicurrency Payments.

(a) Dollar Equivalent Amounts.

(i) Calculation of Dollar Equivalent Amounts. Upon each making and upon each payment of a Revolving Credit Loan denominated in an Other Currency, the Agent shall calculate the Dollar Equivalent Amount of such Revolving Credit Loan, as the case may be, and shall provide written confirmation to the Lenders.

(ii) Recalculation of Dollar Equivalent Amounts. In determining the Dollar Equivalent Amount of the aggregate Revolving Credit Extensions of Credit of the Lenders, the Agent may use the respective Dollar Equivalent Amounts for the Revolving Credit Loans pursuant to paragraph (i) of this subsection (a), unless such Dollar Equivalent Amount so calculated exceeds 90% of the Revolving Credit Commitment Amount, in which case the Agent shall recalculate the Dollar Equivalent Amount of the Revolving Credit Loans outstanding no less frequently than once each week. The Agent may recalculate the Dollar Equivalent Amounts of each of the Revolving Credit Loans as frequently as it determines to do so in its discretion, provided, that such recalculation shall be made for all of the Revolving Credit Loans no less frequently than once each week during any period when the aggregate Dollar Equivalent Amount of the aggregate Credit Exposure of the Lenders exceeds 90% of the Revolving Credit Commitment Amount.

(b) Unavailability.

(i) General. Subject to paragraph (ii) of this subsection (b), if, in the reasonable judgment of the Agent, any Other Currency ceases to be available and freely tradable in the London foreign exchange market, such Other Currency shall cease to be an Other Currency. The Agent shall give prompt notice to the Borrower and the Lenders of such event. In the event that (A) the Agent has determined that an Other Currency has ceased to be available and freely tradable in the London foreign exchange market and (B) the Agent has determined in good faith that such Other Currency is not otherwise available to the Borrower, then, on the date any Revolving Credit Loan denominated in such Other Currency would become due under the terms of this Agreement (other than as a result of an optional prepayment under Section 2.07 or of the acceleration of such Revolving Credit Loans under Section 8.02), the Borrower shall repay such Revolving Credit Loans by paying to each Lender an amount in Dollars equal to the amount determined in good faith by such Lender (which determination shall be conclusive absent manifest error) necessary to compensate such Lender for the principal of and accrued interest on such Revolving Credit Loans and any additional cost, expense or loss incurred by such Lender as a result of such Revolving Credit Loans being repaid in Dollars (rather than in the denominated Other Currency).

(ii) European Monetary Union.

A. Definitions. In this Section 2.15 and Article II and in each other provision of this Agreement to which reference is made in this Section 2.15 expressly or impliedly, the following terms have the meanings given to them in this Section 2.15:

"commencement of the third stage of EMU" means the date of commencement of the third stage of EMU (at the date of this Agreement expected to be January 1, 1999) or the date on which circumstances arise which (in the opinion of the Administrative Agent) have substantially the same effect and result in substantially the same consequences as commencement of the third stage of EMU as contemplated by the Treaty on European Union.

"EMU" means economic and monetary union as contemplated in the Treaty on European Union.

"EMU legislation" means legislative measures of the European Council for the introduction of, changeover to or operation of a single or unified European currency (whether known as the euro or otherwise), being in part the implementation of the third stage of EMU;

"euro" means the single currency of participating member states of the European Union;

"euro unit" means the currency unit of the euro;

"national currency unit" means the unit of currency (other than a euro unit) of a participating member state;

"participating member state" means each state so described in any EMU legislation; and

"Treaty on European Union" means the Treaty of Rome of March 25, 1957, as amended by the Single European Act 1986 and the Maastricht Treaty (which was signed at Maastricht on February 7, 1992, and came into force on November 1, 1993), as amended from time to time.

B. Effectiveness of Provisions. The provisions of paragraphs C to G below (inclusive) shall be effective at and from the commencement of the third stage of EMU, provided, that if and to the extent that any such provision relates to any state (or the currency of such state) that is not a participating member state on the commencement of the third stage of EMU, such provision shall become effective in relation to such state (and the currency of such state) at and from the date on which such state becomes a participating member state.

C. Redenomination and Alternative Currencies. Each obligation under this Agreement of a party to this Agreement which has been denominated in the national currency unit of a participating member state shall be redenominated into the euro unit in accordance with EMU legislation, provided, that if and to the extent that any EMU legislation provides that following the commencement of the third stage of EMU an amount denominated either in the euro or in the national currency unit of a participating member state and payable within that participating member state by crediting an account of the creditor can be paid by the debtor either in the euro unit or in that national currency unit, each party to this Agreement shall be entitled to pay or repay any such amount either in the euro unit or such national currency unit.

D. Business Days. With respect to any amount denominated or to be denominated in the euro or a national currency unit, any reference to a "Business Day" shall be construed as a reference to a day (other than a Saturday or Sunday) on which banks are generally open for business in London and Pittsburgh, Pennsylvania and/or such principal financial center or centers in such participating member state or states as the Agent may from time to time denominate for this purpose.

E. Payments by the Agent Generally. With respect to the payment of any amount denominated in the euro or in a national currency unit, the Agent shall not be liable to the Borrower or any of the Lenders in any way whatsoever for any delay, or the consequences of any delay, in the crediting to any account of any amount required by this Agreement to be paid by the Agent if the Agent shall have taken all relevant steps to achieve, on the date required by this Agreement, the payment of such amount in immediately available, freely transferable, cleared funds (in the euro unit or, as the case may be, in a national currency unit) to the account with the bank in the principal financial center in the participating member state which the Borrower shall have specified for such purpose. In this paragraph E, "all relevant steps" means all such steps as may be prescribed from time to time by the regulations or operating procedures of such clearing or settlement system as the Agent may from time to time determine for the purpose of clearing or settling payments of euro.

F. Rounding and Other Consequential Changes. Without prejudice and in addition to any method of conversion or rounding prescribed by any EMU legislation and without prejudice to the respective liabilities for indebtedness of the Borrower to the Lenders and the Lenders to the Borrower under or pursuant to this Agreement:

(i) each reference in this Agreement to a minimum amount (or an integral multiple thereof) in a national currency unit to be paid to or by the Agent shall be replaced by a reference to such reasonably comparable and convenient amount (or an integral multiple thereof) in the euro unit as the Agent may from time to time specify; and

(ii) except as expressly provided in this Section 2.15, each provision of this Agreement shall be subject to such reasonable changes of construction as the Agent may from time to time specify to be necessary or appropriate to reflect the introduction of or changeover to the euro in participating member states.

G. Increased Costs. The Borrower shall from time to time, at the request of the Agent, pay to the Agent for the account of each Lender the amount of any cost or increased cost incurred by, or of any reduction in any amount payable to or in the effective return on its capital to, or of interest or other return foregone by, such Lender or any holding company of such Lender as a result of the introduction of, changeover to or operation of the euro in any participating member state.

EIGHTH AMENDMENT TO CREDIT AGREEMENT AND WAIVER

THIS EIGHTH AMENDMENT TO CREDIT AGREEMENT AND WAIVER, dated as of January 26, 1999 (this "Amendment"), by and between CURTISS-WRIGHT CORPORATION, a Delaware corporation (the "Borrower"), the lenders parties hereto from time to time (the "Lenders", as defined further below), the Issuing Banks referred to herein (the "Issuing Banks") and MELLON BANK, N.A., a national banking association, as agent for the Lenders and the Issuing Banks hereunder (in such capacity, together with its successors in such capacity, the "Agent").

WITNESSETH:

WHEREAS, the Borrower, the Lenders, the Issuing Banks and the Agent are parties to a Credit Agreement, dated as of October 29, 1991 (as amended, the "Credit Agreement"), pursuant to which the Lenders have made Loans to the Borrower and certain Issuing Banks have issued Letters of Credit on behalf of the Borrower and its Subsidiaries; and

WHEREAS, the Borrower, the Lenders and the Agent are parties to a Short Term Credit Agreement, dated as of October 29, 1994 (as amended, the "Short Term Credit Agreement"), pursuant to which the Lenders have made Loans to the Borrower; and

WHEREAS, the Borrower has requested the Lenders to amend certain provisions of the Credit Agreement and to waive certain terms under the Credit Agreement and the Short Term Credit Agreement; and

WHEREAS, the Lenders are willing to amend the Credit Agreement and to waive certain terms under the Credit Agreement and the Short Term Credit Agreement upon the terms and conditions hereinafter set forth; and

WHEREAS, capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Credit Agreement;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Amendments to Credit Agreement. Section 7.03 of the Credit Agreement is hereby amended to substitute in the fifth line thereof the amount "\$25,000,000" for the amount "\$15,250,000".
2. Waiver. The Lenders hereby consent to the Borrower's deviation from compliance with the provisions of Section 7.03 of the Credit Agreement to the extent, but only to the extent, that such deviation occurred prior to the date hereof and resulted from the Borrower permitting its domestic Subsidiaries to create, incur, assume, suffer to exist or have outstanding Funded Indebtedness which in the aggregate for all domestic Subsidiaries exceeded \$15,250,000; provided, however, that at no time such Funded Indebtedness exceeded \$25,000,000. Any Event of Default under the Credit Agreement or the Short Term Credit Agreement arising out of the Borrower's deviation from Section 7.03 for the reason described above prior to the date hereof is hereby waived.
3. Conditions Precedent. The effectiveness of this Amendment is subject to the accuracy as of the date hereof of the representations and warranties herein contained, to the performance by the Borrower of its obligations to be performed hereunder on or before the date hereof and to the satisfaction, on or before January 26, 1999 (the date of such satisfaction being referred to herein as the "Effective Date"), of the following further conditions precedent:
 - (a) Amendment. Each Lender shall have received a counterpart of this Amendment, duly executed by the Borrower.
 - (b) Representations and Warranties; Events of Default and Potential Defaults. The representations and warranties contained in Section 4 hereof shall be true and correct on and as of the Effective Date with the same effect as though made on and as of such date. On the Effective Date, no Event of Default and no Potential Default shall have occurred and be continuing or shall exist or shall occur or exist after giving effect to this Amendment and the transactions contemplated hereby. By execution of this Amendment, the Borrower certifies to the Lenders that as of the Effective Date (a) the representations and warranties set forth in Section 4 hereof are true and correct on and as of such date and (b) on such date no Event of Default or Potential Default has occurred and is continuing or exists or will occur or exist after giving effect to this Amendment and the transactions contemplated hereby.
 - (c) Opinions of Counsel. On the Effective Date, there shall have been delivered to the Agent written opinions, dated the Effective Date, of the General Counsel to the Borrower in form and substance satisfactory to the Agent and as to such matters incident to the transactions contemplated hereby as the Agent may reasonably request.

4. Representations and Warranties. The Borrower hereby represents and warrants to the Agent and the Lenders that the representations and warranties set forth in the Credit Agreement, as amended by this Amendment, are true and correct on and as of the date hereof as if made on and as of the date hereof, and that no Event of Default or Potential Default has occurred and is continuing or exists on and as of the date hereof; provided, however, that, for purposes of the foregoing, all references in the Credit Agreement to "this Agreement" shall be deemed to be references to this Amendment and the Credit Agreement as amended by this Amendment. In addition, the reference in Section 4.05 of the Credit Agreement to the financial statements of the Borrower and its consolidated Subsidiaries as of December 31, 1989 and December 31,

1990 shall be deemed to be a reference to the financial statements of the Borrower and its consolidated Subsidiaries as of December 31, 1997 and December 31, 1998, respectively, the reference in such Section to the parallel interim consolidated financial statements for and as of the end of the six months ended June 30, 1991 shall be deemed to be a reference to the parallel interim consolidated financial statements for and as of the end of the second fiscal quarter of the fiscal year beginning January 1, 1998, and the references in the last sentence of Section 4.05 of the Credit Agreement to June 30, 1991 and December 31, 1990 shall be deemed to be references to June 30, 1998 and December 31, 1997, respectively; and the reference in Section 4.10 of the Credit Agreement to December 31, 1990 shall be deemed to be a reference to December 31, 1998.

5. Effectiveness of Amendment. This Amendment shall be effective from and after the Effective Date upon satisfaction of the conditions precedent referred to herein.

6. Effect of Amendment. The Credit Agreement, as amended by this Amendment, is in all respects ratified, approved and confirmed and shall, as so amended, remain in full force and effect.

7. Governing Law. This Amendment shall be deemed to be a contract under the laws of the State of New York and for all purposes shall be governed by, construed and enforced in accordance with the laws of the State of New York, without regard to principles of conflicts of law.

8. Counterparts. This Amendment may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

CURTISS-WRIGHT CORPORATION

By /s/ Gary Benschip

Title Treasurer

MELLON BANK, N.A., individually and as Agent

By /s/ David N. Smith

Title Vice President

PNC BANK, NATIONAL ASSOCIATION

By /s/ Judy B. Land

Title Vice President

THE BANK OF NOVA SCOTIA

By /s/ Brian Allen

Title Senior Relationship Manager

Exhibit 4(iii)
THIRD AMENDMENT TO SHORT TERM CREDIT AGREEMENT

THIS THIRD AMENDMENT TO SHORT TERM CREDIT AGREEMENT, dated as of October 23, 1998 (this "Amendment"), by and between CURTISS-WRIGHT CORPORATION, a Delaware corporation (the "Borrower"), the lenders parties hereto from time to time (the "Lenders", as defined further below), and MELLON BANK, N.A., a national banking association, as agent for the Lenders hereunder (in such capacity, together with its successors in such capacity, the "Agent");

W I T N E S S E T H:

WHEREAS, the Borrower, the Lenders and the Agent are parties to a Short Term Credit Agreement, dated as of October 29, 1994 (as amended, the "Credit Agreement"), pursuant to which the Lenders have made Loans to the Borrower; and

WHEREAS, the Borrower has requested the Lenders to extend the Expiration Date to October 22, 1999; and

WHEREAS, the Lenders are willing to so extend the Expiration Date upon the terms and conditions hereinafter set forth; and

WHEREAS, capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Credit Agreement;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Extension of Expiration Date. The date "October 23, 1998" appearing in the definition of the term "Expiration Date" in Section 1.01 of the Credit Agreement is hereby amended to be "October 22, 1999".

2. Conditions Precedent. The effectiveness of this Amendment is subject to the accuracy as of the date hereof of the representations and warranties herein contained, to the performance by the Borrower of its obligations to be performed hereunder on or before the date hereof and to the satisfaction, on or before October 23, 1998 (the date of such satisfaction being referred to herein as the "Effective Date"), of the following further conditions precedent:

(a) Amendment. Each Lender shall have received a counterpart of this Amendment, duly executed by the Borrower.

(b) Representations and Warranties; Events of Default and Potential Defaults. The representations and warranties contained in Section 3 hereof shall be true and correct on and as of the Effective Date with the same effect as though made on and as of such date. On the Effective Date, no Event of Default and no Potential Default shall have occurred and be continuing or shall exist or shall occur or exist after giving effect to this Amendment and the transactions contemplated hereby. By execution of this Amendment, the Borrower certifies to the Lenders that (a) the representations and warranties set forth in Section 3 hereof are true and correct on and as of such date and (b) on such date no Event of Default or Potential Default has occurred and is continuing or exists or will occur or exist after giving effect to this Amendment and the transactions contemplated hereby.

3. Representations and Warranties. The Borrower hereby represents and warrants to the Agent and the Lenders that the representations and warranties set forth in the Credit Agreement, as amended by this Amendment, are true and correct on and as of the date hereof as if made on and as of the date hereof, and that no Event of Default or Potential Default has occurred and is continuing or exists on and as of the date hereof; provided, however, that, for purposes of the foregoing, all references in the Credit Agreement to "this Agreement" shall be deemed to be references to this Amendment and the Credit Agreement as amended by this Amendment.

4. Effectiveness of Amendment. This Amendment shall be effective from and after the Effective Date upon satisfaction of the conditions precedent referred to herein.

5. Effect of Amendment. The Credit Agreement, as amended by this Amendment, is in all respects ratified, approved and confirmed and shall, as so amended, remain in full force and effect.

6. Governing Law. This Amendment shall be deemed to be a contract under the laws of the State of New York and for all purposes shall be governed by and construed and enforced in accordance with the laws of said State.

7. Counterparts. This Amendment may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

CURTISS-WRIGHT CORPORATION

By /s/ Gary Benschip

Title Treasurer

MELLON BANK, N.A., individually and as Agent

By /s/ David N. Smith

Title Vice President

PNC BANK, NATIONAL ASSOCIATION

By /s/ Judy B. Land

Title Vice President

THE BANK OF NOVA SCOTIA

By /s/ Brian Allen

Title Senior Relationship Manager

FOURTH AMENDMENT TO SHORT TERM CREDIT AGREEMENT

THIS FOURTH AMENDMENT TO SHORT TERM CREDIT AGREEMENT, dated as of December 28, 1998 (this "Amendment"), by and between CURTISS-WRIGHT CORPORATION, a Delaware corporation (the "Borrower"), the lenders parties hereto from time to time (the "Lenders", as defined further below), and MELLON BANK, N.A., a national banking association, as agent for the Lenders hereunder (in such capacity, together with its successors in such capacity, the "Agent");

WITNESSETH:

WHEREAS, the Borrower, the Lenders and the Agent are parties to a Short Term Credit Agreement, dated as of October 29, 1994 (as amended, the "Credit Agreement"), pursuant to which the Lenders have made Loans to the Borrower; and

WHEREAS, the Borrower has requested the Lenders to amend certain provisions of the Credit Agreement and to add certain terms thereto; and

WHEREAS, the Lenders are willing to amend the Credit Agreement upon the terms and conditions hereinafter set forth; and

WHEREAS, capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Credit Agreement;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Amendments to Credit Agreement. The Credit Agreement is hereby amended as follows:

1.1 Section 1.01 is hereby amended as follows:

(i) The following definitions shall be added thereto in the proper alphabetical order:

"As-Offered Rate" shall have the meaning set forth in Section 2.04(a) hereof.

"Dollar Equivalent Amount" of any Revolving Credit Loan shall mean (a) with respect to a Revolving Credit Loan denominated in an Other Currency, an amount equal to the amount of Dollars that the amount of such Other Currency (equal to the principal amount of such Revolving Credit Loan) could purchase at 12:00 p.m., noon, Pittsburgh time, on the date of determination, based upon the quoted spot rates of the Agent, at which its applicable branch or office offers to exchange Dollars for such currency in the foreign exchange market and (b) with respect to a Revolving Credit Loan denominated in US Currency, an amount in Dollars equal to the principal amount of such Revolving Credit Loan.

"Other Currency" shall mean British Pounds, Swiss Francs, Belgium Francs, French Francs, Italian Lira, German Marks, Eurodollars, Singapore Dollars, Dutch Guilders, Denmark Krone and any freely available currency that is freely transferable and freely convertible into Dollars and requested by the Borrower and acceptable to all of the Lenders and to the Agent.

"Subsidiary Borrower" shall mean Curtiss-Wright Flight Systems, Inc., a Delaware corporation; Metal Improvement Company, Inc., a Delaware corporation; Curtiss-Wright Flow Control Corporation, a New York corporation; Curtiss-Wright Flow Control Service Corporation, a Delaware corporation; Curtiss-Wright Foreign Sales Corp., a Barbados corporation; Curtiss-Wright Flight Systems Europe A/S, a Danish corporation. Subsidiary Borrower shall also include (i) Curtiss-Wright Antriebstechnik GmbH, upon its formation as a wholly owned subsidiary of Curtiss-Wright Corporation, and (ii) SIG Antriebstechnik Ag, upon the consummation of the purchased of its issued and outstanding capital stock by Curtiss-Wright Corporation or a wholly owned subsidiary of Curtiss-Wright Corporation.

"US Currency" shall mean Dollars.

(ii) The following definitions set forth in Section 1.01 shall be amended as follows:

"Loan Documents" shall be amended by adding ", the Guaranty" in the first line thereof after "the Notes" and before "the Transfer Supplements".

1.2 Article II is deleted in its entirety and Article II shall be amended and restated, as attached hereto as Annex A.

1.3 A new Section 8.03 is hereby added:

"8.03. Judgment Currency. If any Lender or the Agent obtains a judgment against the Borrower in an Other Currency, the obligations of the Borrower in respect of any sum adjudged to be due to such Lender or the Agent hereunder or under the Revolving Credit Notes (the "Judgment Amount") shall be discharged only to the extent that, on the Business Day following receipt by such Lender or the Agent of the Judgment Amount in such Other Currency, such Lender or Agent, in accordance with normal banking procedures, purchases Dollars with the Judgment

Amount in such Other Currency. If the amount of Dollars so purchased is less than the amount of Dollars that could have been purchased with the Judgment Amount on the date or dates the Judgment Amount was originally due and owing to the Lenders or the Agent hereunder or under the Revolving Credit Notes (the "Original Due Date") (excluding the portion of the Judgment Amount which has accrued as a result of the failure of the Borrower to pay the sum originally due hereunder or under the Revolving Credit Notes when it was originally due hereunder or under the Revolving Credit Notes) (the "Loss"), the Borrower agrees, to indemnify such Lender or the Agent, as the case may be, against the Loss, and if the amount of Dollars so purchased exceeds the amount of Dollars that could have been purchased with the Judgment Amount on the Original Due Date, such Lender or the Agent agrees to remit such excess to the Borrower."

2. Conditions Precedent. The effectiveness of this Amendment is subject to the accuracy as of the date hereof of the representations and warranties herein contained, to the performance by the Borrower of its obligations to be performed hereunder on or before the date hereof and to the satisfaction, on or before December 28, 1998 (the date of such satisfaction being referred to herein as the "Effective Date"), of the following further conditions precedent:

(a) Amendment. Each Lender shall have received a counterpart of this Amendment, duly executed by the Borrower.

(b) Representations and Warranties; Events of Default and Potential Defaults. The representations and warranties contained in Section 3 hereof shall be true and correct on and as of the Effective Date with the same effect as though made on and as of such date. On the Effective Date, no Event of Default and no Potential Default shall have occurred and be continuing or shall exist and shall occur or exist after giving effect to this Amendment and the transactions contemplated hereby. On the Effective Date, there shall have been delivered to the Agent a certificate, dated the Effective Date and signed on behalf of the Borrower by the President, Treasurer or chief financial officer of the Borrower, that (a) the representations and warranties set forth in Section 3 hereof are true and correct on and as of such date and (b) on such date no Event of Default or Potential Default has occurred and is continuing or exists or will occur or exist after giving effect to this Amendment and the transactions contemplated hereby.

