

CURTISS WRIGHT CORP

FORM 10-Q (Quarterly Report)

Filed 8/15/2001 For Period Ending 6/30/2001

Address	1200 WALL ST W LYNDHURST, New Jersey 07071
Telephone	201-896-8400
CIK	0000026324
Industry	Aerospace & Defense
Sector	Capital Goods
Fiscal Year	12/31

SECURITIES and EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

FOR THE QUARTER ENDED JUNE 30, 2001

Commission File Number 1-134

CURTISS-WRIGHT CORPORATION

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

13-0612970
(I.R.S. Employer
Identification No.)

1200 Wall Street West
Lyndhurst, New Jersey
(Address of principal executive offices)

07071
(Zip Code)

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

Yes No

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

Common Stock, par value \$1.00 per share: 10,071,840 shares (as of July 13, 2001)

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES

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PART I - FINANCIAL INFORMATION

Item 1 - Financial Statements

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

	(UNAUDITED)	
	June 30,	December 31,
	2001	2000
	-----	-----
Assets		
Current Assets:		
Cash and cash equivalents	\$ 13,288	\$ 8,692
Short-term investments	53,866	62,766
Receivables, net	73,492	67,815
Inventories, net	49,462	50,002
Deferred income taxes	9,529	9,378
Other current assets	3,924	3,419
	-----	-----
Total current assets	203,561	202,072
	-----	-----
Property, plant and equipment, at cost	251,797	246,896
Less: Accumulated depreciation	160,070	156,443
	-----	-----
Property, plant and equipment, net	91,727	90,453
Prepaid pension costs	64,447	59,765
Goodwill	46,370	47,543
Other assets	9,038	9,583
	-----	-----
Total Assets	\$ 415,143	\$ 409,416
	=====	=====
Liabilities		
Current Liabilities:		
Current portion of long-term debt	\$ 0	\$ 5,347
Dividends payable	1,302	0
Accounts payable	13,490	13,766
Accrued expenses	15,769	19,389
Income taxes payable	4,519	4,157
Other current liabilities	7,387	9,634
	-----	-----
Total current liabilities	42,467	52,293
Long-term debt	21,208	24,730
Deferred income taxes	24,567	21,689
Other liabilities	22,097	20,480
	-----	-----
Total Liabilities	110,339	119,192
	-----	-----
Stockholders' Equity		
Common stock, \$1 par value	15,000	15,000
Capital surplus	50,360	51,506
Retained earnings	428,937	411,866
Unearned portion of restricted stock	(14)	(22)
Accumulated other comprehensive income	(9,216)	(5,626)
	-----	-----
485,067	472,724	
Less: Cost of treasury stock	180,263	182,500
	-----	-----
Total Stockholders' Equity	304,804	290,224
	-----	-----
Total Liabilities and Stockholders' Equity	\$ 415,143	\$ 409,416
	=====	=====

See notes to consolidated financial statements.

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

(In thousands except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000 (1)	2001	2000 (1)
Net sales	\$86,604	\$83,050	\$166,521	\$165,287
Cost of sales	53,767	52,579	103,673	105,887
	32,837	30,471	62,848	59,400
Gross profit				
Research & development costs	1,025	867	1,922	1,599
Selling expenses	4,487	4,932	9,080	9,688
General and administrative expenses	14,134	12,542	27,472	23,777
Environmental expenses (recoveries), net	125	(1,899)	43	(1,782)
	13,066	14,029	24,331	26,118
Operating income				
Investment income, net	650	514	1,493	1,019
Rental income, net	1,111	890	1,854	2,050
Pension income, net	2,343	2,341	4,687	4,085
Other income (expenses), net	128	(75)	(39)	(107)
Interest expense	(396)	(396)	(645)	(772)
	16,902	17,303	31,681	32,393
Earnings before income taxes				
Provision for income taxes	6,437	6,659	11,997	12,520
	\$10,465	\$10,644	\$ 19,684	\$ 19,873
Net earnings				
	\$1.04	\$1.06	\$1.96	\$1.98
Basic earnings per common share				
	\$1.02	\$1.05	\$1.92	\$1.96
Diluted earnings per common share				
	\$0.13	\$0.13	\$0.26	\$0.26
Dividends per common share				
Weighted average shares outstanding:				
Basic	10,059	10,017	10,049	10,017
Diluted	10,269	10,114	10,259	10,114

See notes to consolidated financial statements.

(1) Certain prior year information has been reclassified to conform to current presentation.