(c) Proceedings and Incumbency. On the Effective Date, there shall have been delivered to the Agent with an original counterpart for each Lender a certificate, dated the Effective Date and signed on behalf of the Borrower by the Secretary or an Assistant Secretary of the Borrower, certifying as to (i) true copies of the articles of incorporation and bylaws of the Borrower as in effect on such date (or a certificate of the Secretary or Assistant Secretary of the Borrower to the effect that there have been no changes in such articles of incorporation or bylaws from the forms thereof previously delivered to the Agent and the Lenders or, if there have been any such changes, attaching copies thereof), (ii) true copies of all corporate action taken by the Borrower relative to this Amendment and (iii) the names, true signatures and incumbency of the officer or officers of the Borrower authorized to execute and deliver this Amendment and the other documents and instrument to be executed and delivered under the Credit Agreement, as amended hereby. The Agent shall be entitled to conclusively rely on such certificate unless and until a later certificate revising the prior certificate has been furnished to the Agent.

(d) Opinions of Counsel. On the Effective Date, there shall have been delivered to the Agent written opinions, dated the Effective Date, of the General Counsel to the Borrower in form and substance satisfactory to the Agent and as to such matters incident to the transactions contemplated hereby as the Agent may reasonably request.

(e) Details, Proceedings and Documents. All legal details and proceedings in connection with the transactions contemplated by this Amendment shall be satisfactory to the Lenders, and, on the Effective Date, the Agent shall have received all such counterpart originals or certified or other copies of such documents and proceedings in connection with such transactions, in form and substance satisfactory to the Agent and the Lenders, as the Agent or any Lender may reasonably request.

3. Representations and Warranties. The Borrower hereby represents and warrants to the Agent and the Lenders that the representations and warranties set forth in the Credit Agreement, as amended by this Amendment, are true and correct on and as of the date hereof as if made on and as of the date hereof, and that no Event of Default or Potential Default has occurred and is continuing or exists on and as of the date hereof; provided, however, that, for purposes of the foregoing, all references in the Credit Agreement to "this Agreement" shall be deemed to be references to this Amendment and the Credit Agreement as amended by this Amendment.

4. Effectiveness of Amendment. This Amendment shall be effective from and after the Effective Date upon satisfaction of the conditions precedent referred to herein.

5. Effect of Amendment. The Credit Agreement, as amended by this Amendment, is in all respects ratified, approved and confirmed and shall, as so amended, remain in full force and effect.

6. Governing Law. This Amendment shall be deemed to be a contract under the laws of the State of New York and for all purposes shall be governed by, construed and enforced in accordance with the laws of the State of New York, without regard to principles of conflicts of law.

7. Counterparts. This Amendment may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

CURTISS-WRIGHT CORPORATION

By /s/ Gary Benschip

Title Treasurer

MELLON BANK, N.A., individually and as Agent

By /s/ David N. Smith

Title Vice President

PNC BANK, NATIONAL ASSOCIATION

By /s/ Judy B. Land

Title Vice President

THE BANK OF NOVA SCOTIA

By /s/ Brian Allen

Title Senior Relationship Manager

CURTISS-WRIGHT CORPORATION

Subsidiary Note

\$ Pittsburgh, Pennsylvania -----,-----

FOR VALUE RECEIVED, the undersigned, [INSERT PROPER NAME OF SUBSIDIARY] (the "Borrower"), promises to pay to the order of [INSERT PROPER NAME OF THE LENDER] (the "Lender") on or before the Expiration Date (as defined in the Agreement referred to below), and at such earlier dates as may be required by such Agreement, the lesser of (i) the principal sum of (\$) or (ii) the aggregate unpaid principal amount of all Revolving Credit Loans made by the Lender to the Borrower from time to time pursuant to the Agreement. The Borrower further promises to pay to the order of the Lender interest on the unpaid principal amount hereof from time to time outstanding at the rate or rates per annum determined pursuant to the Agreement, payable on the dates set forth in the Agreement.

This Note is one of the "Subsidiary Notes" as referred to in, and is entitled to the benefits of, the Short Term Credit Agreement, dated as of October 29, 1994, as amended, by and among the Borrower, the Lenders parties thereto from time to time, the Issuing Banks from time to time thereunder, and Mellon Bank, N.A., as Agent (as the same may be amended, modified or supplemented from time to time, the "Agreement"), which among other things provides for the acceleration of the maturity hereof upon the occurrence of certain events and for prepayments in certain circumstances and upon certain terms and conditions. Terms defined in the Agreement have the same meanings herein.

The Borrower hereby expressly waives presentment, demand, notice, protest and all other demands and notices in connection with the delivery, acceptance, performance, default or enforcement of this Note and the Agreement, and an action for amounts due hereunder or thereunder shall immediately accrue.

This Note shall be governed by, construed and enforced in accordance with the laws of the State of New York, without regard to principles of conflicts of law.

[INSERT PROPER NAME OF THE SUBSIDIARY]

By:
Name:
Title:

Annex A

ARTICLE II THE CREDITS

2.01. Revolving Credit Loans.

(a) Revolving Credit Commitments. Subject to the terms and conditions and relying upon the representations and warranties herein set forth, each Lender, severally and not jointly, agrees (such agreement being herein called such Lender's "Revolving Credit Commitment") to make loans in either US Currency or in an Other Currency (the "Revolving Credit Loans") to the Borrower at any time or from time to time on or after the date hereof and to but not including the Expiration Date.

Subject to the terms and conditions herein, each Lender agrees to make Loans to any Subsidiary Borrower at any time or from time to time on or after the date hereof and to but not including the Expiration Date. The Loans shall be made to such Subsidiary Borrower upon the completion of the following conditions: (i) submit Standard Notice under Section 2.03 hereof, (ii) Curtiss-Wright Corporation executes and delivers to the Agent a Guaranty and Suretyship Agreement in favor of Lenders in the form as attached hereto as Exhibit B (the "Guaranty"), and (iii) the obligation of such Subsidiary Borrower to repay the unpaid principal amount of the Revolving Credit Loans made to it by each Lender and to pay interest thereon shall be evidenced in part by promissory notes from such Subsidiary Borrower to each Lender in substantially the form attached hereto as Exhibit C (the "Subsidiary Borrower Notes"). In the event that a Subsidiary Borrower becomes a Borrower under this Section 2.01(a), all references to "Borrower" herein shall be deemed to include such Subsidiary Borrower.

A Lender shall have no obligation to make any Revolving Credit Loan to the extent that the aggregate principal amount of such Lender's Pro Rata share of the total Revolving Credit Loans at any time outstanding would exceed such Lender's Revolving Credit Committed Amount at such time. Each Lender's "Revolving Credit Committed Amount" at any time shall be equal to the amount set forth as its "Initial Revolving Credit Committed Amount" below its name on the signature pages hereof, as either such amount may have been reduced under Section 2.02 hereof at such time, and subject to transfer to another Lender as provided in Section 8.14 hereof.

(b) Nature of Credit. Within the limits of time and amount set forth in this Section 2.01, and subject to the provisions of this Agreement, the Borrower may borrow, repay and reborrow Revolving Credit Loans hereunder.

(c) Revolving Credit Notes. The obligation of the Borrower to repay the unpaid principal amount of the Revolving Credit Loans made to it by each Lender and to pay interest thereon shall be evidenced in part by (i) promissory notes of the Borrower, one to each Lender, dated the Closing Date (the "Borrower Notes") in substantially the form attached hereto as Exhibit A, with the blanks appropriately filled, payable to the order of such Lender in a face amount equal to such Lender's Initial Revolving Credit Committed Amount and (ii) the Subsidiary Notes (the Borrower Notes and the Subsidiary Notes are collectively the "Revolving Credit Notes").

(d) Maturity. To the extent not due and payable earlier, the Revolving Credit Loans shall be due and payable on the Expiration Date.

2.02. Fees; Reduction of the Committed Amounts.

(a) Commitment Fee. The Borrower shall pay to the Agent for the account of each Lender a commitment fee (the "Commitment Fee") equal to 0.125% per annum (based on a year of 365 or 366 days, as the case may be, and actual days elapsed), for each day from and including the date hereof to but not including the Expiration Date, on the amount (not less than zero) equal to (i) such Lender's Revolving Credit Committed Amount on such day, minus (ii) the aggregate principal amount of such Lender's Revolving Credit Loans outstanding on such day. Such Commitment Fee shall be due and payable for the preceding period for which such fee has not been paid (x) on each Regular Payment Date, (y) on the date of each reduction of the Revolving Credit Committed Amount (whether optional or mandatory) on the amount so reduced and (z) on the Expiration Date.

(b) Reduction of the Revolving Credit Committed Amounts. The Borrower may at any time or from time to time reduce Pro Rata the Revolving Credit Committed Amounts of the Lenders to an aggregate amount (which may be zero) not less than the sum of the unpaid principal amount of the Revolving Credit Loans then outstanding plus the principal amount of all Revolving Credit Loans not yet made as to which notice has been given by the Borrower under Section 2.03 hereof. Any reduction of the Revolving Credit Committed Amounts shall be in an aggregate amount which is a minimum amount of \$5,000,000 and integral multiples of \$500,000 thereof. Reduction of the Revolving Credit Committed Amounts shall be made by providing not less than 30 days' notice (which notice shall be irrevocable) to such effect to the Agent. After the date specified in such notice the Revolving Credit Commitment Fee shall be calculated upon the Revolving Credit Committed Amounts as so reduced. Upon reduction of the Revolving Credit Committed Amounts to zero, payment in full of all Loans, this Agreement shall be terminated. After the date specified in such notice the Commitment Fee shall be calculated upon the Revolving Credit Committed Amounts as so reduced.

2.03. Making of Loans. Whenever the Borrower desires that the Lenders make Revolving Credit Loans, the Borrower shall provide Standard Notice to the Agent setting forth the following information:

(a) The currency, which shall be either US Currency or an Other Currency, in which such Revolving Credit Loans are to be made;

(b) The party making the borrowing thereunder;

(c) The date, which shall be a Business Day, on which such proposed Loans are to be made;

(d) The aggregate principal amount of such proposed Loans, which shall be the sum of the principal amounts selected pursuant to clause (e) of this Section 2.03;

(e) The interest rate Option or Options selected in accordance with Section 2.04(a) hereof and the principal amounts selected in accordance with Section 2.04(d) hereof of the Base Rate Portion and each Funding Segment of the CD Rate Portion and the Euro-Rate Portion, as the case may be, of such proposed Loans; and

(f) With respect to each such Funding Segment of such proposed Loans, the Funding Period to apply to such Funding Segment, selected in accordance with Section 2.04(c) hereof.

Standard Notice having been so provided, the Agent shall promptly notify each Lender of the information contained therein and of the amount of such Lender's Loan. Unless any applicable condition specified in Article V hereof has not been satisfied, on the date specified in such Standard Notice each Lender shall make the proceeds of its Loan available to the Agent (a) with respect to a Loan denominated in US Currency, at the Agent's Office, no later than 12:00 o'clock Noon, Pittsburgh time, in funds immediately available at such Office, and (b) with respect to a Loan denominated in an Other Currency, at the Agent's London Office, no later than 12:00 o'clock Noon, London time, in funds immediately available at such London Office. The Agent will make the funds so received available to the Borrower in funds immediately available at the Agent's Office or London Office, as the case may be.

2.04. Interest Rates.

(a) **Optional Bases of Borrowing.** The unpaid principal amount of the Loans shall bear interest for each day until due on one or more bases selected by the Borrower from among the interest rate options set forth below. Subject to the provisions of this Agreement the Borrower may select different options to apply simultaneously to different Portions of the Loans and may select different Funding Segments to apply simultaneously to different parts of the CD Rate Portion or the Euro-Rate Portion of the Loans. The aggregate number of Funding Segments applicable to the CD Rate Portion and the Euro-Rate Portion of the Revolving Credit Loans at any time shall not exceed five.

(i) **Base Rate Option:** A rate per annum (computed on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed) for each day equal to the Base Rate for such day plus the Applicable Margin for such day. The "Base Rate" for any day shall mean the greater of (A) the Prime Rate for such day or (B) 0.625% plus the Federal Funds Effective Rate for such day, such interest rate to change automatically from time to time effective as of the effective date of each change in the Prime Rate or the Federal Funds Effective Rate.

(ii) **CD Rate Option:** A rate per annum (based on a year of 360 days and actual days elapsed) for each day equal to the CD Rate for such day plus the Applicable Margin for such day. "CD Rate" for any day shall mean for each Funding Segment of the CD Rate Portion corresponding to a proposed or existing CD Rate Funding Period the rate per annum determined by the Agent by adding:

(A) the rate per annum obtained by dividing (the resulting quotient to be rounded upward to the nearest 1/100 of 1%) (1) the rate of interest (which shall be the same for each day in such CD Rate Funding Period) determined in good faith by the Agent in accordance with its usual procedures (which determination shall be conclusive absent manifest error) to be the average of the secondary market bid rates at or about 11:00 a.m., Eastern time, on the first day of such CD Rate Funding Period by dealers of recognized standing in negotiable certificates of deposit for the purchase at face value of negotiable certificates of deposit of major money center banks for delivery on such day in amounts comparable to such Funding Segment and having maturities comparable to such CD Rate Funding Period by (2) a number equal to 1.00 minus the CD Rate Reserve Percentage for such CD Rate Funding Period plus

(B) the Assessment Rate.

The "CD Rate" may also be expressed by the following formula:

CD Rate =
$$\frac{\text{[average of the secondary market]} \\ \text{[bid rates determined by the Agent]} \\ \text{[per subsection (A)(1)]} + \text{Assessment Rate}}{\text{[1.00 - CD Rate Reserve Percentage]}}$$

"CD Rate Reserve Percentage" for any day and for any CD Rate

Funding Period shall mean the percentage (expressed as a decimal, rounded upward to the nearest 1/100 of 1%), as determined in good faith by the Agent (which determination shall be conclusive absent manifest error), which is in effect on such day as prescribed by the Board of Governors of the Federal Reserve System (or any successor) representing the maximum reserve requirement (including without limitation supplemental, marginal and emergency reserve requirements) for a member bank of such System in respect of nonpersonal time deposits in Dollars in the United States having a maturity comparable to such CD Rate Funding Period. The CD Rate shall be adjusted automatically as of the effective date of each change in the CD Rate Reserve Percentage. The CD Rate Option shall be calculated in accordance with the foregoing whether or not any Lender is actually required to hold such reserves in connection with its funding hereof or, if required to hold such reserves, is required to hold reserves at the "CD Rate Reserve Percentage" as herein defined.

"Assessment Rate" for any day shall mean the rate per annum (rounded upward to the nearest 1/100 of 1%) determined in good faith by the Agent in accordance with its usual procedures (which determination shall be conclusive absent manifest error) to be the maximum rate per annum payable by a depository institution insured by the Federal Deposit Insurance Corporation (or any successor) for such day as an assessment for insurance on Dollar time deposits, exclusive of any credit that is or may be allowed against such assessment on account of assessment payments made or to be made by such depository institution. The CD Rate shall be adjusted automatically as of the effective date of each change in the Assessment Rate. The CD Rate Option shall be calculated in accordance with the foregoing whether or not any Lender is actually required to pay Federal Deposit Insurance Corporation assessments or, if required to pay such assessments, is required to pay such assessments at the "Assessment Rate" as herein defined.

The Agent shall give prompt notice to the Borrower and to the Lenders of the CD Rate determined or adjusted in accordance with the definition of CD Rate, which determination or adjustment shall be conclusive absent manifest error.

(iii) Euro-Rate Option: A rate per annum (based on a year of 365 days and actual days elapsed) for each day equal to the Euro-Rate for such day plus the Applicable Margin for such day. "Euro-Rate" for any day, as used herein, shall mean for each Funding Segment of the Euro-Rate Portion corresponding to a proposed or existing Euro-Rate Funding Period the rate per annum determined by the Agent by dividing (the resulting quotient to be rounded upward to the nearest 1/100 of 1%) (A) the rate of interest (which shall be the same for each day in such Euro-Rate Funding Period) determined in good faith by the Agent in accordance with its usual procedures (which determination shall be conclusive absent manifest error) to be the average of the rates per annum for deposits in US Currency or any Other Currency, as applicable, offered to major money center banks in the London interbank market at approximately 11:00 a.m., London time, two London Business Days prior to the first day of such Euro-Rate Funding Period for delivery on the first day of such Euro-Rate Funding Period in amounts comparable to such Funding Segment and having maturities comparable to such Funding Period by (B) a number equal to

1.00 minus the Euro-Rate Reserve Percentage.

The "Euro-Rate" may also be expressed by the following formula:

Euro-Rate =
$$\frac{\begin{array}{l} \text{[average of the rates offered to major money]} \\ \text{[center banks in the London interbank market]} \\ \text{[determined by the Agent per subsection (A)]} \end{array}}{\begin{array}{l} \text{[1.00 - Euro-Rate Reserve Percentage]} \end{array}}$$

"Euro-Rate Reserve Percentage" for any day shall mean the

percentage (expressed as a decimal, rounded upward to the nearest 1/100 of 1%), as determined in good faith by the Agent (which determination shall be conclusive absent manifest error), which is in effect on such day as prescribed by the Board of Governors of the Federal Reserve System (or any successor) representing the maximum reserve requirement (including, without limitation, supplemental, marginal and emergency reserve requirements) with respect to eurocurrency funding (currently referred to as "Eurocurrency liabilities") of a member bank in such System. The Euro-Rate shall be adjusted automatically as of the effective date of each change in the Euro-Rate Reserve Percentage. The Euro-Rate Option shall be calculated in accordance with the foregoing whether or not any Lender is actually required to hold reserves in connection with its eurocurrency funding or, if required to hold such reserves, is required to hold reserves at the "Euro-Rate Reserve Percentage" as herein defined.

The Agent shall give prompt notice to the Borrower and to the Lenders of the Euro-Rate determined or adjusted in accordance with the

definition of the Euro-Rate, which determination or adjustment shall be conclusive absent manifest error.

(iv) As-Offered Rate Option. A rate per annum (computed on the basis of a year of 360 days and actual days elapsed) for each day equal to the "As-Offered Rate" for such day. The "As-Offered Rate" for any day shall mean such rate per annum as may be offered by the Lenders in their sole discretion to the Borrower from December 30, 1998 to December 31, 1998 (the "As-Offered Rate Funding Period") for such Funding Segment as Lenders shall offer in their sole discretion, which rate shall remain fixed for the duration of such As-Offered Rate Funding Period. Without limiting the discretion of Lender or the generality of the foregoing, the As-Offered Rate (if offered) shall reflect Lender's fully reserved cost of funds and shall include a margin of at least 0.625%.

(b) Applicable Margin. The "Applicable Margin" for each interest rate Option for any day shall mean the percentage set forth below:

Interest Rate Option	Applicable Margin
Base Rate Option	0
CD Rate Option	0.625%
Euro Rate Option	0.625%
As-Offered Option	0

(c) Funding Periods. At any time when the Borrower shall select, convert to or renew the CD Rate Option or the Euro-Rate Option to apply to any part of the Loans, the Borrower shall specify one or more periods (the "Funding Periods") during which each such Option shall apply, such Funding Periods being as set forth below:

Interest Rate Option	Available Funding Periods
CD Rate Option	30, 60, 90, 180 days or such longer period as may be offered by all of the Lenders in their sole discretion ("CD Rate Funding Period"); and
Euro-Rate Option	One, two, three, six months or one year or such longer period as may be offered by all of the Lenders in their sole discretion ("Euro-Rate Funding Period");
As-Offered	December 30, 1998 to December 31, 1998 ("As-Offered Funding Period");

provided, that:

(i) Each CD Rate Funding Period which would otherwise end on a day which is not a Business Day shall be extended to the next succeeding Business Day;

(ii) Each Euro-Rate Funding Period shall begin on a London Business Day, and the term "month", when used in connection with a Euro-Rate Funding Period, shall be construed in accordance with prevailing practices in the interbank eurodollar market at the commencement of such Euro-Rate Funding Period, as determined in good faith by the Agent (which determination shall be conclusive);

(iii) The Borrower may not select a Funding Period that would end after the Expiration Date; and

(iv) The Borrower shall, in selecting any Funding Period, allow for scheduled mandatory payments and foreseeable mandatory prepayments of the Loans.

(d) Transactional Amounts. Every selection of, conversion from, conversion to or renewal of an interest rate Option and every payment or prepayment of any Loans shall be in a principal amount such that after giving effect thereto the aggregate principal amount of the Base Rate Portion of the Revolving Credit Loans, or the aggregate principal amount of each Funding Segment of the CD Rate Portion or the Euro-Rate Portion of the Revolving Credit Loans, shall be as set forth below:

Portion or Funding Segment	Allowable Aggregate Principal Amounts
Base Rate Portion	an integral multiple of 500,000 of US Currency or the Other Currency denominated by the Borrower

Each Funding Segment of the CD Rate Portion	an integral multiple of 500,000 of US Currency or the Other Currency denominated by the Borrower
Each Funding Segment of the Euro-Rate Portion	an integral multiple of 1,000,000 of US Currency or the Other Currency denominated by the Borrower
Each Funding Segment of the As-Offered Portion	an integral multiple of 500,000 of US Currency or the Other Currency denominated by the Borrower

(e) CD Rate or Euro-Rate Unascertainable; Impracticability. If

(i) on any date on which a CD Rate or a Euro-Rate would otherwise be set the Agent (in the case of clauses (A) or (B) below) or any Lender (in the case of clause (C) below) shall have determined in good faith (which determination shall be conclusive absent manifest error) that:

(A) adequate and reasonable means do not exist for ascertaining such CD Rate or Euro-Rate,

(B) a contingency has occurred which materially and adversely affects the secondary market for negotiable certificates of deposit maintained by dealers of recognized standing or the interbank eurodollar market, as the case may be, or

(C) the effective cost to such Lender of funding a proposed Funding Segment of the CD Rate Portion or the Euro-Rate Portion from a Corresponding Source of Funds shall exceed the CD Rate or the Euro-Rate, as the case may be, applicable to such Funding Segment, or

(ii) at any time any Lender shall have determined in good faith (which determination shall be conclusive absent manifest error) that the making, maintenance or funding of any part of the CD Rate Portion or the Euro-Rate Portion has been made impracticable or unlawful by compliance by such Lender or a Notional Euro-Rate Funding Office in good faith with any Law or guideline or interpretation or administration thereof by any Governmental Authority charged with the interpretation or administration thereof or with any request or directive of any such Governmental Authority (whether or not having the force of law);

then, and in any such event, the Agent or such Lender, as the case may be, may notify the Borrower of such determination (and any Lender giving such notice shall notify the Agent). Upon such date as shall be specified in such notice (which shall not be earlier than the date such notice is given), the obligation of each of the Lenders to allow the Borrower to select, convert to or renew the CD Rate Option or Euro-Rate Option, as the case may be, shall be suspended until the Agent or such Lender, as the case may be, shall have later notified the Borrower (and any Lender giving such notice shall notify the Agent) of the Agent's or such Lender's determination in good faith (which determination shall be conclusive absent manifest error) that the circumstance giving rise to such previous determination no longer exist.

If any Lender notifies the Borrower of a determination under subsection (ii) of this Section 2.04(e), the CD Rate Portion or the Euro-Rate Portion, as the case may be, of the Loans of such Lender (the "Affected Lender") shall automatically be converted to the Base Rate Option as of the date specified in such notice (and accrued interest thereon shall be due and payable on such date).

If at the time the Agent or a Lender makes a determination under subsection (i) or (ii) of this Section 2.04(e) the Borrower previously has notified the Agent that it wishes to select, convert to or renew the CD Rate Option or the Euro-Rate Option, as the case may be, with respect to any proposed Loans but such Loans have not yet been made, such notification shall be deemed to provide for selection of, conversion to or renewal of the Base Rate Option instead of the CD Rate Option or the Euro-Rate Option, as the case may be, with respect to such Loans or, in the case of a determination by a Lender, such Loans of such Lender.

2.05. Conversion or Renewal of Interest Rate Options.

(a) Conversion or Renewal. Subject to the provisions of Sections 2.09(c) and 2.10(b) hereof, unless an Event of Default shall have occurred and be continuing, the Borrower may convert any part of its Loans from any interest rate Option or Options to one or more different interest rate Options and may renew the CD Rate Option or the Euro-Rate Option as to any Funding Segment of the CD Rate Portion or the Euro-Rate Portion:

(i) At any time with respect to conversion from the Base Rate Option; or

(ii) At the expiration of any Funding Period with respect to conversions from the As-Offered Option or conversions from or renewals of the CD Rate Option or the Euro-Rate Option, as the case may be, as to the Funding Segment corresponding to such expiring Funding Period.

Whenever the Borrower desires to convert or renew any interest rate Option or Options, the Borrower shall provide to the Agent Standard Notice setting forth the following information:

(w) The date, which shall be a Business Day, on which the proposed conversion or renewal is to be made;

(x) The principal amounts selected in accordance with Section 2.04(d) hereof of the Base Rate Portion and each Funding Segment of the As-Offered Rate Option, the CD Rate Portion and the Euro-Rate Portion, as the case may be, to be converted from or renewed;

(y) The interest rate Option or Options selected in accordance with Section 2.04(a) hereof and the principal amounts selected in accordance with Section 2.04(d) hereof of the Base Rate Portion and each Funding Segment of the As-Offered Rate Option, the CD Rate Portion and the Euro-Rate Portion, as the case may be, to be converted; and

(z) With respect to each Funding Segment to be converted to or renewed, the Funding Period selected in accordance with Section 2.04(c) hereof to apply to such Funding Segment.

Standard Notice having been so provided, after the date specified in such Standard Notice, interest shall be calculated upon the principal amount of the Loans as so converted or renewed. Interest on the principal amount of any part of the Loans converted or renewed (automatically or otherwise) shall be due and payable on the conversion or renewal date.

(b) Failure to Convert or Renew. Absent due notice from the Borrower of conversion or renewal in the circumstances described in Section 2.05 (a)(ii) hereof, any part of the As-Offered Rate Portion, the CD Rate Portion or Euro-Rate Portion for which such notice is not received shall be converted automatically to the Base Rate Option on the last day of the expiring Funding Period; provided, however, that if any Euro-Rate Portion is in an Other Currency, such portion shall be renewed automatically for one month on the last day of the expiring Funding Period.

2.06. Prepayments Generally. Whenever the Borrower desires or is required to prepay any part of its Loans, it shall provide Standard Notice to the Agent setting forth the following information:

(a) The currency, which shall be either US Currency or an Other Currency, in which such prepayment is to be made;

(b) The date, which shall be a Business Day, on which the proposed prepayment is to be made;

(c) The total principal amount of such prepayment, which shall be the sum of the principal amounts selected pursuant to clause (c) of this Section 2.06; and

(d) The principal amounts selected in accordance with Section 2.04(d) hereof of the Base Rate Portion and each part of each Funding Segment of the As-Offered Rate Option, the CD Rate Portion and the Euro-Rate Portion, as the case may be, to be prepaid.

Standard Notice having been so provided, on the date specified in such Standard Notice, the principal amounts of the Base Rate Portion and each Funding Segment of the As-Offered Rate Option, the CD Rate Portion and the Euro-Rate Portion specified in such notice, together with interest on each such principal amount to such date, shall be due and payable.

2.07. Optional Prepayments. The Borrower shall have the right at its option from time to time to prepay its Loans in whole or part without premium or penalty (subject, however, to Section 2.10(b) hereof):

(a) At any time with respect to any part of the Base Rate Portion; or

(b) At the expiration of any Funding Period with respect to prepayment of the As-Offered Rate Option, the CD Rate Portion or the Euro-Rate Portion, as the case may be, with respect to any part of the Funding Segment corresponding to such expiring Funding Period.

Any such prepayment shall be made in accordance with Section 2.06 hereof.

2.08. Interest Payment Dates. Interest on the Base Rate Portion shall be due and payable on each Regular Payment Date. Interest on each Funding Segment of the As-Offered Portion shall be due and payable on the last day of the corresponding As-Offered Funding Period. Interest on each Funding Segment of the CD Rate Portion shall be due and payable on the last day of the corresponding CD Rate Funding Period and, if such CD Rate Funding Period is longer than 90 days, also every 90th day during such CD Rate Funding Period. Interest on each Funding Segment of the Euro-Rate Portion shall be due and payable on the last day of the corresponding Euro-Rate Funding Period and, if such Euro-Rate Funding Period is longer than three months, also every third month during such Funding Period. After maturity of any part of the Loans (by acceleration or otherwise), interest on such part of the Loans shall be due and payable on demand.

2.09. Pro Rata Treatment; Payments Generally.

(a) Pro Rata Treatment. Each borrowing and conversion and renewal of interest rate Options hereunder shall be made, and all payments made in respect of principal, interest and Revolving Credit Commitment Fees due from the Borrower hereunder or under the Notes shall be applied, Pro Rata from and to each Lender, except for payments of interest involving an Affected Lender as provided in Section 2.04(e) hereof, payments to a Lender under Sections 2.10 or 2.12 hereof. The failure of any Lender to make a Loan shall not relieve any other Lender of its obligation to lend hereunder, but neither the Agent nor any Lender shall be responsible for the failure of any other Lender to make a Loan.

(b) Payments Generally. The parties agree that (i) all payments and prepayments of principal, interest and other amounts in connection with Loans denominated in US Currency and all fees shall be made in US Currency and (ii) all payments of principal, interest and other amounts (other than fees) in connection with Revolving Credit Loans denominated in any Other Currency shall be made in such Other Currency. All payments and prepayments to be made in respect of principal, interest, fees or other amounts due from the Borrower in US Currency shall be payable by 12:00 o'clock noon, Pittsburgh time, on the day when due without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived, and an action therefor shall immediately accrue. Except for payments under Sections 2.10 and 8.06, such payments shall be made to the Agent at its Office in US Currency in funds immediately available at such Office without setoff, counterclaim or other deduction of any nature. All payments and prepayments to be made in respect of principal, interest fees or other amounts due from the Borrower in any Other Currency shall be payable by 12:00 o'clock noon, London time, on the day when due without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived, and an action therefor shall immediately accrue. Except for payments under Sections 2.10 and 8.06, such payments shall be made to the Agent at its London Office in such Other Currency in funds immediately available at such Office without setoff, counterclaim or other deduction of any nature. Any payment or prepayment received (i) in US Currency by the Agent or such Lender after 12:00 o'clock Noon, Pittsburgh time, on any day shall be deemed to have been received on the next succeeding Business Day and (ii) in any Other Currency by the agent or such Lender after 12:00 o'clock noon, London time, on any day shall be deemed to have been received on the next succeeding Business Day. The Agent shall distribute to the Lenders all such payments received by it from the Borrower as promptly as practicable after receipt by the Agent.

(c) Default Interest. To the extent permitted by law, from and after the date on which an Event of Default shall have occurred hereunder, and so long as such Event of Default continues to exist, principal, interest, fees, indemnity, expenses or any other amounts due from the Borrower hereunder or under any other Loan Document, shall bear interest for each day (before and after judgment), payable on demand, at a rate per annum (in each case based on a year of 360 days and actual days elapsed) which for each day shall be equal to the following:

(i) In the case of any part of the As-Offered Portion, the CD Rate Portion or Euro-Rate Portion of any Loans, (A) until the end of the applicable then-current Funding Period at a rate per annum 2% above the rate otherwise applicable to such part, and (B) thereafter in accordance with the following clause (ii); and

(ii) In the case of any other amount due from the Borrower hereunder or under any Loan Document, 2% above the then-current Base Rate Option.

To the extent permitted by law, interest accrued under this Section 2.09 on any amount shall compound on a day-by-day basis, and hence shall be added daily to the overdue amount to which such interest relates.

2.10. Additional Compensation in Certain Circumstances.

(a) Increased Costs or Reduced Return Resulting From Taxes, Reserves, Capital Adequacy Requirements, Expenses, Etc. If any Law or guideline or interpretation or application thereof by any Governmental Authority charged with the interpretation or administration thereof or compliance with any request or directive of any Governmental Authority (whether or not having the force of law) now existing or hereafter adopted:

(i) subjects any Lender or any Notional Euro-Rate Funding Office to any tax or changes the basis of taxation with respect to this Agreement, the Notes, the Loans or payments by the Borrower of principal, interest, commitment fees or other amounts due from the Borrower hereunder or under the Notes (except for taxes on the overall net income or overall gross receipts of such Lender or such Notional Euro-Rate Funding Office imposed by the jurisdictions (federal, state and local) in which the Lender's principal office or Notional Euro-Rate Funding Office is located),

(ii) imposes, modifies or deems applicable any reserve, special deposit or similar requirement against credits or commitments to extend credit extended by, assets (funded or contingent) of, deposits with or for the account of, other acquisitions of funds by, such Lender or any Notional Euro-Rate Funding Office (other than requirements expressly included herein in the determination of the CD Rate or the Euro-Rate, as the case may be, hereunder),

(iii) imposes, modifies or deems applicable any capital adequacy or similar requirement (A) against assets (funded or contingent) of, or credits or commitments to extend credit extended by, any Lender or any Notional Euro-Rate Funding Office, or (B) otherwise applicable to the obligations of any Lender or any Notional Euro-Rate Funding Office under this Agreement, or

(iv) imposes upon any Lender or any Notional Euro-Rate Funding Office any other condition or expense with respect to this Agreement, the Notes or its making, maintenance or funding of any Loan or any security therefor,

and the result of any of the foregoing is to increase the cost to, reduce the income receivable by, or impose any expense (including loss of margin) upon any Lender, any Notional Euro-Rate Funding office or, in the case of clause (iii) hereof, any Person controlling a Lender, with respect to this Agreement, the Notes or the making, maintenance or funding of any Loan (or, in the case of any capital adequacy or similar requirement, to have the effect of reducing the rate of return on such Lender's or controlling Person's capital, taking into consideration such Lender's or controlling Person's policies with respect to capital adequacy) by an amount which such Lender deems to be material (such Lender being deemed for this purpose to have made, maintained or funded each Funding Segment of the CD Rate Portion and the Euro-Rate Portion from a Corresponding Source of Funds), such Lender may from time to time notify the Borrower of the amount determined in good faith (using any averaging and attribution methods) by such Lender (which determination shall be conclusive) to be necessary to compensate such Lender

or such Notional Euro-Rate Funding Office for such increase, reduction or imposition. Such amount shall be due and payable by the Borrower to such Lender five Business Days after such notice is given, together with an amount equal to interest on such amount from the date two Business Days after the date demanded until such due date at the Base Rate Option. A certificate by such Lender as to the amount due and payable under this

Section 2.10(a) from time to time and the method of calculating such amount shall be conclusive absent manifest error.

(b) Funding Breakage. In addition to all other amounts payable hereunder, if and to the extent for any reason any part of any Funding Segment of any As-Offered Portion, CD Rate Portion or Euro-Rate Portion of the Loans becomes due (by acceleration or otherwise), or is paid, prepaid or converted to another interest rate Option (whether or not such payment, prepayment or conversion is mandatory or automatic and whether or not such payment or prepayment is then due), on a day other than the last day of the corresponding Funding Period (the date such amount so becomes due, or is so paid, prepaid or converted, being referred to as the "Funding Breakage Date"), the Borrower shall pay each Lender an amount ("Funding Breakage Indemnity") determined by such Lender as follows:

(i) first, calculate the following amount: (A) the principal amount of such Funding Segment of the Loans owing to such Lender which so became due, or which was so paid, prepaid or converted, times (B) the greater of (x) zero or (y) the rate of interest applicable to such principal amount on the Funding Breakage Date minus the Applicable Funding Rate as of the Funding Breakage Date, times (C) the number of days from and including the Funding Breakage Date to but not including the last day of such Funding Period, times (D) 1/360;

(ii) the Funding Breakage Indemnity to be paid by the Borrower to such Lender shall be the amount equal to the present value as of the Funding Breakage Date (discounted at the Applicable Funding Rate as of such Funding Breakage Date, and calculated on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed) of the amount described in the preceding clause (i) (which amount described in the preceding clause (i) is assumed for purposes of such present value calculation to be payable on the last day of the corresponding Funding Period).

For purposes of this Section, the term "Applicable Funding Rate" shall mean (i) in the case of any calculation of a Funding Breakage Indemnity payment with respect to a particular Funding Segment for which the corresponding Funding Period was originally one year or longer, the Treasury Rate, and (ii) in the case of any calculation of a Funding Breakage Indemnity payment with respect to a Funding Segment for which the corresponding Funding Period was originally less than one year, the Euro-Rate.

Such Funding Breakage Indemnity shall be due and payable on demand, and each Lender shall, upon making such demand, notify the Agent of the amount so demanded. In addition, the Borrower shall, on the due date for payment of any Funding Breakage Indemnity, pay to such Lender an additional amount equal to interest on such Funding Breakage Indemnity from the Funding Breakage Date to but not including such due date at the Base Rate Option applicable to the Loans (calculated on the basis of a year of 360 days and actual days elapsed). The amount payable to each Lender under this Section 2.10(b) shall be determined in good faith by such Lender, and such determination shall be conclusive absent manifest error.

2.11. HLT Classification. In the event that after the date hereof the Loans hereunder are classified as a "highly leveraged transaction" (an "HLT Classification") by any Governmental Authority having jurisdiction over any Lender, such Lender may in its discretion from time to time so notify the Agent, and upon receiving such notice the Agent shall promptly give notice of such event to the Borrower and the Lenders. In such event the parties hereto shall commence negotiations to agree on revised Revolving Credit Commitment Fees, interest rates and Applicable Margins hereunder. If the parties hereto fail to agree on such matters in their respective absolute discretion within 60 days of the notice given by the Agent referred to above, then the Required Lenders may at any time or from time to time thereafter direct the Agent to (a) by ten Business Days' notice to the Borrower, terminate the Revolving Credit Commitments, and the Revolving Credit Commitments shall thereupon terminate, or

(b) by ten Business Days' notice to the Borrower, declare the Loans, together with (without duplication) accrued interest thereon, to be, and the Loans shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived, and an action therefor shall immediately accrue. The Lenders acknowledge that an HLT Classification is not an Event of Default or Potential Default hereunder.

2.12. Taxes.

(a) Payments Net of Taxes. All payments made by the Borrower under this Agreement or any other Loan Document shall be made free and clear of, and without reduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, and all liabilities with respect thereto, excluding

(i) in the case of the Agent and each Lender, income or franchise taxes imposed on the Agent or such Lender by the jurisdiction under the laws of which the Agent or such Lender is organized or any political subdivision or taxing authority thereof or therein or as a result of a connection between such Lender and any jurisdiction other than a connection resulting solely from this Agreement and the transactions contemplated hereby, and

(ii) in the case of each Lender, income or franchise taxes imposed by any jurisdiction in which such Lender's lending offices which make or book Loans are located or any political subdivision or taxing authority thereof or therein

(all such non-excluded taxes, levies, imposts, deductions, charges or withholdings being hereinafter called "Taxes"). If any Taxes are required

to be withheld or deducted from any amounts payable to the Agent or any Lender under this Agreement or any other Loan Document, the Borrower shall pay the relevant amount of such Taxes and the amounts so payable to the Agent or such Lender shall be increased to the extent necessary to yield to the Agent or such Lender (after payment of all Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement and the other Loan Documents. Whenever any Taxes are paid by the Borrower with respect to payments made in connection with this Agreement or any other Loan Document, as promptly as possible thereafter, the Borrower shall send to the Agent for its own account or for the account of such Lender, as the case may be, a certified copy of an original official receipt received by the Borrower showing payment thereof.

(b) Indemnity. The Borrower hereby indemnifies the Agent and each of the Lenders for the full amount of such Taxes and any present or future claims, liabilities or losses with respect to or resulting from any omission to pay or delay in paying such Taxes (including any incremental Taxes, interest or penalties that may become payable by the Agent or such Lender as a result of any failure to pay such Taxes but excluding any claims, liabilities or losses with respect to or arising from omissions to pay or delays in payment attributable to the act or omission of the Agent or any Lender), whether or not such Taxes were correctly or legally asserted. Such indemnification shall be made within 30 days from the date such Lender or the Agent, as the case may be, makes written demand therefor.

(c) Withholding and Backup Withholding. Each Lender that is incorporated or organized under the laws of any jurisdiction other than the United States or any state thereof agrees that, on or prior to the date any payment is due to be made to it hereunder or under any other Loan Document, it will furnish to the Borrower and the Agent

(i) two valid, duly completed copies of United States Internal Revenue Service Form 4224 or United States Internal Revenue Form 1001 or successor applicable form, as the case may be, certifying in each case that such Lender is entitled to receive payments under this Agreement and the other Loan Documents without deduction or withholding of any United States federal income taxes and

(ii) a valid, duly completed Internal Revenue Service Form W-8 or W-9 or successor applicable form, as the case may be, to establish an exemption from United States backup withholding tax.

Each Lender which so delivers to the Borrower and the Agent a Form 1001 or 4224 and Form W-8 or W-9, or successor applicable forms agrees to deliver to the Borrower and the Agent two further copies of the said Form 1001 or 4224 and Form W-8 or W-9, or successor applicable forms, or other manner of certification, as the case may be, on or before the date that any such form expires or becomes obsolete or otherwise is required to be resubmitted as a condition to obtaining an exemption from withholding tax, or after the occurrence of any event requiring a change in the most recent form previously delivered by it, and such extensions or renewals thereof as may reasonably be requested by the Borrower and the Agent, certifying in the case of a Form 1001 or Form 4224 that such Lender is entitled to receive payments under this Agreement or any other Loan Document without deduction or withholding of any United States federal income taxes, unless in any such cases an event (including any changes in Law) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Lender from duly completing and delivering any such letter or form with respect to it and such Lender advises the Borrower and the Agent that it is not capable of receiving payments without any deduction or withholding of United States federal income tax, and in the case of a Form W-8 or W-9, establishing an exemption from United States backup withholding tax.

2.13. Funding by Branch, Subsidiary or Affiliate.

(a) Notional Funding. Each Lender shall have the right from time to time, prospectively or retrospectively, without notice to the Borrower, to deem any branch, subsidiary or affiliate of such Lender to have made, maintained or funded any part of the Euro-Rate Portion at any time. Any branch, subsidiary or affiliate so deemed shall be known as a "Notional Euro-Rate Funding office." Such Lender shall deem any part of the Euro-Rate Portion of the Loans or the funding therefor to have been transferred to a different Notional Euro-Rate Funding Office if such transfer would avoid or cure an event or condition described in Section 2.04(e)(ii) hereof or would lessen compensation payable by the Borrower under Section 2.10(a) hereof, and if such Lender determines in its sole discretion that such transfer would be practicable and would not have a Material Adverse Effect on such part of the Loans, such Lender or any Notional Euro-Rate Funding office (it being assumed for purposes of such determination that each part of the Euro-Rate Portion is actually made or maintained by or funded through the corresponding Notional Euro-Rate Funding Office). Notional Euro-Rate Funding Offices may be selected by such Lender without regard to such Lender's actual methods of making, maintaining or funding Loans or any sources of funding actually used by or available to such Lender.

(b) Actual Funding. Each Lender shall have the right from time to time to make or maintain any part of the Euro-Rate Portion by arranging for a branch, subsidiary or affiliate of such Lender to make or maintain such part of the Euro-Rate Portion. Such Lender shall have the right to (i) hold any applicable Note payable to its order for the benefit and account of such branch, subsidiary or affiliate or (ii) request the Borrower to issue one or more substitute promissory notes in the principal amount of such Euro-Rate Portion, in substantially the form attached hereto as Exhibit A, with the blanks appropriately filled, payable to such branch, subsidiary or affiliate and with appropriate changes reflecting that the holder thereof is not obligated to make any additional Loans to the Borrower; provided, that if a Lender requests the Borrower to issue one or more substitute promissory notes in accordance with clause (ii) above, the amount of the Note payable to such Lender shall automatically be reduced accordingly. The Borrower agrees to comply promptly with any request under subsection (ii) of this Section 2.13(b). If any Lender causes a branch, subsidiary or affiliate to make or maintain any part of the Euro-Rate Portion hereunder, all terms and conditions of this Agreement shall, except where the context clearly requires otherwise, be applicable to such part of the Euro-Rate Portion and to any note payable to the order of such branch, subsidiary or affiliate to the same extent as if such part of the Euro-Rate Portion were made or maintained and such note were a Revolving Credit Note payable to such Lender's order.