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

(In thousands)

	Six Months Ended June 30, 2001	2000 (1)
Cash flows from operating activities:		
Net earnings	\$ 19,684	\$19,873
Adjustments to reconcile net earnings to net cash provided by operating activities (net of businesses acquired):		
Depreciation and amortization	7,460	7,114
Net gains on short-term investments	(50)	(66)
Net gain on sale of asset	(26)	0
Non-cash pension income	(4,687)	(4,085)
Increase in deferred taxes, net	2,727	4,080
Changes in operating assets and liabilities:		
Proceeds from sales of trading securities	160,389	80,946
Purchases of trading securities	(151,439)	(92,543)
(Increase) decrease in receivables	(5,992)	3,596
Decrease in inventories	1,760	976
Increase in progress payments	767	696
Decrease in accounts payable and accrued expenses	(5,712)	(247)
Increase (decrease) in income taxes payable	362	(2,179)
(Increase) decrease in other assets	(331)	1,113
Decrease in other liabilities	(2,104)	(7,701)
Other, net	8	52
Total adjustments	3,132	(8,248)
Net cash provided by operating activities	22,816	11,625
Cash flows from investing activities:		
Proceeds from sales of property, plant and equipment	468	613
Additions to property, plant and equipment	(6,262)	(3,265)
Acquisition of new business	(1,525)	0
Net cash used in investing activities	(7,319)	(2,652)
Cash flows from financing activities:		
Debt repayments	(7,751)	(5,782)
Dividends Paid	(1,305)	(1,305)
Proceeds from the exercise of stock options	1,094	196
Common stock repurchases	(3)	(1,489)
Net cash used in financing activities	(7,965)	(8,380)
Effect of foreign exchange rate changes	(2,936)	(1,195)
Net increase (decrease) in cash and cash equivalents	4,596	(602)
Cash and cash equivalents at beginning of period	8,692	9,547
Cash and cash equivalents at end of period	\$ 13,288	\$ 8,945

See notes to consolidated financial statements.

(1) Certain prior year information has been reclassified to conform to current presentation.

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)

(In thousands)

	Common Stock	Capital Surplus	Retained Earnings	Unearned Portion of Restricted Stock	Accumulated Other Comprehensive Income	Treasury Stock
December 31, 1999	\$15,000	\$51,599	\$376,006	(\$24)	(\$2,622)	\$181,604
Net earnings			41,074			
Common dividends			(5,214)			
Restricted Stock Issued		1		(15)		(14)
Common stock repurchased						1,489
Stock options exercised, net		(94)				(579)
Amortization of earned portion of restricted stock				17		
Translation adjustments, net					(3,004)	
December 31, 2000	15,000	51,506	411,866	(22)	(5,626)	182,500
Net earnings			19,684			
Common dividends			(2,613)			
Restricted Stock Issued						
Common stock issued						3
Common stock repurchased						(2,240)
Stock options exercised, net		(1,146)				
Amortization of earned portion of restricted stock				8		
Translation adjustments, net					(3,590)	
June 30, 2001	\$15,000	\$50,360	\$428,937	(\$14)	(\$9,216)	\$180,263

See notes to consolidated financial statements.

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES

NOTES to CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. BASIS OF PRESENTATION

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

The information furnished in this report has been prepared in conformity with generally accepted accounting principles and as such reflects all adjustments, consisting primarily of normal recurring accruals, which are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented. The unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Corporation's 2000 Annual Report on Form 10-K. The results of operations for these interim periods are not necessarily indicative of the operating results for a full year. Certain reclassifications of 2000 amounts have been made in order to conform to the current presentation.

2. ACQUISITIONS

On March 23, 2001, the Corporation acquired the operating assets of Solent & Pratt Ltd. Solent & Pratt is a manufacturer of high performance butterfly valves and has been a global supplier to the petroleum, petrochemical, chemical and process industries for over 40 years. The operations are located in Bridport, England and will continue to operate under the Solent & Pratt name.

The Solent & Pratt butterfly valve product line complements products the Corporation currently offers to its existing markets. The addition also provides Curtiss-Wright with a European manufacturing presence for its Flow Control business segment and strengthens its distribution capabilities in that region.

The Corporation purchased the assets and assumed certain liabilities of Solent & Pratt for approximately \$1.5 million in cash. The acquisition was accounted for as a purchase in the first quarter of 2001. The excess of the purchase price over the fair value of the net assets acquired is currently estimated at \$1.2 million and is being amortized over 30 years.

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
NOTES to CONSOLIDATED FINANCIAL STATEMENTS, Continued
(UNAUDITED)

3. RECEIVABLES

Receivables at June 30, 2001 and December 31, 2000 include amounts billed to customers and unbilled charges on long-term contracts consisting of amounts recognized as sales but not billed as of the dates presented. Substantially all unbilled receivables are expected to be billed and collected within a year. The composition of receivables is as follows:

(in thousands)

	June 30, 2001	December 31, 2000
Accounts receivable, billed	\$59,544	\$60,927
Less: progress payments applied	(352)	(1,508)
	59,192	59,419
Unbilled charges on long-term contracts	24,427	18,090
Less: progress payments applied	(8,710)	(7,040)
	15,717	11,050
Allowance for doubtful accounts	(1,417)	(2,654)
Receivable, net	\$73,492	\$67,815

4. INVENTORIES

Inventories are valued at the lower of cost (principally average cost) or market. The composition of inventories at June 30, 2001 and December 31, 2000 is as follows:

(In thousands)

	June 30, 2001	December 31, 2000
Raw materials	\$12,952	\$11,955
Work-in-process	2,075	10,815
Finished goods/component parts	2,783	32,621
Inventoried costs related to US government and other long-term contracts	4,399	5,961
	62,209	61,352
Gross inventory	62,209	61,352
Less: inventory reserves	(11,195)	(10,944)
Less: progress payments	(1,552)	(406)
Inventories, net	\$49,462	\$50,002

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
NOTES to CONSOLIDATED FINANCIAL STATEMENTS, Continued
(UNAUDITED)

5. ENVIRONMENTAL MATTERS

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

The Corporation is joined with many other corporations and municipalities as potentially responsible parties (PRPs) in a number of environmental cleanup sites, which include but are not limited to the Sharkey landfill superfund site, Parsippany, New Jersey; Caldwell Trucking Company superfund site, Fairfield, New Jersey; Pfohl Brothers landfill site, Cheektowaga, New York; Chemsol, Inc. superfund site, Piscataway, New Jersey; and Amenia landfill site, Amenia, New York.

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

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
NOTES to CONSOLIDATED FINANCIAL STATEMENTS, Continued
(UnAUDITED)

6. SEGMENT INFORMATION

The Corporation conducts its business operations through three segments: Motion Control, Metal Treatment and Flow Control.

(In thousands)						
Three Months Ended June 30, 2001						
	Motion Control	Metal Treatment	Flow Control	Segment Total	Corporate & Other	Consolidated Total
Revenue from external customers	\$35,728	\$27,049	\$23,827	\$86,604	\$ 0	\$86,604
Intersegment revenues	0	124	0	124	(124)	0
Segment operating Income	5,999	4,917	2,683	13,599	(533)	13,066

(In thousands)						
Three Months Ended June 30, 2000						
	Motion Control	Metal Treatment	Flow Control	Segment Total	Corporate & Other(1)	Consolidated Total
Revenue from external customers	\$32,306	\$26,477	\$24,267	\$83,050	\$ 0	\$83,050
Intersegment revenues	0	143	0	143	(143)	0
Segment operating Income (1)	5,109	5,391	1,900	12,400	1,629	14,029

(1) Operating income for corporate and other includes environmental recoveries of \$1.9 million, net of expenses.

Reconciliation:		
(In thousands)		
	June 30, 2001	June 30, 2000
	-----	-----
Total operating income	\$13,066	\$14,029
Investment income, net	650	514
Rental income, net	1,111	890
Pension income, net	2,343	2,341
Other income (expense), net	128	(75)
Interest expense	(396)	(396)
	-----	-----
Earnings before income taxes	\$16,902	\$ 17,303
	=====	=====

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
NOTES to CONSOLIDATED FINANCIAL STATEMENTS, Continued
(UNAUDITED)

(In thousands)
Six Months Ended June 30, 2001

	Motion Control	Metal Treatment	Flow Control	Segment Total	Corporate & Other	Consolidated Total
Revenue from external customers	\$65,685	\$54,921	\$45,915	\$166,521	\$ 0	\$166,521
Intersegment revenues	0	230	0	230	(230)	0
Segment operating income	10,582	10,380	3,902	24,864	(533)	24,331
Segment assets	98,229	81,607	90,149	269,985	145,158	415,143

(In thousands)
Six Months Ended June 30, 2000

	Motion Control	Metal Treatment	Flow Control	Segment Total	Corporate & Other (1)	Consolidated Total
Revenue from external customers	\$59,650	\$54,701	\$50,936	\$165,287	\$ 0	\$165,287
Intersegment revenues	0	301	0	301	(301)	0
Segment operating income	6,518	12,223	4,445	23,186	2,932	26,118
Segment assets	109,703	82,544	84,107	276,354	113,900	390,254

(1) Operating income for corporate and other includes a \$2.8 million gain for the curtailment of postretirement benefits associated with the closing of the Fairfield, NJ facility and net environmental recoveries of \$1.9 million, partially offset by accrued post employment costs of \$.7 million.