2.14. Extension of Expiration Date. (a) Extension of Expiration Date. The Revolving Credit Commitment of the Lenders shall expire and shall

be automatically reduced to zero on the Expiration Date. Not later than 45 days and not sooner than 60 days immediately preceding the Expiration Date then in effect, if the Borrower wishes the Lenders to extend the Expiration Date for an additional period (not to exceed 300 days) beyond the Expiration Date then in effect, the Borrower shall so advise the Agent in writing (an "Extension Request"). The Agent shall thereupon promptly notify each of the Lenders of such Extension Request of the Borrower. Within 20 days of its receipt of such Extension Request from the Borrower, the Agent shall notify the Borrower as to whether the Lenders have agreed so to extend the Expiration Date and, if so, as to any additional or different terms on which such extension is conditioned (the determination of the Lenders as to whether to agree to such extension and upon what terms being in the sole, absolute and unconditional discretion of each Lender). If such notice contains any such additional or different terms, the Borrower shall advise the Agent in writing within 5 days next following receipt of such notice from the Agent as to whether the Borrower agrees to such terms. If the Borrower notifies the Agent that it so agrees, or if the Agent's notice that the Lenders have agreed to extend the Expiration Date contains no such additional or different terms, the Expiration Date shall automatically be extended for the additional period requested by the Borrower. If the Agent fails to notify the Borrower within 20 days of the Agent's receipt of any Extension Request from the Borrower as specified above as to whether the Lenders have agreed to such Extension Request, the Lenders shall be deemed not to have agreed to such Extension Request.

(b) If (i) any Lender notifies the Agent in writing that it will not consent to such Extension Request or (ii) all of the Lenders have not in writing expressly consented to any such Extension Request as provided in the preceding paragraph, then the Agent shall so notify the Borrower and the Borrower, at its option, may replace each Lender which has not agreed to such Extension Request (a "Nonextending Lender") with another commercial lending institution reasonably satisfactory to the Agent (a "Replacement Lender") by giving notice of the name of such Replacement Lender to the Agent. Unless the Agent shall object to the identity of such proposed Replacement Lender prior to the date 5 days prior to the then current Expiration Date, upon notice from the Agent, each Nonextending Lender shall promptly (but in no event later than the then current Expiration Date) assign all of its interests hereunder to such Replacement Lender in accordance with the provisions of Section 8.14 (c) hereof. If, immediately prior to the Expiration Date some, but not all, of the Lenders have agreed to such Extension Request, and each Nonextending Lender has not been replaced by the Borrower in accordance with the terms of this Section 2.14(b), the Expiration Date shall be extended in accordance with such Extension Request; provided, however, that on the original Expiration Date (as such date may have been previously extended), the total Revolving Credit Commitment shall be irrevocably reduced by an amount equal to the Commitment of each Nonextending Lender. If all Lenders consent to any such Extension Request (or, if any Nonextending Lenders are replaced in accordance with this Section), then as of 5:00 pm. New York time on the then current Expiration Date, such Expiration Date shall be deemed to have been extended for the period requested by the Borrower in the related Extension Request.

2.15. Multicurrency Payments.

(a) Dollar Equivalent Amounts.

(i) Calculation of Dollar Equivalent Amounts. Upon each making and upon each payment of a Revolving Credit Loan denominated in an Other Currency, the Agent shall calculate the Dollar Equivalent Amount of such Revolving Credit Loan, as the case may be, and shall provide written confirmation to the Lenders.

(ii) Recalculation of Dollar Equivalent Amounts. In determining the Dollar Equivalent Amount of the aggregate Revolving Credit Extensions of Credit of the Lenders, the Agent may use the respective Dollar Equivalent Amounts for the Revolving Credit Loans pursuant to paragraph (i) of this subsection (a), unless such Dollar Equivalent Amount so calculated exceeds 90% of the Revolving Credit Commitment Amount, in which case the Agent shall recalculate the Dollar Equivalent Amount of the Revolving Credit Loans outstanding no less frequently than once each week. The Agent may recalculate the Dollar Equivalent Amounts of each of the Revolving Credit Loans as frequently as it determines to do so in its discretion, provided, that such recalculation shall be made for all of the Revolving Credit Loans no less frequently than once each week during any period when the aggregate Dollar Equivalent Amount of the aggregate Credit Exposure of the Lenders exceeds 90% of the Revolving Credit Commitment Amount.

(b) Unavailability.

(i) General. Subject to paragraph (ii) of this subsection (b), if, in the reasonable judgment of the Agent, any Other Currency ceases to be available and freely tradable in the London foreign exchange market, such Other Currency shall cease to be an Other Currency. The Agent shall give prompt notice to the Borrower and the Lenders of such event. In the event that (A) the Agent has determined that an Other Currency has ceased to be available and freely tradable in the London foreign exchange market and (B) the Agent has determined in good faith that such Other Currency is not otherwise available to the Borrower, then, on the date any Revolving Credit Loan denominated in such Other Currency would become due under the terms of this Agreement (other than as a result of an optional prepayment under Section 2.07 or of the acceleration of such Revolving Credit Loans under Section 8.02), the Borrower shall repay such Revolving Credit Loans by paying to each Lender an amount in Dollars equal to the amount determined in good faith by such Lender (which determination shall be conclusive absent manifest error) necessary to compensate such Lender for the principal of and accrued interest on such Revolving Credit Loans and any additional cost, expense or loss incurred by such Lender as a result of such Revolving Credit Loans being repaid in Dollars (rather than in the denominated Other Currency).

(ii) European Monetary Union.

A. Definitions. In this Section 2.15 and Article II and in each other provision of this Agreement to which reference is made in this Section 2.15 expressly or impliedly, the following terms have the meanings given to them in this Section 2.15:

"commencement of the third stage of EMU" means the date of commencement of the third stage of EMU (at the date of this Agreement expected to be January 1, 1999) or the date on which circumstances arise which (in the opinion of the Administrative Agent) have substantially the same effect and result in substantially the same consequences as commencement of the third stage of EMU as contemplated by the Treaty on European Union.

"EMU" means economic and monetary union as contemplated in the Treaty on European Union.

"EMU legislation" means legislative measures of the European Council for the introduction of, changeover to or operation of a single or unified European currency (whether known as the euro or otherwise), being in part the implementation of the third stage of EMU;

"euro" means the single currency of participating member states of the European Union;

"euro unit" means the currency unit of the euro;

"national currency unit" means the unit of currency (other than a euro unit) of a participating member state;

"participating member state" means each state so described in any EMU legislation; and

"Treaty on European Union" means the Treaty of Rome of March 25, 1957, as amended by the Single European Act 1986 and the Maastricht Treaty (which was signed at Maastricht on February 7, 1992, and came into force on November 1, 1993), as amended from time to time.

B. Effectiveness of Provisions. The provisions of paragraphs C to G below (inclusive) shall be effective at and from the commencement of the third stage of EMU, provided, that if and to the extent that any such provision relates to any state (or the currency of such state) that is not a participating member state on the commencement of the third stage of EMU, such provision shall become effective in relation to such state (and the currency of such state) at and from the date on which such state becomes a participating member state.

C. Redenomination and Alternative Currencies. Each obligation under this Agreement of a party to this Agreement which has been denominated in the national currency unit of a participating member state shall be redenominated into the euro unit in accordance with EMU legislation, provided, that if and to the extent that any EMU legislation provides that following the commencement of the third stage of EMU an amount denominated either in the euro or in the national currency unit of a participating member state and payable within that participating member state by crediting an account of the creditor can be paid by the debtor either in the euro unit or in that national currency unit, each party to this Agreement shall be entitled to pay or repay any such amount either in the euro unit or such national currency unit.

D. Business Days. With respect to any amount denominated or to be denominated in the euro or a national currency unit, any reference to a "Business Day" shall be construed as a reference to a day (other than a Saturday or Sunday) on which banks are generally open for business in London and Pittsburgh, Pennsylvania and/or such principal financial center or centers in such participating member state or states as the Agent may from time to time denominate for this purpose.

E. Payments by the Agent Generally. With respect to the payment of any amount denominated in the euro or in a national currency unit, the Agent shall not be liable to the Borrower or any of the Lenders in any way whatsoever for any delay, or the consequences of any delay, in the crediting to any account of any amount required by this Agreement to be paid by the Agent if the Agent shall have taken all relevant steps to achieve, on the date required by this Agreement, the payment of such amount in immediately available, freely transferable, cleared funds (in the euro unit or, as the case may be, in a national currency unit) to the account with the bank in the principal financial center in the participating member state which the Borrower shall have specified for such purpose. In this paragraph E, "all relevant steps" means all such steps as may be prescribed from time to time by the regulations or operating procedures of such clearing or settlement system as the Agent may from time to time determine for the purpose of clearing or settling payments of euro.

F. Rounding and Other Consequential Changes. Without prejudice and in addition to any method of conversion or rounding prescribed by any EMU legislation and without prejudice to the respective liabilities for indebtedness of the Borrower to the Lenders and the Lenders to the Borrower under or pursuant to this Agreement:

(i) each reference in this Agreement to a minimum amount (or an integral multiple thereof) in a national currency unit to be paid to or by the Agent shall be replaced by a reference to such reasonably comparable and convenient amount (or an integral multiple thereof) in the euro unit as the Agent may from time to time specify; and

(ii) except as expressly provided in this Section 2.15, each provision of this Agreement shall be subject to such reasonable changes of construction as the Agent may from time to time specify to be necessary or appropriate to reflect the introduction of or changeover to the euro in participating member states.

G. Increased Costs. The Borrower shall from time to time, at the request of the Agent, pay to the Agent for the account of each Lender the amount of any cost or increased cost incurred by, or of any reduction in any amount payable to or in the effective return on its capital to, or of interest or other return foregone by, such Lender or any holding company of such Lender as a result of the introduction of, changeover to or operation of the euro in any participating member state.

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CURTISS-WRIGHT CORPORATION 98

ANNUAL REPORT

Curtiss-Wright Corporation, headquartered in Lyndhurst, N.J., is a diversified multinational manufacturing and service concern that designs, manufactures and overhauls precision components and systems and provides highly engineered services to the aerospace, defense, automotive, shipbuilding, oil, petrochemical, agricultural equipment, power generation, railroad, metalworking, and fire and rescue industries. The Company employs approximately 2,050 people. Operations are conducted through five manufacturing facilities (four domestic and one in Switzerland), 36 metal treatment service facilities located in North America and Europe, and four component overhaul facilities located in Florida, North Carolina, Denmark and Singapore.

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INDUSTRY FOCUS

industry focus

In 1998, the aerospace industry faced record shipments of new commercial aircraft while struggling to cope with the production strains created by the rapid ramp-up of production volumes. Looming in the background were order cancellations and delivery delays resulting from the economic disruptions occurring in the Pacific Rim that threatened to dampen production levels in the near future. The current delivery schedule for aircraft with capacities exceeding 100 seats calls for still higher levels in 1999, with some declines expected beginning in the year 2000. These out-year deliveries, while lower, are still expected to be at profitable levels for the industry, and the overall downturn is not expected to be as severe as the one that began in 1991.

Throughout 1998, the larger airlines continued to leverage their purchasing power, generating large orders to meet their long-term requirements at the lowest possible prices from Airbus and Boeing. Driving the industry's performance continues to be the airlines, which, in general, remain profitable. The economic outlook appears favorable; the economies of North America and Europe appear healthy, while the Asian market has suffered a severe downturn. Some feel that the worst of the Asian crisis is behind us and a recovery, while gradual, may have begun. The current unknown is the impact of any downturn in South America that may result from the recent disturbances in Brazil.

While new aircraft production tends to produce demand surges in the industry, a stabilizing force in the commercial area is the repair and overhaul market. The total repair market is expected to grow at a long-term rate of 2--3% per year. This growth reflects the outlook for passenger miles, which drive maintenance needs. In the short term, repair market growth may exceed this rate as the average age of aircraft increases; however, as older planes are replaced for economic, noise and pollution regulation reasons, growth levels will return to long-term expectations. For third-party maintenance providers such as Curtiss-Wright, growth should exceed that of the total market as increased outsourcing by airlines continues. Although airlines still perform most overhaul and repair activities themselves, many appear to be refocusing their attention on the basic services they provide and are beginning to accept that third-party vendors can more effectively meet their maintenance requirements.

Military aircraft production is currently at low levels. Procurement for existing models is, for the most part, limited to purchases by foreign governments. Procurement by the United States Air Force is at minimal levels, with most spending related to development activities. On a positive note, production of the F-22 (Raptor) and V-22 (Osprey) has been initiated and should ramp up to higher levels in the foreseeable future.

To summarize the state of the aerospace industry, those markets in which Curtiss-Wright participates are expected to remain at healthy levels overall. Commercial business will see some decline but is projected to maintain adequate levels. Overhaul and repair activities will provide a stable base with growth opportunities in increased outsourcing, and additional upside benefits are expected from the increased activity on the military programs.

The stable revenue base that Curtiss-Wright has developed as a supplier of valves and services to the worldwide nuclear power industry became even more solid with a 1998 acquisition. It increases our participation in new construction programs in South Korea and Taiwan, where projects underway have progressed without disruption. We continue to pursue business in China, where an aggressive new construction program for nuclear power plants is planned to meet the current power capacity shortage. Outside the nuclear power market, the United States proposed build schedule for nuclear submarines and aircraft carriers, for which we are a valve supplier, is the strongest in recent years.

FINANCIAL HIGHLIGHTS

(In thousands, except per share data)

	1998	1997	1996
Performance:			
Sales	\$249,413	\$ 219,395	\$ 170,536
Earnings before interest, taxes, depreciation and amortization	57,726	51,383	33,462
Net earnings	29,053	27,885	16,109
Diluted earnings per common share	2.82	2.71	1.58
Return on sales	11.6%	12.7%	9.4%
Return on assets	9.1%	10.1%	6.3%
Return on average stockholders' equity	13.4%	14.4%	9.1%
Research and development costs:			
Corporation sponsored	1,346	1,877	997
Customer sponsored	7,669	12,403	15,248
New orders	232,217	259,260	171,649
Backlog at year-end	198,297	149,201	109,336
Year-End Financial Position:			
Working capital	\$ 130,763	\$ 132,751	\$ 115,417
Current ratio	2.9 to 1	4.4 to 1	3.7 to 1
Total assets	\$ 352,740	\$ 284,708	\$ 267,164
Stockholders' equity	\$ 229,593	\$ 204,853	\$ 183,363
Stockholders' equity per common share	\$ 22.53	\$ 20.13	\$ 18.04
Other Year-End Data:			
Depreciation and amortization	\$ 9,661	\$ 9,097	\$ 8,946
Capital expenditures	\$ 10,642	\$ 11,231	\$ 14,156
Shares of common stock outstanding	10,190,790	10,175,140	10,162,206
Number of stockholders	3,926	4,142	4,719
Number of employees	2,052	1,884	1,738
Dividends per Common Share	\$.52	\$.505	\$.50

[GRAPHIC OMITTED]

[The following table was depicted as a line graph in the printed material.]

Sales/Backlog (in thousands)

	94	95	96	97	98
Sales					\$249,413
Backlog					\$198,297

[GRAPHIC OMITTED]

[The following table was depicted as a line graph in the printed material.]

Operating Income/Net Earnings (in thousands)

	94	95	96	97	98
Operating Income					\$36,347
Net Earnings					\$29,053

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[The following table was depicted as a line graph in the printed material.]

Return on Equity (percentage)

94 95 96 97 98 13.4%

LETTERS TO STOCKHOLDERS

FELLOW STOCKHOLDERS:

In 1998 we continued to implement our strategies for balanced growth that we outlined in last year's annual report:

| Growing our positions in the aftermarket segments of our businesses

| Increasing our role as a service provider

| Diversifying our customer base

| Diversifying the industries we serve

| Continuing our efforts to globalize the Company

These strategies are designed to enable us to achieve our financial objectives of 15% average annual revenue growth and 12% average return on capital. While in 1998 Curtiss-Wright posted a 14% increase in sales, for the last two years our sales increased at a compound annual rate of 21%. Our return on average capital (excluding cash and short-term investments) in 1998 was 17%. We have set our growth objectives at what we believe to be realistically attainable levels for Curtiss-Wright to strive for on a long-term basis while maintaining good profit margins. Achievement of these objectives will result in growing value for Curtiss-Wright's stockholders. Throughout 1998, we pursued our strategies through acquisitions, new product development, and market expansion, each of which is discussed in greater detail on the following pages.

Our Acquisition Program Moved Ahead in 1998

In 1998, Curtiss-Wright completed three strategic acquisitions, adding to each of our business operations. Focused acquisitions are an important part of our strategy for growth. We have established programs for each of our businesses and are actively pursuing acquisition candidates. An important non-financial ingredient we look for, not only in our evaluation of acquisition candidates but also as a parameter in selecting investments for internal development programs, is that they make us a better competitor and supplier to our customers.

Among the benefits we look for in acquisitions are technologies that will expand our existing capabilities. In many areas in which we do business we want to control a broader scope of the systems we supply. We also want to add to our existing base of products and services to expand the value we can provide existing customers. Our customer relationships are excellent, and we seek to build upon this strength.

We completed three acquisitions in 1998, and because of our strong balance sheet and cash flow, we still ended the year in a solid position to finance additional acquisitions. Each acquisition is accretive to earnings and will contribute to our long-term financial growth. With a focus on new products, new markets and regional expansion, enhanced by our acquisition program, each of our business segments has entered 1999 better positioned for long-term success.

Growing Our Precision Manufacturing Products & Services Business

Curtiss-Wright has been a provider of shot-peen forming services to put the curvature in wing skins for most Airbus commercial aircraft. This has resulted in an 18-year relationship with British Aerospace (BAe), which supplies wings to the Airbus consortium. This long-standing relationship was continued in 1998 with a long-term contract extension under which we will continue to provide forming and other services for Airbus aircraft, including the new A340-600. In order to meet the increased demand for these services, we are in the process of constructing a new 170,000-square-foot facility on land provided by BAe that is adjacent to their plant in the United Kingdom. The facility, which will replace our current, smaller facility, is scheduled to become operational toward the end of 1999. Current Airbus projections indicate aircraft deliveries increasing in 1999 as well as in the year 2000.

In addition to our new facility, we have been growing our Precision Manufacturing Products & Services (PMPS) business through the addition of other new facilities in recent years. Our expansion

has included three new operations in Europe in the last two years, as well as another in the United States. In addition, Alpha Heat Treaters, in York, Pennsylvania, was acquired in April of 1998. Our high level of activity reflects the growth opportunities we see for this business. We plan to grow not only through the addition of locations but also by an expansion of the services we provide.

In 1999, the performance of PMPS will include its newly opened facilities, expanded production schedules at Airbus, and new contracts to form wing skins on the Boeing 717 aircraft and a large military transport plane. The segment will also continue to benefit from acquisitions such as the 1998 purchase of Alpha Heat Treaters. Alpha gives Curtiss-Wright a presence in an important Northeast industrial corridor and contributed to our growth in 1998. As a consolidator of heat-treating facilities in industrial areas around the world, and a greenfield developer of shot-peening services worldwide, we intend to continue gaining strategic, local presence in geographically diversified industrial and aerospace markets.

We Have Reduced Our Exposure to Commercial Aircraft Production Cycles

While Boeing is an important customer and source of business, Curtiss-Wright is not overly dependent on the company. We have taken actions, including acquisitions, that continue to grow our actuation and control products segments beyond servicing Boeing.

During this past year, we signed an agreement with GEC-Marconi to develop a trailing edge flap drive actuation system for the Ayres Loadmaster LM2000 cargo utility aircraft. We continued production work on the V-22 Vertical Take-Off and Landing craft, which began initial low-rate production in 1999. We are preparing for initial production of the F-22 Advanced Tactical Fighter. Of the three systems we have on the F-22, the leading edge flap system has completed the development and testing stages. The other programs for the main and side weapons bay doors are well along in final testing.

Overhaul and repair operations are also poised to grow in 1999. During 1998, we expanded our business with airlines and cargo haulers, which will contribute to next year's revenues. Additionally, we will be relocating our overhaul and repair business from our Shelby, North Carolina facility to one dedicated solely to that operation.

Supplementing our internal growth efforts, the Actuation and Control Products & Services segment will benefit from the establishment of Curtiss-Wright Drive Technology (CWDT), which was created with the acquisition of SIG Drive Technology AG in December. CWDT designs and manufactures drives and suspension systems for armored military vehicles and tilting systems for high-speed railway car applications. This new operation, which will remain headquartered in Neuhausen am Rheinflall, Switzerland, gives us access to technology that we will adapt to certain of our aerospace products. CWDT does not currently sell into the North American market. We view this as a longer-term opportunity to gain acceptance of CWDT's products and technology in the North American marketplace.

In light of the anticipated delivery slowdowns at Boeing, and with our new military programs not expected to achieve full production levels for a few years, we were faced with a period where activity was not adequate to support two manufacturing facilities for our Actuation and Control business. This resulted in our decision to consolidate the OEM manufacturing operations carried out at our Fairfield, New Jersey facility into our plant in Shelby, North Carolina. Restructuring expenses affected our 1998 financial performance by approximately \$500,000 after tax, and additional relocation expenses estimated at \$1,600,000 after tax will be incurred in 1999. The consolidation, expected to be completed in the third quarter of 1999, will result in longer-term cost efficiencies as our manufacturing capacity will better match our forecasted requirements.

Addition of Enertech to Our Flow Control Products & Services Business Segment

Our 1998 acquisition of Enertech fits into our Flow Control Products & Services group. Enertech, headquartered in Brea, California, expands our product line and gives us services we are now able to offer to a greater variety of customers. Enertech will help us diversify our Flow Control operations, not merely beyond the nuclear containment area of ships and power plants, but further into commercial

and industrial applications. We also expect that the combination of Enertech's sales and marketing organization with our existing personnel will strengthen our aftermarket products position and result in an invigorated approach to current and new markets. Finally, we believe Enertech's outstanding service organization will help us build a presence in the growing on-site service market for maintenance and nuclear utility repair operations, which are becoming increasingly important components of the domestic power business.

Internal development programs have opened the door to other new applications. We will be looking to expand our leakless valve technology and use alternative materials for nonnuclear Navy and chemical/petrochemical plant applications. The unique nature of our designs lends itself to extended life while requiring little maintenance. We have also recently supplied titanium valves to electrical power plants for seawater applications.

Conclusion

In 1998, we strengthened our Company, further diversified our operations, and improved our position for long-term growth. As we move forward, we understand the challenges and tasks we must address to capitalize on 1998's achievements. We further recognize the market's current valuation of our stock as disappointing and have initiated a stock repurchase program to demonstrate our belief that Curtiss-Wright is undervalued. We believe that achieving our goals, in 1999 and in future years, will result in a growing recognition of the value of this company and greater value for our stockholders.

Nineteen ninety-nine will mark Curtiss-Wright's 70th year of operation. We are looking forward to this milestone, and to adding to the Company's reputation, history and legacy. Still, our work is far from complete. As we continue this journey we thank our employees and stockholders for their continued support.

Sincerely,

/s/ David Lasky

*David Lasky
Chairman and President
February 2, 1999*

[PHOTO OMITTED]

REVIEW OF OPERATIONS

FINANCIAL PERFORMANCE OVERVIEW:

Net income for 1998 of \$29.1 million, or \$2.82 per diluted share, was 4.2% greater than 1997 earnings of \$27.9 million or \$2.71 per share. Included in 1998 results were insurance recoveries as well as the costs of consolidation related to the moving of manufacturing operations from our facility in Fairfield, New Jersey to Shelby, North Carolina. The net after-tax impact on 1998 net income of these items was a benefit of \$1.3 million, or \$.13 per share. Earnings in 1997 included gains on the sale of property of \$2.0 million or \$0.20 per share. Absent these items, earnings in 1998 were \$27.8 million or \$2.69 per share, an increase of 7.3% over 1997 earnings of \$25.9 million, or \$2.51 per share.

Sales in 1998 of \$249.4 million represented an increase of 13.7% over 1997 sales of \$219.4 million. Sales in 1998 benefited from the acquisitions of Alpha Heat Treaters on April 30th and Enertech on July 31st. Additionally, greater production levels for commercial aircraft on the part of our customers increased the demand for our products and services.

We made significant progress on two of our long-term business initiatives in 1998. These included the reduction of our reliance on the military as a source of revenues and the expansion of our service operations. Growth in commercial operations in 1998, combined with a general decline in military procurement, resulted in more than 83% of our 1998 revenues coming from commercial sources and less than 17% from the military. Despite a military component of our newly acquired Curtiss-Wright Drive Technology and our steady pursuit of defense business, we expect military sales as a percentage of our total business to be maintained at a relatively low level. The mix of our sales in 1998 between service and manufacturing operations maintained about the same relationship experienced in 1997. Our service operations represented 64% of our total sales versus 36% for manufacturing.

CURTISS-WRIGHT CORPORATION

[GRAPHICS OMITTED]

[The following tables were depicted as pie charts in the printed material.]

Sales by Business Segment

Precision Manufacturing	43%
Actuation & Control	42%
Flow Control	15%

Sales by Industry

Commercial Aerospace	56%
Other	10%
Power Generation	10%
Automotive	6%
Marine	6%
Military Aerospace	5%
Transportation	3%
Agriculture	1%
Construction & Mining	1%
Oil & Petroleum	1%
Rescue	1%

Precision Manufacturing Products & Services

Precision Manufacturing Products & Services (PMPS) experienced its fifth consecutive year of improvements in revenues and operating income. This was accomplished through gaining new customers, extending the range of products serviced and geographical expansion. Particular strength in 1998 came from advanced applications for metal-treating services for aerospace customers worldwide. We not only provide shot-peen forming services for wings of commercial, business and military aircraft but also furnish metal-treating services to jet engine manufacturers which have product going on all new aircraft being produced. We expect our aerospace-related business in this segment to continue to increase in 1999 over 1998 levels.

Operating results for 1998 were affected slightly by the start-up costs associated with four new facilities that opened in 1997 and 1998. These service locations are now fully operational and are expected to have improved performance in 1999, as marketing and sales efforts are carried out to increase their customer base and sales levels.

In order to increase capacity to meet growing regional demands, we will be relocating three of our operations to larger facilities in 1999. The metal treatment centers affected are our operations in the Chester, U.K. area, Belleville, Michigan, which services the Detroit region, and Bayonne, France. These expansions supplement the relocation in 1998 to larger quarters of our Lynn, Massachusetts facility. Although the increased capacity will enhance our ability to meet customer demands and take on additional business, there will be some expenses incurred in 1999 related to these facility relocations.

Having facilities in North America and Europe and servicing a broad industrial base, Curtiss-Wright has been able to participate in the general economic expansions that occurred in those regions. Over the long term there has been a reduction in the dependency of PMPS on the aerospace sector as new facilities and customers have been added. This expansion has provided the opportunity for considerable growth for this segment. Additional markets where new facilities can be established continue to open up, as the number of applications for our services and the acceptance of the benefits of our treatment processes broaden.

Actuation and Control Products & Services

Actuation and Control Products & Services (ACPS) accounted for 42% of total revenues in 1998 but produced unsatisfactory returns. Throughout the year, manufacturing activities were driven largely by the continued ramp-up to meet Boeing's production schedules. We continued to meet our delivery obligations despite the ramp-up. Although Boeing was a primary growth driver for this segment, our overall diversification efforts have expanded our other business areas.

Our aerospace component and overhaul operation continued to generate sales growth in 1998. We have increased the number of component parts on which we are qualified, and that number now approximates 9,700, compared to about 7,000 at the end of 1997. In 1999, as part of our program to improve our manufacturing efficiencies, we will be moving the repair and overhaul activities performed at the Shelby, North Carolina facility to its own dedicated location. The new facility will be near our current location, and the continuity of the labor force is expected to remain intact.

In the fourth quarter of 1998 we began to consolidate our Fairfield, New Jersey manufacturing operations into our facility in Shelby, North Carolina. Administration of our military programs, design engineering functions and testing will remain in New Jersey. The consolidation was targeted to align our capacity requirements with manufacturing activity levels. Thus we will improve our manufacturing efficiencies from current inadequate levels and allow Curtiss-Wright to be more competitive in obtaining future business. A charge of \$0.5 million after taxes associated with the consolidation was made in the last quarter of 1998. In addition, relocation expenses are being recognized as they are incurred during the moving process. In 1999, expenses associated with the consolidation are expected to total approximately \$1.6 million after taxes. The consolidation is scheduled to be completed in the third quarter of 1999.

[GRAPHICS OMITTED]

[The following tables were depicted as pie charts in the printed material.]

Actuation and Controls 1998 Sales Balance

Aftermarket 52%
OEM 48%

Flow Control Products & Services

In 1998, commercial revenues in this segment exceeded those from the military sector. This was largely attributable to the acquisition of Enertech in the third quarter. Aside from this factor, commercial business increases were associated with our greater involvement in foreign nuclear plant construction and higher revenues related to upgrade programs at domestic nuclear power facilities. Our success in 1998 on upgrade programs reflects our ability to develop better solutions for our customers. Their decisions to replace already installed and fully operational valves were driven by the improved efficiencies that our products provided. Success in this area not only benefits current performance, but increases the installed base of our valves, leading to future spare part and replacement sales.

Sales to the nuclear power generation industry in the United States provides stability to our sales and profits, allowing the Company to address the new construction market for nuclear plants overseas and the expansion of our domestic service organization. The combined service offering of Enertech and our existing services will establish a strong base from which we can increase our presence in this growing market. Investments have been made both in building our service organization and in further developing diagnostic systems to provide engineering, inspection and testing services to the nuclear community.

Military sales were lower in 1998 as compared to the prior year because of the absence in 1998 of special programs related to improved valve designs and the utilization of new materials for the U.S. Navy, which benefited sales in 1997. Nevertheless, in 1998 we continued to enjoy considerable success in the U.S. Navy's nuclear program, as evidenced by winning a significant number of contract awards. The forecasted build rate for new submarines and aircraft carriers is encouraging. We expect to be successful in continuing to obtain the contracts we pursue on these programs, enhancing an already solid business base. In addition, we intend to build upon our base in naval sales by expanding beyond products for nuclear applications to become a supplier for other shipboard requirements where our valve technology and manufacturing capabilities are applicable.

[GRAPHICS OMITTED]

[The following tables were depicted as pie charts in the printed material.]

Flow Control 1998 Sales Balance

Commercial 62% Military 38%

7 | Curtiss-Wright Corporation and Subsidiaries

AT A GLANCE

Precision Manufacturing Products & Services

Products and Services

Among the approximately 50 services provided are:

- | Aluminum/Nonferrous Treating
- | Annealing/Stress Relieving
- | Austempering/Brazing
- | Blast Cleaning
- | Carbonitriding/Nitriding
- | Carbon Restoration/Carburizing
- | Cryogenic Treatments
- | Deburring
- | Edge, Vibratory & Superfinishing
- | Engineering & Field Services
- | Fabrication of Machinery, Tooling, Parts & Supplies
- | Fatigue & Physical Testing
- | Flame, Induction & Precipitation Hardening
- | Marquenching/Normalizing
- | Nondestructive Testing
- | Painting/Plating
- | Shot-Peening
- | Shot-Peen Forming
- | Straightening
- | Texturizing
- | Vacuum Treatments
- | Valve Reed Manufacturing

Major Markets

- | Aerospace Manufacturers
- | Automotive Manufacturers
- | Metalworking Industries

| Oil and Gas Drilling/Exploration

| Power Generation

| Jet Engine Manufacturers

| Agricultural Equipment

| Transportation

| Construction and Mining

Actuation and Control Products & Services

| Control and Actuation
Components and Systems

| **Aerospace Overhaul Services**

| **Hydropneumatic Suspension Systems**

| **Electromechanical Drives and Systems**

| **Electrohydraulic Drives and Systems**

| **Rescue Tools**

| **Aerospace Manufacturers**

| **Commercial Airlines**

| **Military Air Forces**

| **Military Vehicle Manufacturers**

| **Railway Car Manufacturers**

| **Diesel Engine Manufacturers**

| **Rescue Tool Industry**

Flow Control Products & Services

| Military & Commercial Nuclear/Nonnuclear Valves (globe, gate, control, safety, solenoid and relief)

| **Fluid Power Products and Systems**

| **Valve Overhaul and Repair**

| **Engineering, Inspection and Testing Services**

| **U.S. Navy Propulsion Systems**

| **U.S. Navy Shipbuilding**

| **Nuclear Power Plants**

| **Automotive Manufacturers**

| Petrochemical/Chemical Industry

| Entertainment Industry

PRODUCTS

[PHOTO OMITTED]

Every product we manufacture at Curtiss-Wright meets with the highest level of quality and performance requirements. This is demanded by the applications for which they are used.

We supply the actuators for controlling wing flaps on commercial and military aircraft where dependability in harsh weather conditions and temperature ranges is a necessity. We will be providing the systems for operating the side and main bay weapons doors on the F-22 Raptor, which in order to maintain its stealth qualities must open, deploy weapons and close in a time requirement measured in seconds. This must all be accomplished under the stresses generated in high-speed flight.

Our flow control valves are used in nuclear environments where the integrity of performance of the product must be unquestioned. As with valves used in other applications, performance in controlling and monitoring flows is important. In addition, our products must be able to operate with absolutely no tolerance for leakage. Our technology and designs fulfill these requirements.

The quality and performance requirements of our products reflect the engineering and manufacturing capabilities of Curtiss-Wright. Our development, design and testing capabilities and ability to manufacture to exact specifications with very narrow tolerances allow us to maintain the high standards demanded and required by our customers.

SERVICES

[PHOTO OMITTED]

Services represent an increasing proportion of our total operations and provide fertile opportunities for future growth for the Company.

Our metal treatment operation is the largest service business in which we are involved. We provide a broad variety of metal treating services. Our success in this business is attributable to processes that improve our customers' products and are delivered at a reasonable cost. Working with our customers, we identify areas where our processes can enhance their products or provide solutions to existing problems. Our ability to maintain these services is demonstrated by the fact that we have a satisfied customer base numbering in excess of 5,000.

In 1992 we began to expand our manufacturing of actuation components and systems for aerospace OEM customers to provide maintenance, repair and overhaul (MRO) services on not only our products, but also those produced by others. We have continuously expanded our capabilities and today MRO sales volume equals that of products we manufacture. We have recently established an MRO base for our flow control business and we seek to be as successful in growing this segment as we have our other service areas.

In order not to disrupt customers' manufacturing processes our metal treatment operations must be able to meet strict time requirements as well as performance and quality standards. We have accomplished this by establishing a network of regional facilities that allows us to be close to our customers. Quick turnaround time is also a major concern for our aerospace overhaul and repair customers to minimize downtime of aircraft being serviced. We established a new standard when we provided seven-day turnaround on repair and overhaul for products that were originally manufactured by Curtiss-Wright.

BENEFITS

[PHOTO OMITTED]

Curtiss-Wright plays an important role in thousands of products that touch people every day, in many ways. As an example, most cars contain component parts that we have metal-treated. Almost every large commercial aircraft has wing flaps operated by our actuation systems or wing skins that were formed by our processes. Electricity is generated by nuclear plants that use Curtiss-Wright valves.

[PHOTO OMITTED]

| Focused acquisitions are an

important part of our strategy for growth.

ACQUISITIONS

In 1998, we used our strong balance sheet to finance a measured acquisition strategy. Through acquisitions, we sought to increase the breadth of our product lines, and to identify related markets for our technologies. We looked to expand our network of services to make Curtiss-Wright more of a full-service provider in specific markets. We sought to increase our technological expertise and to expand the markets we serve.

The acquisitions of Enertech, Alpha Heat Treaters, and Curtiss-Wright Drive Technology are excellent strategic fits for Curtiss-Wright. The capabilities they bring offer opportunities to continue to meet our growth objectives and grow stockholder value.

Enertech is a provider of advanced valves, engineering programs and services to the nuclear power industry. The company also designs and manufactures hydraulic systems for the automotive and entertainment industries. Enertech offers diagnostic testing, predictive maintenance, parts repair and rebuilding, training, engineering and staff augmentation in technical areas. Enertech continues to operate with its original management from its facilities in Brea, California, and Suwanee, Georgia.

Enertech, with annual revenues of approximately \$25 million, significantly strengthens our presence in the nuclear power market. Most importantly, Enertech broadens Curtiss-Wright's product line and expands what we can do for the customer. Enertech also enhances our service offerings to include engineering, inspection and diagnostic services.

The acquisition of Alpha Heat Treaters expands our network of heat-treating facilities by providing a strong regional presence and a solid reputation in York, Pennsylvania, a highly industrialized area. Alpha provides carburizing, surface hardening, stress relieving, induction hardening and black oxide surface treatment services. These processes extend the life of industrial components and prevent metal fatigue from causing component failures and lost productivity.

Curtiss-Wright Drive Technology (CWDT) was established via the acquisition of a subsidiary of SIG Swiss Industrial Company Holding LTD that closed on December 31, 1998. CWDT is a leading provider of high-technology solutions for drive technology applications to military tracked and wheeled vehicles, railroad car leveling systems and marine propulsion. This Swiss-based operation serves a growing customer base in Europe and Asia. Its addition not only introduces us into these new markets served by CWDT, but also provides us with hydraulic and electronic capabilities that we can apply to our aerospace product lines. This expands our in-house systems integration capabilities as a provider of aerospace actuation systems.

acquisitions

Through acquisitions we plan to build a network of heat-treating facilities.

[PHOTO OMITTED]

Enertech increased our capabilities for servicing the nuclear power industry.

[PHOTO OMITTED]

Technology applied to other markets can be integrated into our aerospace systems.

[PHOTO OMITTED]

[GRAPHIC OMITTED]

[PHOTO OMITTED]

| Internal development programs have

opened the door to other new applications.

PRODUCT DEVELOPMENT

Our internal growth strategies include the development of new products. New product development must accomplish one of three objectives for Curtiss-Wright:

expand a product or service line currently provided to satisfy a need in a market we currently serve; reduce the costs of servicing our customers; or apply an existing or modified product or technology to a new market.

We currently have a number of initiatives underway to expand our product lines and increase the service offerings we provide in many of our markets. Curtiss-Wright has been developing wing flap actuation systems for applications to types of aircraft with which we have not previously been associated. This would include business jets and cargo/utility aircraft. In the aerospace component overhaul and repair areas, we have expanded the number of parts we are certified to repair to 9,700.

In Precision Manufacturing Products & Services, we are developing a new laser metal-treating technology called Lasershot(TM) Peening. This process will be used in lieu of traditional shot-peening for selected areas where increased compressive stresses are required. Lasershot(TM) Peening extends the benefits of compressive stresses much deeper into the surface of metal than controlled shot-peening.

Within our Flow Control Products & Services segment, we are developing products that apply our valve technology to areas beyond our traditional applications. We believe that opportunities exist in all of our current markets: the nuclear navy, power generation and process industries. An example of such an opportunity relates to naval ships. We want to expand our valve applications beyond the nuclear containment areas. We are working to respond to two specific needs of the United States Navy. The first is a requirement to lower shipboard manning levels. Through the development of "smart valves," which are self-monitoring and regulating, manual requirements can be significantly reduced. We are developing such products through the use of both internal resources and teaming arrangements where appropriate. We are also responding to another need, which is to provide titanium valves that have greater resistance to salt water corrosion and are made of materials more compatible with on-board piping systems. Success in these areas would expand our opportunities with a customer with whom we have had a long-term relationship.

Flow Control Products & Services also has developed a Risk-Informed Program that has been submitted to the Nuclear Regulatory Commission for review and approval. It is a program designed to improve the inspection process for welded joints at nuclear power plants resulting in reduced costs to electrical utilities. If we are successful in obtaining the Commission's approval, we feel that it has outstanding potential as an additional service that Curtiss-Wright can provide to our customers.

An example of expanding our existing technologies to new products and markets has been the application of our aerospace actuator gear technology to the rescue market, which resulted in the Curtiss-Wright PowerHawk(R) Rescue Tool--a product we feel has significant advantages over competitive alternatives. In 1998, we continued to expand the line of accessories that can be used in conjunction with the tool. Our line of PowerHawk(R) products now includes a power pusher ram for vehicle extraction and building collapse situations, a turboventilator/portable blower, and a portable winch. Although sales of our PowerHawk(R) line of products have not grown as fast as originally anticipated, based upon customer feedback, we continue to believe that through persistence and market education, the significant advantages of our patented technology will make themselves apparent.

product development

New flow control products can expand our business with the U.S. Navy.

[PHOTO OMITTED]

Our valve technology can be applied to new products for use outside the nuclear power industry.

[PHOTO OMITTED]

Our development work on laser technology illustrates why we are considered a technological leader for metal-treating applications.

[PHOTO OMITTED]

[GRAPHIC OMITTED]

[PHOTO OMITTED]

| We will continue to enter new global markets and expand the applications of our products, technologies and services.

NEW MARKETS

Curtiss-Wright has been involved in the aviation industry since each of the original companies, the Wright Company and the Curtiss Aeroplane and Motor Corporation, began operations. Throughout Curtiss-Wright's 69-year history, we have been a major force in aviation and much of our prosperity has resulted from the strength of the commercial aviation market.

Many industry analysts are projecting a slowdown in the aerospace industry. As we look to the future, we are seeking to continue to expand our diversified base to new markets for added balance to our growth and to offset the effect the aviation industry's cyclical nature has had on our financial performance. In diversifying, we seek to expand our current capabilities in metal treatment and flow control and in applying aviation technology to other industries, to increase our market share in our existing product lines, and to stretch our geographic reach. The acquisitions we made in 1998 were steps toward more diversified growth.

The acquisition of Enertech gives Curtiss-Wright access to new markets--we move outside the nuclear containment area into the entire plant and increase our service capabilities. These opportunities will broaden our exposure to the entire nuclear power industry. Our Flow Control Products & Services business was also enhanced with the award of contracts to supply valves for nuclear power plant construction in Eastern Asia. This success reflects the design capabilities of Curtiss-Wright and gives us the ability to participate in new nuclear plant construction in Asian markets.

Enertech also provides us with a presence in the design, manufacture and distribution of fluid power products and systems. Enertech currently conducts activities in the automotive and entertainment industries and looks to potentially expand its applications to serve existing needs in other markets.

In our Precision Manufacturing Products & Services operation, we see significant opportunities for new market development. First, the high cost of shipping parts for metal treating and short turnaround requirements create pressures to locate facilities near the original manufacturing sites. To date, we have established 36 facilities around the world, and we intend to continue increasing that number. We seek to establish a network of heat-treating facilities, while expanding the number of shot-peening operations. In 1998, we added Alpha Heat Treaters in York, Pennsylvania. We have also opened three facilities in Europe in the last two years. Geographical expansion is an emphasis for these businesses as there are a number of attractive markets where we have yet to establish a presence.

New market opportunities resulted from the acquisition of Curtiss-Wright Drive Technology (CWDT). CWDT takes us into military vehicle and railway markets. These markets are not tied to the commercial aircraft build cycle and should help us dampen the effect of downturns in that market on the Company's performance.

new markets

Global expansion will provide new opportunities as we continue to enter new markets overseas.

[PHOTO OMITTED]

We will be increasing our presence in the growing market for maintenance, repair and overhaul services at electrical power plants.

[PHOTO OMITTED]

A benefit of a 1998 acquisition is that we now have military vehicles and railway cars as new markets in which to participate.

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QUARTERLY RESULTS OF OPERATIONS (Unaudited)

(In thousands except per share amounts)	First	Second	Third	Fourth
1998 Quarters:				
Sales	\$ 60,846	\$ 59,405	\$ 62,603	\$ 66,559
Gross profit	18,122	21,749	20,851	21,292
Net earnings	6,605	7,701	6,758	7,989
Earnings per share:				
Basic earnings per common share	\$.65	\$.76	\$.66	\$.78
Dividends per common share	\$.13	\$.13	\$.13	\$.13
1997 Quarters:				
Sales	\$53,148	\$ 54,412	\$ 52,677	\$ 59,158
Gross profit	16,644	19,125	19,002	20,918
Net earnings	4,955	7,050	8,076	7,804
Earnings per share:				
Basic earnings per common share	.49	.69	.79	.77
Dividends per common share	.125	.125	.125	.13

CONSOLIDATED SELECTED FINANCIAL DATA (Unaudited)

(In thousands except per share data)	1998	1997	1996	1995	1994
Sales	\$249,413	\$219,395	\$170,536	\$154,446	\$155,001
Earnings before changes in accounting principles	29,053	27,885	16,109	18,169	19,547
Net earnings	29,053	27,885	16,109	18,169	19,303
Total assets	352,740	284,708	267,164	246,201	238,694
Long-term debt	20,162	10,347	10,347	10,347	9,047
Basic earnings per common share:					
Earnings before changes in accounting principles	\$ 2.85	\$ 2.74	\$ 1.59	\$ 1.79	\$ 1.93
Net earnings	\$ 2.85	\$ 2.74	\$ 1.59	\$ 1.79	\$ 1.91
Cash dividends	\$.52	\$.505	\$.50	\$.50	\$.50

FORWARD-LOOKING STATEMENTS

This annual report contains not only historical information but also forward-looking statements regarding expectations for future company performance. Forward-looking statements involve risk and uncertainty. See the Company's 1998 Annual Report on Form 10-K for a discussion of factors which could cause future results to differ from current expectations.