Reconciliation:

	(In thousands)	
	Six months ended	
	June 30, 2001	June 30, 2000
	-----	-----
Total operating income	\$24,331	\$26,118
Investment income, net	1,493	1,019
Rental income, net	1,854	2,050
Pension income, net	4,687	4,085
Other expense, net	(39)	(107)
Interest expense	(645)	(772)
	-----	-----
Earnings before income taxes	\$31,681	\$32,393
	=====	=====

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
NOTES to CONSOLIDATED FINANCIAL STATEMENTS, Continued
(UNAUDITED)

8. COMPREHENSIVE INCOME

Total comprehensive income is as follows:

	(In thousands)			
	Three Months Ended		Six Months Ended	
	June 30, 2001	June 30, 2000	June 30, 2001	June 30, 2000
	-----	-----	-----	-----
Net earnings	\$10,465	\$10,644	\$19,684	\$19,873
Foreign currency translations	(1,364)	(479)	(3,590)	(356)
	-----	-----	-----	-----
Total comprehensive income	\$ 9,101	\$10,165	\$16,094	\$19,517
	=====	=====	=====	=====

9. EARNINGS PER SHARE

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). Diluted earnings per share were computed based on the weighted average number of shares outstanding plus all potentially dilutive common shares issuable for the periods. Dilutive common shares for the three and six months ended June 30, 2001 were 210,000, and for the three and six months ended June 30, 2000 were 97,000.

10. CONTINGENCIES AND COMMITMENTS

The Corporation's Drive Technology subsidiary located in Switzerland entered into sales agreements with two European defense organizations which contained offset obligations to purchase approximately 43.0 million Swiss francs of product from suppliers of two European countries over multi-year periods which expire in 2005 and 2007. The agreements contain a penalty of 5% of the unmet obligation at the end of the term of the agreements.

The Corporation expects to fully comply with both obligations under these agreements.

11. ACCOUNTING FOR DERIVATIVES AND HEDGING ACTIVITIES

The Corporation adopted Financial Accounting Standard No. 133 "Accounting for Derivatives and Hedging Activities" effective January 1, 2001. The adoption of this standard had no material effect on the Corporation's results of operation or financial condition due to its limited use of derivatives.

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
NOTES to CONSOLIDATED FINANCIAL STATEMENTS, Continued
(UNAUDITED)

12. RECENTLY ISSUED ACCOUNTING STANDARDS

In July 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard ("SFAS") No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets". SFAS No. 141, which requires all business combinations to be accounted for under the purchase method of accounting, is effective for business combinations initiated after June 30, 2001. Under the new rules of SFAS No. 142, goodwill will no longer be amortized but will be subject to annual impairment tests in accordance with the statements. Other intangible assets will continue to be amortized over their useful lives. SFAS No. 142 is effective for fiscal years beginning after December 15, 2001. Accordingly, the Corporation will apply the new rules on accounting for goodwill and other intangible assets beginning in the first quarter of 2002. Application of the non-amortization provisions of the statement is not expected to have a material effect on the Corporation's financial statements. The Corporation has not yet determined what the effect of these tests will be on the earnings and financial position of the Corporation.

PART I - ITEM 2
CURTISS-WRIGHT CORPORATION and SUBSIDIARIES

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

RESULTS of OPERATIONS
Quarter Ended June 30, 2001

Sales for the second quarter of 2001 increased 4% from the prior year to \$86.6 million. New orders in the current quarter increased to \$103.9 million, 13% above the prior year quarter, and backlog was 11% lower, at \$187.2 million. The increase in sales in 2001 was attributable to higher demand for our aerospace OEM and global defense products as well as products provided to the oil & gas markets, offset partially by softening in automotive-related businesses, lower demand in the aerospace overhaul and repair services market and unfavorable foreign exchange rates.

Operating income for the Corporation was \$13.1 million in the second quarter of 2001, 7% lower than operating income of \$14.0 million for the second quarter of 2000. However, during the second quarter of 2000, the Corporation recorded several unusual items, which added \$1.9 million to operating income, as outlined in the table below. Excluding the effects of these items, normalized operating income amounted to \$12.1 million for the second quarter of 2000. Thus, the 2001 operating income of \$13.1 million, when compared to the normalized operating income of \$12.1 million in 2000, resulted in an 8% improvement year-to-year. This performance was due to higher margins resulting from a favorable sales mix and the realization of the benefits of profit improvement/cost reduction programs, offset partially by unfavorable foreign exchange rates, higher energy costs and start-up related expenses for new metal treatment facilities.

Net earnings for the Corporation were \$10.5 million, or \$1.02 per diluted share in the second quarter of 2001, slightly lower than net earnings of \$10.6 million, or \$1.05 per diluted share for the second quarter of 2000. During the second quarter of 2000, the Corporation recorded several unusual items as outlined in the table below, which added \$1.2 million, or \$0.11 per diluted share, to net earnings. Excluding the effects of these items, normalized net earnings amounted to \$9.5 million, or \$0.94 per diluted share, for the second quarter of 2000, as compared to \$10.5 million, or \$1.02 per diluted share in the second quarter of 2001. Therefore, on a normalized basis, net earnings for the second quarter of 2001 increased 10% over the same period of 2000.

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
MANAGEMENT'S DISCUSSION and ANALYSIS of
FINANCIAL CONDITION and RESULTS of OPERATIONS, Continued

RESULTS of OPERATIONS
Six Months Ended June 30, 2001

Sales for the first half of 2001 increased slightly to \$166.5 million, as compared \$165.3 million for the same prior year period. New orders totaled \$170.7 million, 5% above the same six-month period of last year. The increase in sales in 2001 was attributable to higher demand for our aerospace OEM and global defense products as well as products provided to the oil & gas markets, offset partially by softening in automotive-related businesses, lower demand in the aerospace overhaul and repair services market and unfavorable foreign exchange rates.

Operating income for the Corporation was \$24.3 million for the first six months of 2001, down 7% from operating income of \$26.1 million for the same prior year period. However, during 2000, the Corporation recorded several unusual items, which added \$3.9 million to operating income. Excluding the effects of these items, normalized operating income amounted to \$22.2 million for the first six months of 2000. Thus, the 2001 operating income of \$24.2 million, when compared to the normalized operating income of \$22.2 million in 2000, resulted in a 10% improvement year to year. This performance was due to higher margins resulting from a favorable sales mix and the realization of the benefits of profit improvement/cost reduction programs, offset partially by unfavorable foreign exchange rates, higher energy costs and some start-up related expenses for new metal treatment facilities.

Net earnings for the first six months of 2001 of \$19.7 million, or \$1.92 per diluted share, was slightly lower than net earnings of \$19.9 million, or \$1.96 per share, for the first six months of 2000. In addition to the unusual items recorded in the second quarter of 2000, as noted above and in the table below, results for the first six months of 2000 also benefited from unusual items recorded in the first quarter of 2000 which added \$1.2 million, or \$0.12 per diluted share to net earnings. Excluding the effects of these items, normalized net earnings for the first six months of 2000 amounted to \$17.5 million, or \$1.73 per diluted share. Therefore, on a normalized basis, net earnings for the first six months of 2001 increased 13% over the same period of 2000.

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
MANAGEMENT'S DISCUSSION and ANALYSIS of
FINANCIAL CONDITION and RESULTS of OPERATIONS, Continued

NORMALIZED EARNINGS SUMMARY-QUARTER

	Quarter Ended June 30, 2001		
	OPERATING INCOME	NET EARNINGS	DILUTED EARNINGS PER SHARE
As Reported	\$13,066	\$10,465	\$1.02
Unusual Items	0	0	0.00
	-----	-----	-----
Normalized	\$13,066	\$10,465	\$1.02
	=====	=====	=====
	Quarter Ended June 30, 2000		
As Reported	\$14,029	\$10,644	\$1.05
Unusual Items:			
Insurance settlements, net	(3,643)	(2,235)	(0.22)
Environmental costs	1,747	1,072	0.11
	-----	-----	-----
Normalized	\$12,133	\$ 9,481	\$0.94
	=====	=====	=====

NORMALIZED EARNINGS SUMMARY-SIX MONTHS

	OPERATING INCOME	NET EARNINGS	DILUTED EARNINGS PER SHARE
	Six Months Ended June 30, 2001		
As Reported	\$24,331	\$19,684	\$1.92
Unusual Items	0	0	0.00
	-----	-----	-----
Normalized	\$24,331	\$19,684	\$1.92
	=====	=====	=====
	Six Months Ended June 30, 2000		
As Reported	\$26,118	\$19,873	\$1.96
Unusual Items:			
Insurance settlements, net	(3,643)	(2,235)	(0.22)
Environmental costs	1,747	1,072	0.11
Postretirement benefits curtailment	(2,767)	(1,692)	(0.17)
Post employment & other costs	720	440	0.05
	-----	-----	-----
Normalized	\$22,175	\$17,458	\$1.73
	=====	=====	=====