RESULTS OF OPERATIONS

Curtiss-Wright Corporation continued to post improved sales and operating performance in 1998. Sales for the year totaled \$249.4 million reflecting a 14% increase over 1997 sales of \$219.4 million and 46% above 1996 sales of \$170.5 million. Operating income increased 21% from \$30.0 million in 1997 to \$36.3 million in 1998 and more than doubled operating income of \$15.5 million from 1996. For the year, the Corporation posted consolidated net earnings of \$29.1 million or \$2.82 per diluted share, 4% above 1997 net earnings of \$27.9 million or \$2.71 per diluted share and 80% above the net earnings of \$16.1 million posted in 1996.

Sales increases for 1998, as compared with 1997, were achieved in all of the Corporation's business operating segments. Sales from Enertech, a valve manufacturing and service concern acquired on July 31, 1998, sales from Alpha Heat Treaters acquired on April 30, 1998 and an expansion of Precision Manufacturing Products & Services ("PMPS") operations, which added three additional facilities, augmented this increase. 1997 was also the first full year of operations for the overhaul and repair facility in Miami that was acquired in mid-year 1996. In the aggregate, acquisitions and business expansions have added sales of \$42.3 million to the Corporation's 1998 total.

Net earnings for 1998 were, however, impaired by the high level of additional charges for anticipated losses on Actuation and Control Products & Services ("ACPS") segment military development programs, inventory adjustments and costs related to the consolidation of its manufacturing operations referred to below. In the aggregate, 1998 net earnings were lowered by \$3.9 million or \$.38 per share as a result these charges. Partially offsetting those charges was the recognition in 1998 of insurance claims proceeds. The 1997 earnings results included a one-time gain from the sale of excess real estate which, after the benefit of a capital-loss carry-forward, added \$2.0 million or \$.20 per share. Net earnings for both 1997 and 1996 had also been impacted by losses caused by significant overruns on military actuation development contracts. In 1996 there were lower levels of non-operating revenue in comparison to 1997 and 1998.

New orders recorded in 1998 totaled \$232.2 million with an ending backlog of \$198.3 million. This represents a \$49 million increase in backlog compared to the \$149.2 million backlog at the end of 1997 substantially due to the acquisition of SIG Drive Technology Limited ("SDT") on December 31, 1998. It should be noted that sales in the PMPS segment are sold with very modest lead times. Accordingly, backlog for these product lines is less of an indication of future sales activity than the Corporation's backlog of long-lead Actuation and Control and Flow Control segment products.

SEGMENT PERFORMANCE

Precision Manufacturing Products & Services

The Corporation's PMPS business continues to achieve substantial increases in sales for 1998 as compared with the prior year. Sales improved 11% for 1998, reflecting increases in applications, particularly in aerospace, oil tool, petrochemical and other industrial markets, worldwide. In addition, 1998 sales benefited from contributions of an additional heat-treating facility in York, Pennsylvania acquired in April 1998. Sales improvements also reflect newly opened facilities in Belgium, Germany, England and Kansas. 1998 net income for the segment increased from 1997 by \$3.3 million or 22% to \$18.2 million. This increase reflected improved sales in traditional markets, growth in producing flapper valve components, lower overhead costs and a reduction in start-up costs from new facilities.

Sales and net earnings for 1997 had shown substantial improvements over 1996 results as well. 1997 sales and net earnings were 15% and 67%, respectively, above sales of \$82.6 million and net earnings of \$9.0 million posted in 1996. When comparing 1997 to 1996, increases were largely the result of a worldwide improvement in aerospace applications and reflected the diversification of products serviced by this segment, including services to form wingskins of commercial, regional and business aircraft and services on engine components and other aircraft parts.

Flow Control Products & Services

The Corporation's Flow Control Products & Services ("FCPS") segment posted increases in sales and net earnings of 43% and 39% from 1997 to 1998. These sales increases largely reflect the July 31, 1998 acquisition of Enertech, LLC. Enertech manufactures, distributes and represents a number of products for sale into commercial nuclear power plants, both domestically and internationally, and provides a broad range of overhaul and maintenance services to such plants. In 1998, sales of commercial valve products increased reflecting work performed for a foreign nuclear power plant under a contract received in late 1997. Net income for the year also benefited from improved cost performance on valve remakes and upgrade programs. While the Asian financial situation has not had an adverse effect on this business, the Corporation anticipates some slow-downs or stretch-outs in orders from this area in the future.

Sales for 1997 were 14% above those of 1996, while net income decreased by 3% in the comparable periods. Two U.S. Navy military valve programs and a high level of commercial field service and spare parts sales accounted for the sales improvements. Net earnings for 1997, as compared to 1996, were slightly impaired by higher administrative costs and expenses relating to a commercial royalty agreement.

Actuation and Control Products & Services

The ACPS segment posted a sales increase of 8% for 1998 when compared with those of 1997 primarily reflecting the continued high level of original equipment manufactured (OEM) products for Boeing. However, as the market approaches the projected peak of the jetliner production cycle, this segment continues to experience a number of cost and efficiency issues. In addition, inventory write-offs, book to physical and valuation adjustments severely impacted profits for this segment. In the aggregate, accounting adjustments, cost overruns on military development contracts and costs related to the consolidation of manufacturing operations resulted in a charge to net earnings of \$3.9 million or \$.38 per share in 1998.

Sales of military actuation products were slightly below those of 1997 as sales resulting from the completion of "safety of flight" testing on F-22 components early in 1998 were offset by the end of an F-16 shaft retrofit contract and lower foreign military sales. Sales of component overhaul services to foreign regions, while slightly below expectations, have been steady in 1998 and are above 1997 levels. The economic problems of foreign regions, including Asia, have not had an adverse impact on current performance. During 1998, the Corporation's sales of component overhaul and repair services in the aggregate have improved 7% compared with the prior year.

In the fourth quarter of 1998, the Corporation announced its plans to move the manufacturing operations of its Fairfield, New Jersey facility to its Shelby, North Carolina facility to reduce its operating costs. The Corporation recorded a charge of \$.5 million after taxes for severance and other employee-related costs and anticipates expenditures of \$1.6 million after taxes, in transportation and plant rearrangement costs in 1999.

Sales of this segment improved 51% in 1997 over 1996 and the segment reported net earnings of \$2.1 million as compared to a net loss of \$1.0 million in 1996. OEM sales of commercial aircraft components more than doubled those of 1996, reflecting increased Boeing requirements for actuation and control equipment. The Corporation participates on every Boeing commercial aircraft currently flying and production levels were at a record high at the end of 1997. Sales of overhaul and repair services increased 53% when comparing 1997 to 1996. Sales improvements were primarily reflective of a full year's operation from the Miami-based location, which had been acquired in May 1996. The net loss for this segment reported in 1996 was the combined result of additions to the workforce, associated training and other costs incurred during the start-up phase of new Boeing production programs. Costs were further increased by the timing and magnitude of increased production work stemming from Boeing's aggressive ramp-up.

CORPORATE AND OTHER EXPENSES

These costs include administrative expenses, recognition of remediation costs, costs for legal services to pursue claims against related parties and related recoveries of such claims.

OTHER REVENUES

The Corporation recorded other non-operating net revenues for 1998 aggregating \$11.7 million compared with \$12.3 million in 1997 and \$9.0 million in 1996. In 1997, the Corporation sold two parcels of undeveloped land generating the significant increase in other revenues for 1997, as compared with 1996. The Corporation recognized net earnings of \$2.0 million or \$.20 per share, which reflects tax benefits from the application of a capital-loss carry-forward to the gains realized on the sales. Other revenues generated by investments and rental properties have been relatively consistent over the last three years.

Included in other revenues for the Corporation is pension income resulting from the amortization into income of the excess of the retirement plan's assets over the estimated obligations under the plan. On an after-tax basis, pension income amounted to \$3.2 million in 1998 as compared with \$2.2 million in 1997 and \$2.3 million in 1996. The amount recorded largely reflects the extent to which the expected return on plan assets exceeds the service and interest costs of providing benefits, as detailed in Note 12 to Consolidated Financial Statements.

CHANGES IN FINANCIAL POSITION

Liquidity and Capital Resources

The Corporation's working capital decreased slightly at December 31, 1998, totaling \$130.8 million as compared with \$132.8 million at December 31, 1997. The ratio of current assets to current liabilities was 2.9 to 1 at December 31, 1998 compared with 4.4 to 1 at the end of 1997. The Corporation's balance of cash and short-term investments totaled \$72.3 million at December 31, 1998 increasing \$3.5 million over balances at December 31, 1997.

Working capital changes were highlighted by an increase in accounts receivable of \$19.3 million and inventories of \$4.3 million during the year. These increases are largely due to the acquisitions of Alpha, Enertech and SDT during 1998. Current liabilities increased \$29.2 million at December 31, 1998, compared with the prior year end, largely due to borrowings under the Corporation's short-term credit agreement used to fund the SDT acquisition.

At December 31, 1998, the Corporation's balance sheet was dramatically different than its balance sheet at December 31, 1997. The changes reflect the acquisition of three companies in 1998, two of which involved aggregated cash outflows of \$19.3 million, while the third added \$21.9 million of debt to the year-end financial position. Acquisitions in 1998 also added \$27.0 million of goodwill to the balance sheet for the excess of the purchase prices over the combined fair value of the net assets acquired. In addition, the Corporation completed an industrial revenue bond (IRB) financing in 1998. The additional \$8.4 million of debt provided for the plant expansion of the Shelby, North Carolina facility and related equipment purchases necessary to meet the demands of the new Boeing contracts and the growth of the overhaul service business.

The Corporation continues to maintain its \$22.5 million revolving credit lending facility and its \$22.5 million short-term credit agreement. As discussed above and in Note 9 to Consolidated Financial Statements, these credit agreements were used to finance the SDT acquisition at December 31, 1998. The revolving credit agreement also encompasses various letters of credit issued primarily in connection with outstanding industrial revenue bonds. The combined maximum available credit unused under these agreements at December 31, 1998 was \$3.0 million. Borrowings under the short-term credit agreement total \$20.5 million and are payable at the expiration of the agreement on October 22, 1999. However, the Corporation intends to seek an extension of this agreement in advance of its expiration or explore other financing vehicles as necessary to extend the payment of this debt beyond 1999.

Capital expenditures were \$10.6 million in 1998, decreasing from \$11.2 million spent in 1997 and well below capital expenditures of \$14.1 million in 1996. Principal expenditures were for the expansion of PMPS facilities, which is relocating three sites to larger, more efficient facilities, and purchased additional equipment to service those facilities. Strategic purchases for the FCPS segment include procuring state-of-the-art welding capabilities to service nuclear customer requirements and additional machining capabilities for large valve components. ACPS segment capital costs in 1998 were predominantly to replace older equipment to maintain the segment's manufacturing capabilities.

In 1999, capital expenditures are expected to increase significantly due to the continued expansion of the PMPS and the relocation of the ACPS segment's overhaul business to a second North Carolina facility. In addition, expenditures for OEM equipment in both the ACPS and FCPS segments are expected. At December 31, 1998, the Corporation had commitments of \$7.5 million primarily for the relocation of the PMPS segment's United Kingdom facility and to purchase capital equipment in 1999.

Cash generated from operations and current short-term investment holdings are considered adequate to meet the Corporation's overall cash requirements for the upcoming year, absent the debt repayments as discussed above. This includes planned capital expenditures, normal dividends, satisfying environmental obligations and working capital requirements.

Year 2000

As many computer systems and other equipment with embedded chips or processors (collectively, "Business Systems") use only two digits to represent the year, they may be unable to process accurately certain data before, during or after the year 2000. As a result, business and governmental entities are at risk for possible miscalculations or systems failures causing disruptions in their business operations. This is commonly known as the "Y2K" issue. The Y2K issue can arise at any point in the Corporation's supply, manufacturing, processing, distribution and financial chains.

The Corporation and each of its operating units are in the process of implementing a Y2K program with the objective of having all of their business systems, including those that affect facilities and manufacturing activities, functioning properly with respect to the Y2K issue before January 1, 2000. Each operating entity of the Company is in a different stage of readiness. The scope of work includes ensuring the compliance of all applications, operating systems and hardware on mainframe, PC and LAN platforms, non-information technology software and equipment and addressing key suppliers and customers.

The first component of the readiness program was to identify the internal business systems of the Corporation that are susceptible to system failures or processing errors as a result of the Y2K issue. This effort is substantially complete for existing sites and is being expanded to include the SDT acquisition.

The second component of the Y2K readiness program involves the actual remediation and replacement of business systems. The Corporation is using both internal and external resources to identify Y2K non-compliance problems, modify code and test the resulting modifications. Those business systems considered most critical to continuing operations are being given the highest priority. In some cases, non-compliant software and hardware will be replaced. Based on the current schedule, the Corporation expects to be in full compliance with its internal business systems during 1999.

As part of the Y2K readiness program, significant service providers, vendors, suppliers and customers that are believed to be critical to on-going business operations have been identified and contacted in an attempt to ascertain their stage of readiness through questionnaires and other available means. To the extent that responses to Y2K readiness are unsatisfactory, the Corporation intends to seek alternative suppliers, service providers or contractors who have demonstrated Y2K readiness. In the event that any of the Corporation's significant customers and suppliers do not successfully and timely achieve Y2K compliance, and the Corporation is unable to replace them with new customers or alternate suppliers, the Corporation's business or operations could be adversely affected.

Concurrently, with the Y2K readiness measures described above, the Corporation and its operating units are developing contingency plans intended to mitigate the possible disruption in business operations that may result from the Y2K issue and are developing cost estimates for such plans.

It is currently estimated that the incremental costs of the Corporation's Y2K remediation efforts will be approximately \$.5 million of which approximately \$.2 million has been spent. These costs are being expensed as they are incurred. The costs associated with the replacement of computerized systems and hardware are currently estimated to be \$.3 million, which would be capitalized. These amounts do not include any costs associated with the implementation of contingency plans that are in the process of being developed.

The Corporation's Y2K readiness program is an on-going process and the estimates of costs and completion dates are subject to change.

Euro Conversion

Curtiss-Wright operates in Europe through PMPS and ACPS segment facilities located in the United Kingdom, France, Germany, Belgium, Denmark and Switzerland. On January 1, 1999, eleven participating members of the European Monetary Union established fixed conversion rates between their existing currencies and the Euro. Existing currencies will continue to be used as legal tender through January 1, 2002. Thereafter, those currencies will be canceled and replaced solely by Euro notes and coinage. At this time the United Kingdom, the source of most of the Corporation's European sales, is not participating in this change. The Corporation anticipates that the Euro conversion will not have a material adverse impact on its financial condition, results of operations or liquidity.

Recently Issued Accounting Standards

As discussed in Note 1 to the Consolidated Financial Statements, the Corporation has reviewed Statement of Financial Accounting Standards No. 133, "Accounting for Derivatives and Hedging Activities". Due to the limited use of derivative instruments by the Corporation, this statement will not have a material effect on the Corporation's results of operations or financial condition. The statement is effective for the Corporation beginning January 1, 2000.

REPORT OF THE CORPORATION

The consolidated financial statements appearing on pages 22 through 37 of this Annual Report have been prepared by the Corporation in conformity with generally accepted accounting principles. The financial statements necessarily include some amounts that are based on the best estimates and judgments of the Corporation. Other financial information in the Annual Report is consistent with that in the financial statements.

The Corporation maintains accounting systems, procedures and internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are executed in accordance with the appropriate corporate authorization and are properly recorded. The accounting systems and internal accounting controls are augmented by written policies and procedures; organizational structure providing for a division of responsibilities; selection and training of qualified personnel and an internal audit program. The design, monitoring, and revision of internal accounting control systems involve, among other things, management's judgment with respect to the relative cost and expected benefits of specific control measures.

PricewaterhouseCoopers LLP, independent certified public accountants, have examined the Corporation's consolidated financial statements as stated in their report. Their examination included a study and evaluation of the Corporation's accounting systems, procedures and internal controls, and tests and other auditing procedures, all of a scope deemed necessary by them to support their opinion as to the fairness of the financial statements.

The Audit Committee of the Board of Directors, composed entirely of Directors from outside the Corporation, among other things, makes recommendations to the Board as to the nomination of independent auditors for appointment by stockholders and considers the scope of the independent auditors' examination, the audit results and the adequacy of internal accounting controls of the Corporation. The independent auditors have direct access to the Audit Committee, and they meet with the Committee from time to time with and without management present, to discuss accounting, auditing, internal control and financial reporting matters.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of Curtiss-Wright Corporation

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of earnings and stockholders' equity and of cash flows present fairly, in all material respects, the financial position of Curtiss-Wright Corporation and its subsidiaries at December 31, 1998 and 1997, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Florham Park, New Jersey
February 1, 1999

CONSOLIDATED STATEMENTS OF EARNINGS

(In thousands except per share data) For the years ended December 31,	----- 1998	1997(1)	1996(1) -----
Net sales	\$249,413	\$219,395	\$170,536
Cost of sales	167,399	143,706	117,067
Gross profit	82,014	75,689	53,469
Research and development costs	1,346	1,877	997
Selling expenses	11,606	7,979	6,337
General and administrative expenses	34,277	32,694	28,207
Environmental remediation and administrative expenses, net of recovery	(1,562)	3,132	2,397
Operating income	36,347	30,007	15,531
Investment income, net	3,206	3,432	2,968
Rental income, net	3,299	3,342	2,816
Pension income, net	5,126	3,312	3,651
Other income (expense), net	87	2,193	(450)
Interest expense	485	387	387
Earnings before income taxes	47,580	41,899	24,129
Provision for income taxes	18,527	14,014	8,020
Net earnings	\$ 29,053	\$ 27,885	\$ 16,109
Net Earnings per Common Share:			
Basic earnings per share	\$ 2.85	\$ 2.74	\$ 1.59
Diluted earnings per share	\$ 2.82	\$ 2.71	\$ 1.58

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

See notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

(In thousands)	December 31,	----- 1998 -----	1997 -----
Assets:			
Current assets:			
Cash and cash equivalents		\$ 5,809	\$ 6,872
Short-term investments		66,444	61,883
Receivables, net		60,912	41,590
Deferred tax assets		7,841	8,806
Inventories		54,048	49,723
Other current assets		3,519	2,506
		-----	-----
Total current assets		198,573	171,380
		-----	-----
Property, plant and equipment, at cost:			
Land		4,645	4,486
Buildings and improvements		91,325	89,096
Machinery, equipment and other		141,245	126,005
		-----	-----
		237,215	219,587
Less, accumulated depreciation			
		162,704	153,704
		-----	-----
Property, plant and equipment, net		74,511	65,883
Prepaid pension costs		43,822	38,674
Goodwill		30,724	3,797
Other assets		5,110	4,974
		-----	-----
Total assets		\$ 352,740	\$ 284,708
		=====	=====
Liabilities:			
Current liabilities:			
Current portion of long-term debt		\$ 20,523	\$ --
Accounts payable		13,433	9,900
Accrued expenses		17,254	14,640
Income taxes payable		5,052	4,845
Other current liabilities		11,548	9,244
		-----	-----
Total current liabilities		67,810	38,629
		-----	-----
Long-term debt		20,162	10,347
Deferred income taxes		9,714	8,799
Accrued postretirement benefit costs		9,575	9,850
Other liabilities		15,886	12,230
		-----	-----
Total liabilities		123,147	79,855
		-----	-----
Contingencies and Commitments (Notes 9 and 14)			
Stockholders' Equity:			
Preferred stock, \$1 par value, 650,000 authorized, none issued			
Common stock, \$1 par value, 22,500,000 authorized, 15,000,000 shares issued (outstanding shares 10,190,790 for 1998 and 10,175,140 for 1997)		15,000	15,000
Additional paid in capital		51,669	52,010
Retained earnings		342,218	318,474
Unearned portion of restricted stock		(40)	(342)
Accumulated other comprehensive income		(2,800)	(3,289)
		-----	-----
		406,047	381,853
Less, treasury stock at cost (4,809,210 shares for 1998 and 4,824,860 shares for 1997)			
		176,454	177,000
		-----	-----
Total stockholders' equity		229,593	204,853
		-----	-----
Total liabilities and stockholders' equity		\$ 352,740	\$ 284,708
		=====	=====

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	For the years ended December 31,	1998	1997	1996
Cash flows from operating activities:				
Net earnings		\$ 29,053	\$ 27,885	\$ 16,109
Adjustments to reconcile net earnings to net cash provided by operating activities:				
Depreciation and amortization		9,661	9,097	8,946
Net (gains) losses on sales and disposals of real estate and equipment		94	(1,968)	473
Net gains on short-term investments		(266)	(1,717)	(1,014)
Deferred taxes		1,494	76	(168)
Changes in operating assets and liabilities, net of business acquired:				
Proceeds from sales of trading securities		374,802	342,416	333,577
Purchases of trading securities		(379,097)	(349,500)	(323,172)
(Increase) decrease in receivables		(7,181)	(4,929)	5,500
(Increase) decrease in inventories		734	(3,624)	(12,057)
Increase (decrease) in progress payments		(1,248)	1,934	(2,622)
Increase (decrease) in accounts payable and accrued expenses		2,470	(666)	6,810
Increase in income taxes payable		207	1,656	1,189
Increase in other assets		(5,446)	(3,860)	(4,705)
Increase (decrease) in other liabilities		(236)	(2,458)	4,222
Other, net		881	(879)	143
Total adjustments		(3,131)	(14,422)	17,122
Net cash provided by operating activities		25,922	13,463	33,231
Cash flows from investing activities:				
Proceeds from sales and disposals of real estate and equipment		950	3,460	96
Additions to property, plant and equipment		(10,642)	(11,231)	(14,156)
Acquisition of new businesses		(41,711)		(16,640)
Net cash used for investing activities		(51,403)	(7,771)	(30,700)
Cash flows from financing activities:				
Proceeds from short-term borrowing		20,523	--	--
Proceeds from long-term borrowing		9,815	--	--
Common stock repurchase		(611)	--	--
Dividends paid		(5,309)	(5,137)	(5,079)
Net cash (used for) provided by financing activities		24,418	(5,137)	(5,079)
Net increase (decrease) in cash and cash equivalents		(1,063)	555	(2,548)
Cash and cash equivalents at beginning of year		6,872	6,317	8,865
Cash and cash equivalents at end of year		\$ 5,809	\$ 6,872	\$ 6,317

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In thousands)	Common Stock	Additional Paid in Capital	Retained Earnings	Unearned Portion of Restricted Stock Awards	Accumulated Other Comprehensive Income	Comprehensive Income	Treasury Stock
December 31, 1995	\$10,000	\$57,141	\$288,710	\$(780)	\$(1,330)		\$181,562
Comprehensive income:							
Net earnings			16,109			\$16,109	
Translation adjustments, net					(176)	(176)	
Total comprehensive income						\$15,933	
Common dividends			(5,079)				
Stock awards issued		10		(93)			(83)
Stock options exercised, net		(24)					(89)
Amortization of earned portion of restricted stock awards				265			
December 31, 1996	10,000	57,127	299,740	(608)	(1,506)		181,390
Comprehensive income:							
Net earnings			27,885			\$27,885	
Translation adjustments, net					(1,783)	(1,783)	
Total comprehensive income						\$26,102	
Common dividends			(5,137)				
Stock options exercised, net		(117)					(376)
Amortization of earned portion of restricted stock awards				266			
Two-for-one stock split	5,000	(5,000)	(4,014)				(4,014)
December 31, 1997	15,000	52,010	318,474	(342)	(3,289)		177,000
Comprehensive income:							
Net earnings			29,053			\$29,053	
Translation adjustments, net					489	489	
Total comprehensive income						\$29,542	
Common dividends			(5,309)				612
Common stock repurchase							
Stock options exercised, net		(449)					
Amortization of earned portion of restricted stock awards		108		302			(1,158)
December 31, 1998	\$15,000	\$51,669	\$342,218	\$(40)	\$(2,800)		\$176,454

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Curtiss-Wright Corporation and its subsidiaries (the "Corporation") is a diversified multinational manufacturing and service concern that designs, manufactures and overhauls precision components and systems and provides highly engineered services to the aerospace, defense, automotive, shipbuilding, oil, petrochemical, agricultural equipment, power generation, railroad, metalworking, and fire and rescue industries. Operations are conducted through five manufacturing facilities, thirty-six metal treatment service facilities and four component overhaul locations.