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
MANAGEMENT'S DISCUSSION and ANALYSIS of
FINANCIAL CONDITION and RESULTS of OPERATIONS, Continued

Operating Performance

Motion Control

Sales for the Corporation's Motion Control segment improved 11% to \$35.7 million and 10% to \$65.6 million in the second quarter and first six months of 2001, respectively, from \$32.3 million and \$59.6 million in the second quarter and first six months of 2000, respectively. Sales improvements for the quarter were largely a result of higher sales for the F-22 military aircraft program and earlier than anticipated shipments on the Boeing 737 program. In addition, the Drive Technology business showed strong growth in sales as compared to the second quarter of 2000. Sales of aerospace repair and overhaul services for the second quarter of 2001 were lower than the second quarter of 2000 due primarily to continued softening in demand for these services.

Operating income for the Motion Control segment of \$6.0 million and \$10.6 million for the second quarter and first half of 2001, respectively, showed improvements from the same periods of last year. Operating income for the second quarter of 2001 improved 17% and for the first half of 2001 by 62% from the same periods in 2000. The 2001 performance was due mainly to the realization of the benefits resulting from facility consolidations, increased shipments of higher margin OEM products, offset partially by softened demand in the component overhaul and repair business.

Metal Treatment

Sales for the Corporation's Metal Treatment segment totaled \$27.0 million and \$54.9 million for the second quarter and first six months of 2001, respectively, improving slightly when compared with sales of \$26.5 million and \$54.7 million for the respective periods of 2000. Year-to-date sales were slightly higher than the prior year despite the negative impact of foreign currency translation. Sales of shot-peening services increased slightly due to improvements in the aerospace and oil & gas markets, which were offset by softness in automotive markets.

Operating income for the Metal Treatment segment of \$4.9 million for the second quarter of 2001 showed a 9% decline from the same prior year period. For the first six months of 2001, operating income of \$10.4 million was down 15% from the comparable period of 2000. For the six months ended June 30, 2001, slight improvements in valve operations were offset by lower income at both shot-peening and heat treating operations. For the second quarter and first half, operating income was adversely affected by foreign currency translation by \$0.5 million and \$0.8 million, respectively, when compared to rates that existed in the same periods of 2000. Start up costs associated with a new facility and an acquisition completed in December of last year, softness in the automotive sector and higher energy costs also negatively affected operating income.

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
MANAGEMENT'S DISCUSSION and ANALYSIS of
FINANCIAL CONDITION and RESULTS of OPERATIONS, Continued

Flow Control

The Corporation's Flow Control segment posted sales of \$23.8 million for the second quarter and \$45.9 million for the first half of 2001, compared with sales of \$24.3 million and \$50.9 million reported in the respective periods of 2000. Lower sales during the second quarter and the first half of 2001 were primarily the result of the slowdown in the automotive and heavy truck markets and the sale of a distributor operation that was formerly part of this business segment. This was offset partially by the strong demand in the petrochemical and oil & gas markets, primarily for maintenance, repair and overhaul applications. Military sales were essentially level with the respective prior year periods.

Operating income in the second quarter of 2001 was \$0.8 million or 41% higher than the same period of 2000. Higher margins on parts sales for the petrochemical and oil & gas markets, the elimination of overhead costs associated with the disposal of a distribution operation and stringent cost containment efforts, were partially offset by lower volume and margins in the automotive and heavy truck markets. Operating income for the first six months of 2001 was 12% lower than the same period of 2000.

Corporate and Other

The Corporation had a non-segment operating loss of \$0.5 million during the second quarter 2001 as compared to \$1.6 million of non-segment operating income in the same period of the prior year. During the second quarter 2001, the Corporation incurred costs in connection with the proposed re-capitalization, which were partially offset by a small environmental insurance settlement. In the second quarter 2000, the Corporation recognized operating income of \$1.6 million, of which \$1.9 million was due to the recognition of a curtailment of postretirement benefits partially offset by non-recurring post-employment expenses (see table above).

Results for the first half of 2001 also reflect the incurrence of re-capitalization costs, offset partially by a small environmental insurance settlement. Results for the first half of 2000 included \$3.9 million reflecting the recognition of the curtailment of postretirement benefits associated with the closing of the Fairfield, New Jersey facility, and net environmental insurance settlements, offset by non-recurring post-employment expenses and environmental costs.

Other Revenues and Costs

For the second quarter of 2001, the Corporation recorded net non-operating income of \$4.2 million compared to \$3.7 million in the second quarter of 2000. Higher net rental income and higher net investment income contributed to the increase. For the first six months of 2001 net non-operating income totaled \$8.0 million as compared to \$7.0 million in the same period of 2000. Contributing to this increase was higher pension income, reflecting the higher overfunded status of the Corporation's pension plan and higher net investment income, offset partially by lower net rental income.

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
MANAGEMENT'S DISCUSSION and ANALYSIS of
FINANCIAL CONDITION and RESULTS of OPERATIONS, Continued

CHANGES IN FINANCIAL CONDITION:

Liquidity and Capital Resources:

The Corporation's working capital was \$161.1 million at June 30, 2001, 8% above working capital at December 31, 2000 of \$149.8 million. The ratio of current assets to current liabilities improved to 4.79 to 1 at June 30, 2001, compared with a ratio of 3.86 to 1 at December 31, 2000.

Cash, cash equivalents and short-term investments totaled \$67.2 million in aggregate at June 30, 2001, a 6% decrease from \$71.5 million at the prior year-end. During the first six months of 2001, the Corporation repaid two industrial revenue bonds which matured totaling \$5.3 million and paid down approximately \$2.4 million of its long-term Swiss debt. In addition, during the first quarter of 2001, the Corporation acquired the net assets of Solent & Pratt Ltd. for cash, as discussed in Note 2 to the Consolidated Financial Statements.

Cash flow for the Corporation benefited from a slight decline in inventories despite higher sales, as the Corporation continued with its programs for improving inventory turnover. Inventory turnover improved to 4.20 at June 30, 2001 from 3.77 at the prior year-end.

The Corporation has two credit agreements in effect, a Revolving Credit Agreement and a Short-Term Credit Agreement, aggregating \$100.0 million with a group of five banks. The credit agreements allow for borrowings to take place in U. S. or certain foreign currencies. The Revolving Credit Agreement commits a maximum of \$60.0 million to the Corporation for cash borrowings and letters of credit. The unused credit available under this facility at June 30, 2001 was \$35.3 million. The commitments made under the Revolving Credit Agreement expire December 17, 2004, but may be extended annually for successive one-year periods with the consent of the bank group. The Short-Term Credit Agreement allows for cash borrowings of \$40.0 million, all of which was available at June 30, 2001. The Short-Term Credit Agreement expires on December 14, 2001 and may be extended, with the consent of the bank group, for an additional period not to exceed 364 days. Cash borrowings (excluding letters of credit) under the two credit agreements at June 30, 2001 were at a US Dollar equivalent of \$7.8 million, compared with cash borrowing of \$12.6 million at June 30, 2000. The initial borrowings under these agreements were used to finance the Drive Technology acquisition in December 1998 and have a remaining balance of 14 million francs as of June 30, 2001. The loans had variable interest rates averaging 4.2% for the first six months of 2001 and variable interest rates averaging 3.2% for the first six months of 2000.

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
MANAGEMENT'S DISCUSSION and ANALYSIS of
FINANCIAL CONDITION and RESULTS of OPERATIONS, Continued

During the first half of 2001, internally available funds were adequate to meet capital expenditures of \$7.6 million. Expenditures incurred during the first half were generally for new and replacement machinery and equipment needed for the operating segments. During the first six months of 2001, capital expenditures amounted to \$2.7 million, \$2.6 million and \$2.1 million for the Metal Treatment, Motion Control and Flow Control segments, respectively.

The Corporation is expected to make capital expenditures of an additional \$10.0 million during the balance of the year, primarily for machinery and equipment for the operating segments. Funds from internal sources are expected to be adequate to meet planned capital expenditures, environmental and other obligations for the remainder of the year.

RECENTLY ISSUED ACCOUNTING STANDARDS

As discussed in Note 11 to the Consolidated Financial Statements, in July 2001 the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 141 "Business combinations" and No. 142 "Goodwill and Other Intangible Assets". Generally, the new rules eliminate the use of the "pooling of interests" method of accounting for a business combination effective for acquisitions initiated after June 30, 2001. In addition, the new rules eliminate the amortization of goodwill effective for years beginning after December 15, 2001 but subjects goodwill to an annual impairment test in accordance with the new rules. Application of the non-amortization provisions of the statement is not expected to have a material effect on the Corporation's financial statements. The Corporation has not yet determined what the effect of these tests will be on the earnings and financial position of the Corporation.

RECAPITALIZATION UPDATE

The projected date of June 30, 2001 to complete its proposed re-capitalization has passed. The Corporation and Unitrin are continuing to work to complete the re-capitalization and we expect to bring the matter to a shareholder vote in the fourth quarter of this year.