A. Principles of Consolidation

The financial statements of the Corporation have been prepared in conformity with generally accepted accounting principles and such preparation has required the use of management's estimates in presenting the consolidated accounts of the Corporation, after elimination of all significant intercompany transactions and accounts. Management's estimates include assumptions that affect the reported amount of assets, liabilities, revenue and expenses in the accompanying financial statements. Actual results may differ from these estimates.

B. Cash Equivalents

Cash equivalents consist of money market funds and commercial paper that are readily convertible into cash, all with original maturity dates of three months or less.

C. Progress Payments

Progress payments received under U.S. Government prime contracts and subcontracts have been deducted from receivables and inventories as disclosed in the appropriate following notes.

With respect to such contracts, the Government has a lien on all materials and work-in-process to the extent of progress payments.

D. Revenue Recognition

The Corporation records sales and related profits for the majority of its operations as units are shipped, services are rendered, or as engineering milestones are achieved. Sales and estimated profits under long-term valve contracts are recognized under the percentage-of-completion method of accounting. Profits are recorded pro rata, based upon current estimates of direct and indirect manufacturing and engineering costs to complete such contracts.

Losses on contracts are provided for in the period in which the loss becomes determinable. Revisions in profit estimates are reflected on a cumulative basis in the period in which the basis for such revisions become known.

In accordance with industry practice, inventoried costs contain amounts relating to contracts and programs with long production cycles, a portion of which will not be realized within one year.

E. Property, Plant and Equipment

Property, plant and equipment are carried at cost. Major renewals and betterments are capitalized, while maintenance and repairs that do not improve or extend the life of the assets are expensed in the period they occur.

Depreciation is computed using the straight-line method based upon the estimated useful lives of the respective assets.

Average useful lives for property and equipment are as follows:

Buildings and improvements	10 to 40 years
Machinery and equipment	4 to 15 years
Office furniture and equipment	3 to 10 years

F. Intangible Assets

Intangible assets consist primarily of the excess purchase price of the acquisitions over the fair value of net tangible assets acquired. The Corporation amortizes such costs on a straight-line basis over the estimated period benefited but not exceeding 30 years.

G. Financial Instruments

The financial instruments with which the Corporation is involved are primarily of a traditional nature. The Corporation's short-term investments are comprised of equity and debt securities, all classified as trading securities, which are carried at their fair value based upon the quoted market prices of those investments at December 31, 1998 and 1997. Accordingly, net realized and unrealized gains and losses on trading securities are included in net earnings. The Corporation also, where circumstances warrant, participates in derivative financial instruments consisting primarily of commitments to purchase stock. Derivative financial instruments are included as short-term investments in the Corporation's balance sheets and are carried at their fair market value, information on which appears in Note 3.

H. Environmental Costs

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 quantifiable, 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.

I. Accounting for Stock-Based Compensation

The Corporation follows Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB No. 25), in

accounting for its employee stock options, rather than the alternative method of accounting provided under Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS No. 123). Under APB No. 25, the Corporation does not recognize compensation expense on stock options granted to employees because the exercise price of the options is equal to the market price of the underlying stock on the date of the grant. Further information concerning options granted under the Corporation's Long-Term Incentive Plan is provided in Note 10.

J. Capital Stock

On April 11, 1997, the stockholders approved an increase in the number of authorized common shares from 12,500,000 to 22,500,000. On November 17, 1997, the Board of Directors declared a two-for-one stock split in the form of a 100% stock dividend. The split, in the form of 1 share of common stock for each share outstanding, was payable on December 23, 1997. To effectuate the stock split, the Corporation issued 5,000,000 original shares at \$1.00 par value from capital surplus and the remaining 87,271 shares from its treasury account at cost, with a corresponding reduction in retained earnings of \$4,014,000. Accordingly, all references throughout this annual report to number of shares, per share amounts, stock option data and market prices of the Corporation's common stock have been restated to reflect the effect of the split for all periods presented.

In October 1998 the Corporation initiated a stock repurchase program, approved by its Board of Directors, under which the Company is authorized to purchase up to 300,000 shares or approximately 3% of its outstanding common stock. Purchases were authorized to be made from time to time in the open market or privately negotiated transactions, depending on market and other conditions, based upon the view of the Corporation that recent market prices of the stock did not adequately reflect the true value of the Corporation. Accordingly, it represented an attractive investment opportunity for the Corporation.

K. Comprehensive Income

Effective January 1, 1998, the Corporation adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" (SFAS No. 130). SFAS No. 130 establishes standards for reporting and displaying changes in equity from non-owner sources. Total comprehensive income for the years ended December 31, 1998, 1997 and 1996 is shown in the Statements of Stockholders' Equity.

L. Earnings per Share

Effective for the fiscal year ended December 31, 1997, the Corporation accounts for its earnings per share (EPS) in accordance with Statement of Financial Accounting Standards No. 128, "Earnings Per Share," (SFAS No. 128). Under SFAS No. 128, the Corporation is required to report both basic earnings per share as based on the weighted average number of common shares outstanding and diluted earnings per share as based on the weighted average number of common shares outstanding plus all potentially dilutive common shares issuable. In accordance with SFAS No. 128, all prior period earnings per share data have been restated. Earnings per share calculations for the years ended December 31, 1998, 1997 and 1996 are as follows:

(In thousands, except per share data)	Net Income	Weighted Average Shares Outstanding	Per Share Amount

1998			
Basic earnings per share	\$29,053	10,194	\$2.85
Effect of dilutive securities:			
Stock options		109	
Deferred stock compensation		2	
Diluted earnings per share	\$29,053	10,305	\$2.82

1997			
Basic earnings per share	\$27,885	10,172	\$2.74
Effect of dilutive securities:			
Stock options		118	
Deferred stock compensation		1	
Diluted earnings per share	\$27,885	10,291	\$2.71

1996			
Basic earnings per share	\$16,109	10,158	\$1.59
Effect of dilutive securities:			
Stock options		59	
Diluted earnings per share	\$16,109	10,217	\$1.58

M. Newly Issued Accounting Pronouncements

On June 15, 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for

Derivatives and Hedging Activities" (SFAS No. 133). SFAS No. 133 is effective for all fiscal quarters of all fiscal years beginning after June 15, 1999 (January 1, 2000 for the Corporation). SFAS No. 133 requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives will be recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, the type of hedge transaction. Manage-

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ment of the Corporation anticipates that, due to its limited use of derivative instruments, the adoption of SFAS No. 133 will not have a significant effect on its results of operations or its financial position.

2. Acquisitions

The Corporation acquired three companies in 1998 and one company in 1996, as described below. All companies acquired have been accounted for as purchases with the excess of the purchase price over the estimated fair value of the net assets acquired recorded as goodwill. The results of each operation have been included in the consolidated financial results of the Corporation from the date of acquisition.

SIG-Antriebstechnik AG

On December 31, 1998, the Corporation completed the acquisition of the shares of SIG-Antriebstechnik AG, a unit of SIG Swiss Industrial Company Holding Ltd., for approximately \$22.0 million in cash, subject to adjustments as provided in the agreement. The acquired company, to be renamed Curtiss-Wright Antriebstechnik GmbH (Curtiss-Wright Drive Technology, Ltd.), is a leading provider of high-technology drive solutions for three principal markets: military tracked and wheeled vehicles, high-speed railroad trains, and commercial marine propulsion. The Company's drive system solutions involve electromechanical and electrohydraulic actuation components and systems including electronic controls. Drive Technology's sales were approximately \$17 million in 1998 with a year-end backlog of approximately \$53 million. The excess of purchase price over the fair value of the net assets is approximately \$17 million. The fair value of the net assets acquired was based on preliminary estimates and may be revised at a later date.

Enertech

On July 31, 1998, the Corporation purchased the assets of Enertech, LLC (Enertech) which distributes, represents and manufactures a number of products for sale into commercial nuclear power plants, both domestically and internationally. Enertech also provides a broad range of overhaul and maintenance services for such plants from its two principal locations in California and Georgia. The Corporation acquired the net assets of Enertech for approximately \$15.2 million in cash of which \$13.2 million was paid at closing and \$2.0 million deferred to a specific future contract date subject to adjustments as provided in the agreement. The excess of purchase price over the fair value of the net assets is approximately \$9.0 million and is being amortized over 30 years. The fair value of the net assets acquired was based on preliminary estimates and may be revised at a later date.

Alpha Heat Treaters

The Corporation purchased the assets of the Alpha Heat Treaters ("Alpha") division of Alpha-Beta Industries, Inc. on April 30, 1998. Alpha services a broad spectrum of customers from its York, Pennsylvania location and provides a number of metal treating processes including carburizing, surface hardening, stress relieving, induction hardening and black oxide surface treatment services. The Corporation acquired the net assets of Alpha for approximately \$6.1 million in cash. The excess of purchase price over the fair value of the net assets is approximately \$1.0 million, which is being amortized over 25 years. The fair value of the net assets acquired was based on preliminary estimates and may be revised at a later date.

Accessory Services

The Corporation purchased the Miami, Florida-based Accessory Services unit of Aviall, Inc. ("Accessory Services") on May 20, 1996 acquiring the net assets of Accessory Services for \$16.6 million in cash. The excess of purchase price over the estimated fair value of the net assets acquired amounted to approximately \$4.0 million and is being amortized on a straight-line basis over 30 years.

The unaudited pro forma consolidated results of operations shown below have been prepared as if the above acquisitions had occurred at the beginning of 1998 and 1996, respectively:

(In thousands, except per share data)	----- 1998 -----	1996 -----
Net sales	\$277,945	\$178,816
Net earnings	30,280	16,437
Diluted earnings per common share	2.94	1.61

3. Short-Term Investments

The composition of short-term investments at December 31 is as follows:

(In thousands)	1998		1997	
	Cost	Fair Value	Cost	Fair Value
Money market preferred stock	\$54,797	\$54,797	\$45,697	\$45,697
Tax-exempt money market preferred stock	2,995	2,995	--	--
Common and preferred stocks	6,007	6,203	3,090	3,205
Utility common stocks purchased	--	--	20,268	20,308
Utility common stocks sold short	--	--	(11,033)	(11,121)
Options	49	49	--	--
Tax exempt revenue bonds	2,400	2,400	3,790	3,794
Total short-term investments	\$66,248	\$66,444	\$61,812	\$61,883

Investment income for the years ended December 31 consists of:

(In thousands)	1998	1997	1996
Net realized gains on the sale of trading securities	\$ 141	\$1,435	\$ 527
Interest and dividend income, net	2,940	1,715	1,954
Net unrealized holding gains	125	282	487
Investment income, net	\$3,206	\$3,432	\$2,968

4. Receivables

Receivables include amounts billed to customers, claims and other receivables and unbilled charges on long-term contracts consisting of amounts recognized as sales but not billed. Substantially all amounts of unbilled receivables are expected to be billed and collected in the subsequent year.

Credit risk is generally diversified due to the large number of entities comprising the Corporation's customer base and their geographic dispersion. The largest single customer represented 7% of the total outstanding billed receivables at December 31, 1998 and 12% of the total outstanding billed receivables at December 31, 1997. The Corporation performs ongoing credit evaluations of its customers and establishes appropriate allowances for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends and other information.

The composition of receivables at December 31 is as follows:

(In thousands)	1998	1997
Billed Receivables:		
Trade and other receivables	\$63,412	\$49,110
Less: progress payments applied	11,687	10,460
Allowance for doubtful accounts	1,910	1,747
Net billed receivables	49,815	36,903
Unbilled Receivables:		
Recoverable costs and estimated earnings not billed	17,447	13,022
Less: progress payments applied	6,350	8,335
Net unbilled receivables	11,097	4,687
Total receivables, net	\$60,912	\$41,590

5. Inventories

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

(In thousands)	1998	1997
Raw material	\$ 8,862	\$ 5,514
Work-in-process	22,802	22,686
Finished goods/component parts	23,130	21,782
Inventoried costs related to U.S. Government and other long-term contracts	4,780	5,547
Inventories	59,574	55,529
Less: progress payments applied, principally related to long-term contracts	5,526	5,806
Net inventories	\$54,048	\$49,723

6. Accrued Expenses and Other Current Liabilities

Accrued expenses at December 31 consist of the following:

(In thousands)	1998	1997
Accrued compensation	\$ 5,967	\$ 5,878
Accrued taxes other than income taxes	1,108	1,357
Accrued insurance	1,662	1,659
All other	8,517	5,746
Total accrued expenses	\$17,254	\$14,640

Other current liabilities at December 31 consist of the following:

(In thousands)	----- 1998	1997 -----
Customer advances	\$ 4,655	\$ 66
Current portion of environmental reserves	1,881	3,036
Anticipated losses on long-term contracts	1,878	1,305
Litigation reserves	298	3,101
All other	2,836	1,736
	-----	-----
Total other current liabilities	\$11,548	\$9,244
	=====	=====

7. Income Taxes

There was no valuation allowance recorded in 1998 because it is more likely than not that all deferred tax assets will be realized. During 1997, the Corporation fully utilized its capital loss carry-forward of \$3,252,000 that would have expired on December 31, 1997. In 1997, the valuation allowance that was established to offset this deferred tax asset was reversed. The net change to the valuation allowance for deferred tax assets was a decrease of \$1,212,000 in 1997 from the utilization of all remaining loss carry-forwards.

Earnings before income taxes for the years ended December 31 are:

(In thousands)	----- 1998	1997	1996 -----
Domestic	\$33,320	\$29,965	\$15,195
Foreign	14,260	11,934	8,934
	-----	-----	-----
Total	\$47,580	\$41,899	\$24,129
	=====	=====	=====

The provisions (benefits) for taxes on earnings for the years ended December 31 consist of:

(In thousands)	----- 1998	1997	1996 -----
Current:			
Federal	\$ 8,835	\$ 7,523	\$4,041
State	3,045	4,197	3,388
Foreign	5,019	1,910	995
	-----	-----	-----
	16,899	13,630	8,424
	=====	=====	=====
Deferred:			
Federal	1,231	332	3
State	397	126	(236)
	-----	-----	-----
	1,628	458	(233)
	=====	=====	=====
Federal income tax on net capital gains	--	1,135	184
Utilization of capital loss carry-forwards	--	(1,135)	(184)
Valuation allowance	--	(74)	(171)
	-----	-----	-----
Provision for income tax	\$18,527	\$14,014	\$8,020
	=====	=====	=====

The effective tax rate varies from the U.S. Federal statutory tax rate for the years ended December 31 principally due to the following:

	----- 1998	1997	1996 -----
U.S. Federal statutory tax rate	35.0%	35.0%	35.0%
Add (deduct):			
Utilization of capital loss carry-forward	--	(2.7)	(.8)
Dividends received deduction and tax exempt income	(1.4)	(1.2)	(2.3)
State and local taxes	4.7	3.3	1.7
Valuation allowance	--	(.2)	(.7)
All other	.6	(.8)	.3
	-----	-----	-----

Effective tax rate

38.9%

33.4%

33.2%

=====

Curtiss-Wright Corporation and Subsidiaries 30

The components of the Corporation's deferred tax assets and liabilities at December 31 are as follows; however, 1997 figures have been reclassified for reporting purposes.

(In thousands)	----- 1998	1997 -----
Deferred tax assets:		
Environmental cleanup	\$ 6,428	\$ 6,838
Postretirement/employment benefits	4,065	4,177
Inventories	3,805	3,674
Supplemental retirement plans	1,000	869
Vacation pay	932	816
Legal matters	754	1,356
Other	4,002	3,314
	-----	-----
Total deferred tax assets	20,986	21,044
	-----	-----
Deferred tax liabilities:		
Pension	17,901	15,798
Depreciation	3,773	4,225
Gain on sale of properties	750	753
Other	435	261
	-----	-----
Total deferred tax liabilities	22,859	21,037
	-----	-----
Deferred tax asset valuation allowance	--	--
	-----	-----
Net deferred tax assets (liabilities)	\$(1,873)	\$ 7
	=====	=====

Deferred tax assets and liabilities are reflected on the Corporation's consolidated balance sheets at December 31 as follows:

(In thousands)	----- 1998	1997 -----
Current deferred tax assets	\$ 7,841	\$ 8,806
Non-current deferred tax liabilities	(9,714)	(8,799)
	-----	-----
Net deferred tax assets (liabilities)	\$(1,873)	\$ 7
	=====	=====

Income tax payments of \$16,321,000 were made in 1998, \$12,432,000 in 1997, and \$8,553,000 in 1996.

8. Long-Term Debt

Long-term debt at December 31 consists of the following:

(In thousands)	----- 1998	1997 -----
Short-term credit agreement borrowing, due 1999. Interest rate is 2.31% for 1998	\$20,523	--
Industrial Revenue Bonds, due from 2001 to 2023. Weighted average interest rate is 2.52% and 3.70% per annum for 1998 and 1997, respectively	\$18,747	\$10,347
	-----	-----
Revolving credit agreement borrowing, due 2001. Interest rate is 2.31% for 1998	1,415	--
	-----	-----
Total debt	40,685	10,347
	=====	=====
Less: Portion due within one year	20,523	--
	=====	=====
Total long-term debt	\$20,162	\$10,347
	=====	=====

Debts under the Corporation's short-term credit agreement and revolving credit agreement are denominated in Swiss francs. Actual borrowings at December 31, 1998 total 31,000,000 Swiss francs.

Aggregate maturities of debt are as follows:

(In thousands)

1999	=====
2000	\$20,523
2001	--
2002	2,715
2003	4,047
2004 and beyond	--
	13,400
	=====

Interest payments of approximately \$470,394, \$347,000 and \$383,000 were made in 1998, 1997 and 1996, respectively.

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9. Credit Agreements

The Corporation has two credit agreements in effect aggregating \$45,000,000 with a group of three banks. The credit agreements allow for borrowings to take place in certain foreign currencies. The Revolving Credit Agreement commits a maximum of \$22,500,000 to the Corporation for cash borrowings and letters of credit. The unused credit available under this facility at December 31, 1998 was \$1,060,000. The commitments made under the Revolving Credit Agreement expire October 29, 2001, but may be extended annually for successive one-year periods with the consent of the bank group. The Corporation also has in effect a Short-Term Credit Agreement which allows for cash borrowings of \$22,500,000, of which \$1,977,000 was available at December 31, 1998. The Short-Term Credit Agreement expires October 22, 1999. The Short-Term Credit Agreement may be extended, with the consent of the bank group, for an additional period not to exceed 364 days. Cash borrowings under the two credit agreements at December 31, 1998 were at a U.S. Dollar equivalent of \$21,938,000. The loans have an interest rate of 2.3125% which will be effective until February 1, 1999. No cash borrowings were outstanding at December 31, 1997. The Corporation is required under these Agreements to maintain certain financial ratios, and meet certain net worth and indebtedness tests for which the Corporation is in compliance. Under the provisions of the Agreements, retained earnings of \$36,498,000 were available for cash dividends and stock repurchases at December 31, 1998.

At December 31, 1998, substantially all of the industrial revenue bond issues are collateralized by real estate, machinery and equipment. Certain of these issues are supported by letters of credit which total approximately \$17,793,000. The Corporation has various other letters of credit outside the Revolving Credit Agreement totaling approximately \$1,010,000.

10. Stock Compensation Plans

Stock-Based Compensation: Pro forma information regarding net earnings and earnings per share is required by SFAS No. 123 and has been determined as if the Corporation had accounted for its 1998, 1997 and 1996 employee stock option grants under the fair value method of that Statement. Information with regards to the number of options granted, market price of the grants, vesting requirements and the maximum term of the options granted appears by plan type in the sections below. The fair value for these options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted average assumptions for 1998, 1997 and 1996, respectively: a risk-free interest rate of 4.80%, 5.88% and 6.6%; an expected volatility of 18.80%, 18.18% and 24.38%; an expected dividend yield of 1.38%, 1.37% and 2.0%; and a weighted average expected life of the option of 7 years for 1998 and 1997 and 10 years for 1996. For purposes of pro forma disclosures, no expense was recognized on the 1998 options due to the timing of the grant. The estimated fair value of the 1997 and 1996 option grants are presented as amortized to expense over the options' vesting period beginning January 1, 1996. The Corporation's pro forma information for the years ended December 31, 1998, 1997 and 1996 are as follows:

(In thousands, except per share data)	----- 1998 =====	1997	1996 -----
Net earnings:			
As reported	\$ 29,053	\$ 27,885	\$ 16,109
Pro forma	\$ 28,509	\$ 27,570	\$ 15,954
Net earnings per common share:			
As reported:			
Basic	\$ 2.85	\$ 2.74	\$ 1.59
Diluted	\$ 2.82	\$ 2.71	\$ 1.58
Pro forma:			
Basic	\$ 2.80	\$ 2.71	\$ 1.57
Diluted	\$ 2.77	\$ 2.68	\$ 1.56
	=====		=====

Long-Term Incentive Plan: Under a Long-Term Incentive Plan approved by stockholders in 1995, an aggregate total of 1,000,000 shares of common stock were reserved for issuance under said Plan. The total number of shares available for a grant to key employees in each year will be one percent of the shares outstanding at the beginning of that year, although that number may be increased by the number of shares available but unused in prior years and by the number of shares covered by previously terminated or forfeited awards. No more than 50,000 shares of common stock subject to the plan may be awarded in any year to any one participant in the plan.

Under this plan, the Corporation awarded 1,184,604 performance units in 1998, 997,841 in 1997 and 734,654 in 1996 to certain key employees. The performance units are denominated in dollars and are contingent upon the satisfaction of performance objectives keyed to profitable growth over a period of three fiscal years commencing with the fiscal year following such awards. The anticipated cost of such awards is expensed over the three-year performance period. However, the actual cost of the performance units may vary from total value of the awards depending upon the degree to which the key performance objectives are met. In addition, the Corporation granted non-qualified stock options in 1998, 1997 and 1996 to key employees. Stock options granted under this plan expire ten years after the date of the grant and are exercisable as follows: up to one-third of the grant after one full year, up to two-thirds of the grant after two full years and in full three years from the date of grant. Stock option activity during the periods is indicated as follows:



	Shares	Weighted Average Exercise Price	Options Exercisable
Outstanding at January 1, 1996	248,384	\$18.98	88,618
Granted	69,298	25.19	
Exercised	(4,054)	17.19	
Forfeited	(4,908)	20.07	
Outstanding at December 31, 1996	308,720	20.38	165,360
Granted	89,286	38.00	
Exercised	(19,302)	17.08	
Forfeited	(8,878)	22.33	
Outstanding at December 31, 1997	369,826	24.76	216,398
Granted	118,886	37.66	
Exercised	(31,554)	19.13	
Forfeited	(20,657)	30.59	
Outstanding at December 31, 1998	436,501	28.63	242,071

Stock Plan for Non-Employee Directors: The Stock Plan for Non-Employee Directors, approved by stockholders in 1996, authorized the grant of restricted stock awards and, at the option of the directors, the payment of regular stipulated compensation and meeting fees in equivalent shares. In June 1996, pursuant to the plan 3,612 shares of restricted stock were issued to non-employee directors, at no cost to them. The shares have been valued at a price of \$25.78 per share, the fair market price on the date of the award. The cost of the restricted stock awards is being amortized over their five-year restriction period. At December 31, 1997, the Corporation had deferred an additional 4,468 shares, at an average market value of \$27.45, for its non-employee directors pursuant to election by directors to receive such shares in lieu of payment for earned compensation under the plan. Depending on the extent to which the non-employee directors elect to receive future compensation in shares, total awards under this plan could reach or exceed 16,000 shares by April 12, 2006, the termination date of the plan.

11. Environmental Costs

In 1998, the Corporation successfully resolved some environmental issues and significant progress was achieved in other issues. Included in environmental expenses in 1998 are costs for the Corporation's lawsuit against a number of its insurance carriers with respect to the Corporation's environmental liabilities. The non-current environmental obligation on the books at December 31, 1998 was \$10,469,000 compared to \$9,346,000 in December 1997.

In 1998, the Corporation's Wood-Ridge, New Jersey site began operations to remediate soil and groundwater at the site. Costs to complete construction and begin the operation and maintenance of the system totaled \$854,000 in 1998. The cost of constructing and operating this site was provided in 1990 as part of a \$21,000,000 reserve established to remediate the property.

The Corporation has been named as a potentially responsible party, as have many other corporations and municipalities, in a number of environmental clean-up sites. Significant sites include Sharkey landfill superfund site, Parsippany, New Jersey; the Chemsol, Inc. superfund site, Piscataway, New Jersey; Pfohl Brothers landfill site, Cheektowaga, New York and PJP landfill, Jersey City, New Jersey. The Malta test station and Buffalo Airport sites were resolved in 1998.

The Corporation believes the outcome for any of the remaining sites will not have a materially adverse effect on the Corporation's results of operations or financial condition. The lawsuit by the Corporation against its insurance carriers is being contested, and no financial future recovery from this lawsuit has been recorded to reduce the Corporation's environmental costs.

12. Pension and Other Postretirement Benefit Plans

The Corporation maintains a non-contributory defined benefit pension plan covering substantially all employees. The Curtiss-Wright Retirement Plan non-union formula is based on years of credited service and the five highest consecutive years' compensation during the last ten years of service and a "cash balance" benefit; union employees who have negotiated a benefit under this plan are entitled to a benefit based on years of service multiplied by a monthly pension rate. Employees are eligible to participate in this plan after one year of service and are vested after five years of service. At December 31, 1998 and December 31, 1997, the Corporation had prepaid pension costs of \$43,822,000 and \$38,674,000, respectively, under this plan. The Corporation also maintains a non-qualified Restoration Plan covering those employees whose compensation or benefits exceeds the IRS limitation for pension benefits. Benefits under this plan are not funded and as such, the Corporation had an accrued pension liability of \$2,142,000 and \$2,195,000 at December 31, 1998 and 1997, respectively. Disclosures made below are aggregated in accordance with Statement of Financial Accounting Standards No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits."



	Pension Benefits		Other Benefits	
	1998	1997	1998	1997
Change in Benefit Obligation:				
Benefit obligation at beginning of year	\$113,718	\$112,722	\$ 4,125	\$ 6,516
Service cost	3,770	3,738	177	146
Interest cost	7,399	7,680	335	295
Plan participants' contributions				
Amendments				(1,742)
Actuarial gain	(1,805)	3,521	999	(576)
Benefits paid	(13,595)	(13,943)	(449)	(514)
Benefit obligation at end of year	109,487	113,718	5,187	4,125
Change in Plan Assets:				
Fair value of plan assets at beginning of year	230,743	192,599		
Actual return on plan assets	(343)	52,011		
Employer contribution	77	76	449	514
Plan participants' contribution				
Benefits paid	(13,595)	(13,943)	(449)	(514)
Fair value of plan assets at end of year	216,882	230,743		
Funded status	107,395	117,025	(5,187)	(4,125)
Unrecognized net actuarial loss (gain)	(59,314)	(72,951)	(2,560)	(3,703)
Unrecognized transition obligation	(6,582)	(7,739)		
Unrecognized prior service costs	181	144	(1,828)	(2,022)
Prepaid (accrued) benefit cost	\$41,680	\$36,479	\$(9,575)	\$(9,850)
Weighted-average assumptions as of December 31:				
Discount rate	6.75%	7.00%	6.75%	7.00%
Expected return on plan assets	8.50%	8.50%		
Rate of compensation increase	4.50%	4.50%		

For measurement purposes, an 8.18% annual rate of increase in the per capita cost of covered health care benefits was assumed for 1998. The rate was assumed to decrease gradually to 5.5% for 2007 and remain at that level thereafter.

	Pension Benefits		Other Benefits	
	1998	1997	1998	1997
Components of Net Periodic Benefit Cost (Revenue):				
Service cost	\$ 3,770	\$ 3,738	\$177	\$146
Interest cost	7,399	7,679	335	296
Expected return on plan assets	(14,562)	(13,681)		
Amortization of prior service cost	(37)	3	(193)	(167)
Amortization of transition obligation	(1,157)	(1,157)		
Recognized net actuarial loss	(539)	106	(145)	(213)
Net periodic benefit cost (revenue)	\$ (5,126)	\$ (3,312)	\$174	\$ 62
		1%		1%
		Increase		Decrease
Effect on total of services and interest cost components		\$ 68		\$ (57)
Effect on postretirement benefit obligation		\$556		\$ (476)

The Corporation had foreign pension costs in 1998, 1997 and 1996 under retirement plans of \$367,000, \$312,000 and \$249,000, respectively. At December 31, 1998, approximately 33% of the plan's assets are invested in debt securities, including a portion in U.S. Government issues. Approximately 67% of plan assets are invested in equity securities.

13. Leases

Buildings and Improvements Leased to Others. The Corporation leases certain of its buildings and related improvements to outside parties under noncancelable operating leases. Cost and accumulated depreciation of the leased buildings and improvements at December 31, 1998, were \$50,816,000 and \$44,559,000, respectively, and at December 31, 1997, were \$50,572,000 and \$43,692,000, respectively.

At December 31, 1998, the approximate future minimum rental income and commitment under operating leases that have initial or remaining noncancelable lease terms in excess of one year are as follows:

(In thousands)	Rental Income	Rental Commitment
1999	\$ 4,781	\$2,729
2000	4,459	1,914
2001	4,218	1,470
2002	2,558	1,287
2003	1,379	1,154
2004 and beyond	11,571	1,866

Facilities Leased from Others. The Corporation conducts a portion of its operations from leased facilities, which include manufacturing and service facilities, administrative offices and warehouses. In addition, the Corporation leases automobiles, machinery and office equipment under operating leases. Rental expenses for all operating leases amounted to approximately \$2,586,000 in 1998, \$2,239,000 in 1997 and \$2,283,000 in 1996.

14. Industry Segments

The Corporation has adopted Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" (SFAS No. 131). SFAS No. 131 establishes new standards for reporting information about operating segments

and related disclosures about products and services and geographic areas. Operating segments are defined as components of an enterprise about which separate financial information is available, such that it is evaluated regularly by the chief operating decision maker in assessing performance and allocating resources. The Corporation's chief operating decision maker is its Chairman and President. The operating segments are managed separately because each offers different products and serves different markets. The principle products and major markets of the three operating segments are described in the At a Glance section of this Annual Report.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. Interest income is not reported on an operating segment basis because short-term investments and returns on those investments are aggregated and evaluated separately from business operations.

The Corporation had one customer in the Actuation and Control Products & Services ("ACPS") segment which accounted for 16% of consolidated revenue in 1998 and 15% in 1997, but no customers which provided more than 10% of total sales in 1996.

CONSOLIDATED INDUSTRY SEGMENT INFORMATION

	Precision Mfg. Products & Services	Actuation and Control Products & Services	Flow Control Products & Services	Segment Total	Corporate & Other	Consolidated Total
Year Ended December 31, 1998:						
Revenue from external customers	\$105,999	\$105,400	\$38,014	\$249,413		\$249,413
Intersegment revenues	554			554		554
Interest expense	78	148	253	479	\$ 6	485
Depreciation and amortization expense	3,792	3,608	1,246	8,646	1,015	9,661
Income tax expense (benefit)	11,671	(240)	1,997	13,428	5,099	18,527
Segment net income (loss)	18,213	(1,033)	3,010	20,190	8,863	29,053
Segment assets	68,198	119,351	40,080	227,629	125,111	352,740
Expenditures for long-lived assets	6,053	2,111	2,180	10,344	298	10,642
Year Ended December 31, 1997:						
Revenue from external customers	95,362	97,369	26,664	219,395		219,395
Intersegment revenues	691			691		691
Interest expense	78	138	171	387		387
Depreciation and amortization expense	3,656	3,455	1,005	8,116	981	9,097
Income tax expense	9,328	805	1,409	11,542	2,472	14,014
Segment net income	14,932	2,116	2,161	19,209	8,676	27,885
Segment assets	56,254	94,473	15,986	166,713	117,995	284,708
Expenditures for long-lived assets	4,838	4,675	1,244	10,757	474	11,231
Year Ended December 31, 1996:						
Revenue from external customers	82,615	64,623	23,298	170,536		170,536
Intersegment revenues	477			477		477
Interest expense	78	134	167	379	8	387
Depreciation and amortization expense	3,533	2,956	1,037	7,526	1,420	8,946
Income tax expense (benefit)	5,586	(565)	1,254	6,275	1,745	8,020
Segment net income (loss)	8,958	(982)	2,234	10,210	5,899	16,109
Segment assets	54,340	86,575	17,977	158,892	108,272	267,164
Expenditures for long-lived assets	3,573	7,571	382	11,526	2,630	14,156

Reconciliations:	December 31,		
	1998	1997	1996
Revenues:			
Total segment revenue	\$249,413	\$219,395	\$170,536
Intersegment revenue	554	691	477
Elimination of intersegment revenue	(554)	(691)	(477)
Total consolidated revenues	\$249,413	\$219,395	\$170,536
Net Income:			
Total segment net income	\$20,190	\$ 19,209	\$ 10,210
Rental income, net	1,873	2,634	1,393
Investment income	2,581	3,181	2,712
Pension income	3,131	2,164	2,333
Corporate and other	1,278	697	(539)
Total consolidated profit or loss	\$ 29,053	\$ 27,885	\$ 16,109
Assets:			
Total assets for reportable segments	\$227,629	\$166,713	\$158,892
Short-term investments	66,444	61,883	55,674
Pension assets	43,822	38,674	35,016
Other assets	14,914	17,528	17,682
Elimination of intersegment receivables	(69)	(90)	(100)
Total consolidated assets	\$352,740	\$284,708	\$267,164

	December 31, 1998		December 31, 1997		December 31, 1996	
	Revenues(1)	Long-Lived Assets	Revenues(1)	Long-Lived Assets	Revenues(1)	Long-Lived Assets
Geographic Information:						
United States	\$165,567	\$217,668	\$155,279	\$201,718	\$124,198	\$192,405
United Kingdom	32,320	11,454	22,842	7,405	17,631	7,654
Other foreign countries	51,526	8,093	41,274	10,464	28,707	10,171
Consolidated total	\$249,413	\$237,215	\$219,395	\$219,587	\$170,536	\$210,230

(1) Revenues are attributed to countries based on the location of the customer.

QUARTERLY RESULTS OF OPERATIONS (Unaudited)

(In thousands except per share amounts)

	First	Second	Third	Fourth
1998 Quarters:				
Sales	\$ 60,846	\$ 59,405	\$ 62,603	\$ 66,559
Gross profit	18,122	21,749	20,851	21,292
Net earnings	6,605	7,701	6,758	7,989
Earnings per share:				
Basic earnings per common share	\$.65	\$.76	\$.66	\$.78
Dividends per common share	\$.13	\$.13	\$.13	\$.13
1997 Quarters:				
Sales	\$ 53,148	\$ 54,412	\$ 52,677	\$ 59,158
Gross profit	16,644	19,125	19,002	20,918
Net earnings	4,955	7,050	8,076	7,804
Earnings per share:				
Basic earnings per common share	\$.49	\$.69	\$.79	\$.77
Dividends per common share	\$.125	\$.125	\$.125	\$.13

CONSOLIDATED SELECTED FINANCIAL DATA (Unaudited)

(In thousands except per share data)

	1998	1997	1996	1995	1994
Sales	\$249,413	\$219,395	\$170,536	\$154,446	\$155,001
Earnings before changes in accounting principles	29,053	27,885	16,109	18,169	19,547
Net earnings	29,053	27,885	16,109	18,169	19,303
Total assets	354,449	284,708	267,164	246,201	238,694
Long-term debt	20,162	10,347	10,347	10,347	9,047
Basic earnings per common share:					
Earnings before changes in accounting principles	\$ 2.85	\$ 2.74	\$ 1.59	\$ 1.79	\$ 1.93
Net earnings	\$ 2.85	\$ 2.74	\$ 1.59	\$ 1.79	\$ 1.91
Cash dividends	\$.52	\$.505	\$.50	\$.50	\$.50

See notes to consolidated financial statements for additional financial information.

CORPORATE DIRECTORY

Directors

Thomas R. Berner
Partner
Law firm of
Berner & Berner, P.C.

Admiral James B. Busey IV
Admiral, U.S. Navy (Ret.)
Former President and
Chief Executive Officer
AFCEA International

David Lasky
Chairman and President

William B. Mitchell
Former Vice Chairman
Texas Instruments Inc.

John R. Myers
Management Consultant
Former Chairman of the Board
Garrett Aviation Services

Dr. William W. Sihler
Ronald E. Trzcinski Professor
of Business Administration
Darden Graduate School of
Business Administration
University of Virginia

J. McLain Stewart
Director
McKinsey & Co.
Management Consultants

Officers

David Lasky
Chairman and President

Gerald Nachman
Executive Vice President

Martin R. Benante
Vice President

George J. Yohrling
Vice President

Robert A. Bosi
Vice President--Finance

Dana M. Taylor
General Counsel and Secretary

Kenneth P. Slezak
Controller

Gary J. Benschip

Treasurer

CORPORATE INFORMATION

Corporate Headquarters
1200 Wall Street West
Lyndhurst, New Jersey 07071
Tel. (201) 896-8400
Fax (201) 438-5680

Annual Meeting

The 1999 Annual Meeting of Stockholders will be held on April 23, 1999 at 2:00 p.m. at the Novotel Meadowlands Hotel, One Polito Avenue, Lyndhurst, New Jersey 07071.

Stock Exchange Listing

The Corporation's common stock is listed and traded on the New York Stock Exchange. The stock transfer symbol is CW.

Common Stockholders

As of December 31, 1998, the approximate number of holders of record of common stock, par value \$1.00 per share, of the Corporation was 3,926.

Stock Transfer Agent and Registrar

For services such as changes of address, replacement of lost certificates or dividend checks, and changes in registered ownership, or for inquiries as to account status, write to ChaseMellon Shareholder Services, L.L.C. at the following addresses:

Stockholder Inquiries/Address Changes/Consolidations

P.O. Box 3315, South Hackensack, NJ 07606

Duplicate Mailings

If you receive duplicate mailings because of slight differences in the registration of your accounts and wish to eliminate the duplication, please call ChaseMellon's toll free number, (800) 416-3743, or write to ChaseMellon Shareholder Services, L.L.C., 85 Challenger Road, Ridgefield Park, NJ 07660 for instructions on combining your accounts.

Direct Stock Purchase Plan

A plan administered by the Chase Manhattan Bank is available to purchase or sell shares of Curtiss-Wright which provides a low cost alternative to the traditional methods of buying, holding and selling stock. The plan also provides for the automatic reinvestment of Curtiss-Wright dividends. For more information contact our transfer agent, ChaseMellon Shareholder Services, L.L.C. toll free at (888) 266-6793.

Lost Certificates/Certificate Replacement

Estoppel Department, P.O. Box 3317, South Hackensack, NJ 07606

Certificate Transfers

Stock Transfer Department, P. O. Box 3312,
South Hackensack, NJ 07606

Please include your name, address, and telephone number with all correspondence. Telephone inquiries may be made to (800) 416-3743. Foreign (201) 329-8660. Hearing impaired (800) 231-5469. Internet inquiries should be addressed to <http://www.chasemellon.com>

Investor Information

Investors, stockbrokers, security analysts, and others seeking information about Curtiss-Wright Corporation should contact Robert A. Bosi, Vice President--Finance, or Gary J. Benschip, Treasurer, at the Corporate Headquarters, telephone (201) 896-1751.

Internet Address

Use <http://www.curtisswright.com> to reach the Curtiss-Wright home page for information about Curtiss-Wright on the World Wide Web.

Financial Reports

This Annual Report includes most of the periodic financial information required to be on file with the Securities and Exchange Commission. The company also files an Annual Report on Form 10-K, a copy of which may be obtained free of charge. These reports, as well as additional financial documents such as quarterly shareholder reports, proxy statements, and quarterly reports on Form 10-Q, may be obtained by written request to Gary J. Benschip, Treasurer, at Corporate Headquarters.

Common Stock Price Range

	1998		1997	
	High	Low	High	Low
First Quarter	\$39.1875	\$33.8125	\$28.1875	\$24.7500
Second Quarter	41.8750	38.1250	31.1250	26.7500
Third Quarter	48.3750	39.1875	39.8750	29.0938
Fourth Quarter	39.5000	33.0625	39.2500	36.1250

Dividends				
	1998		1997	
First Quarter	\$	0.130	\$	0.125
Second Quarter	\$	0.130	\$	0.125
Third Quarter	\$	0.130	\$	0.125
Fourth Quarter	\$	0.130	\$	0.130

Design: Waters Design Associates, Inc. New York City

[LOGO]

CURTISS-WRIGHT CORPORATION

1200 Wall Street West
Lyndhurst, New Jersey 07071

CW
Listed
NYSE

THE NEW YORK STOCK EXCHANGE

Exhibit 21

Subsidiaries of the Registrant

The information below is provided, as of March 29, 1999, with respect to the subsidiaries of Registrant. The names of certain inactive subsidiaries and other consolidated subsidiaries of Registrant have been omitted because all such subsidiaries, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary.

Name	Organized Under the Laws of	Percentage of Voting Securities Owned by Immediate Parent
Curtiss-Wright Flight Systems, Inc.	Delaware	100%
Metal Improvement Company, Inc.	Delaware	100%
Curtiss-Wright Flow Control Corporation	New York	100%
Curtiss-Wright Flow Control Service Corporation	Delaware	100%
Curtiss-Wright Flight Systems Europe A/S	Denmark	100%
Curtiss-Wright Foreign Sales Corp.	Barbados	100%
Curtiss-Wright Antriebstechnik GmbH	Switzerland	100%

EXHIBIT 23

PRICEWATERHOUSECOOPERS LLP [LOGO]

PricewaterhouseCoopers LLP
400 Campus Drive
P.O. Box 988
Florham Park, NJ 07932
Telephone (973) 236 4000
Facsimile (973) 236 5000

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 and S-3 (No. 33-95562329) and in the Registration Statements on Forms S-8 (Nos. 33-95602114 and 33-96583181) of Curtiss-Wright Corporation of our report dated February 1, 1999 appearing on page 21 of the Curtiss-Wright Corporation 1998 Annual Report which is incorporated in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report on the Financial Statement Schedule, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
PRICEWATERHOUSECOOPERS LLP

Florham Park, New Jersey
March 29, 1999

ARTICLE 5

MULTIPLIER: 1000

PERIOD TYPE	12 MOS
FISCAL YEAR END	DEC 31 1998
PERIOD END	DEC 31 1998
CASH	5,809
SECURITIES	66,444
RECEIVABLES	62,822
ALLOWANCES	1,910
INVENTORY	54,048
CURRENT ASSETS	198,573
PP&E	237,215
DEPRECIATION	162,704
TOTAL ASSETS	352,740
CURRENT LIABILITIES	67,810
BONDS	20,162
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	15,000
OTHER SE	214,593
TOTAL LIABILITY AND EQUITY	352,740
SALES	249,413
TOTAL REVENUES	261,131
CGS	167,399
TOTAL COSTS	213,066
OTHER EXPENSES	0
LOSS PROVISION	352
INTEREST EXPENSE	485
INCOME PRETAX	47,580
INCOME TAX	18,527
INCOME CONTINUING	29,053
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	29,053
EPS PRIMARY	2.85
EPS DILUTED	2.82

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