RECENT DEVELOPMENTS

On July 9, 2001, the Corporation announced that it is pursuing the sale of its industrial park located in Wood-Ridge, New Jersey. On August 2, 2001, the Corporation entered into an agreement to sell the property with a prospective purchaser. The agreement is subject to cancellation until the purchaser completes its due diligence review of the property. This property, which is the primary source of the Corporation's rental income, is not part of the Corporation's core business or strategic focus and the disposal will enable the Corporation to re-deploy the capital in order to pursue other strategic initiatives. The disposal of this property is expected to generate a gain, the final amount of which has not yet been determined.

PART I - ITEM 3

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Corporation is exposed to certain market risks from changes in interest rates and foreign currency exchange rates as a result of its global operating and financing activities. Although foreign currency translation had an unusually adverse impact on sales and operating income in 2000 and the first half of 2001, 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 leveraged derivative financial instruments during the first half of year 2001. Information regarding the Corporation's market risk and market risk management policies is more fully described in Item 7A, "Quantitative and Qualitative Disclosures about Market Risk" of the Corporation Annual Report on Form 10-K for year ended December 31, 2000.

Forward-Looking Information

Except for historical information contained herein, this Quarterly Report on Form 10-Q does contain "forward looking" information within the meaning of Section 27A of the Securities Act of 1933 and 21E of the Securities Exchange Act of 1934. 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 are outside our control that could cause actual results to differ materially from future results expressed or implied by such forward looking information. Readers are cautioned not to put undue reliance on such forward-looking information. Such statements in this Report include, without limitation, those contained in Part I, Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations and 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.

PART II - OTHER INFORMATION

Item 6. EXHIBITS and REPORTS on FORM 8-K

(a) Exhibits

(3) By-laws as amended through June 26, 2001, filed herewith.

(10) Revised Standard Employment Severance Agreement with Certain Management of Curtiss-Wright, which replaces and supersedes Standard Severance Agreement with Officers of Curtiss-Wright incorporated by reference to Exhibit 10(iv) to Registrant's Annual Report on Form 10-K or the year ended December 31, 1991.

(b) Reports on Form 8-K

The Registrant did not file any report on Form 8-K during the quarter ended June 30, 2001.

SIGNATURES

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

CURTISS-WRIGHT CORPORATION (Registrant)

By: /s/ Robert A. Bosi

Robert A. Bosi
Vice President - Finance
(Chief Financial Officer)

By: /s/ Glenn E. Tynan

Glenn E. Tynan
Corporate Controller
(Chief Accounting Officer)

Dated: August 14, 2001

CURTISS-WRIGHT CORPORATION

BY - L A W S

AS AMENDED THROUGH JUNE 26, 2001

ARTICLE I.

OFFICES.

SECTION 1. Registered Office. The registered office of Curtiss-Wright Corporation (hereinafter called the Corporation) in the State of Delaware, shall be in the City of Wilmington, County of New Castle.

SECTION 2. Other Offices. The Corporation may also have an office or offices at such other place or places either within or without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation require.

ARTICLE II.

MEETING OF STOCKHOLDERS.

SECTION 1. Place of Meetings. All meetings of Stockholders for the election of directors or for any other purpose shall be held at such place either within or without the State of Delaware as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting or in a duly executed waiver of notice thereof.

SECTION 2. Annual Meetings. The annual meeting of the stockholders for the election of directors and for the transaction of such other proper business as may come before the meeting shall be held on a date and at a time as may be designated from time to time by the Board of Directors and stated in the notice of the meeting or in a duly executed waiver of notice thereof. If the election of directors shall not be held on the date so designated for any annual meeting or at any adjournment of such meeting, the Board of Directors shall cause the election to be held at a special meeting as soon thereafter as conveniently may be. At such special meeting the stockholders may elect the directors and transact other business with the same force and effect as at an annual meeting duly called and held.

SECTION 3. Special Meetings. A special meeting of the stockholders for any purpose or purposes, unless otherwise prescribed by statute, may be called at any time by the Chairman, or in his absence by the President, by the Board of Directors, or by the Secretary at the request in writing of holders of a majority of the shares of the Corporation outstanding and entitled to vote.

SECTION 4. Notice of Meetings. Except as otherwise provided by statute, notice of each meeting of the stockholders, whether annual or special, shall be given not less than ten days nor more than sixty days before the day on which the meeting is to be held, to each stockholder of record entitled to vote at such meeting by delivering a written or printed notice thereof to him personally, or by mailing such notice in a postage prepaid envelope addressed to him at his post office address furnished by him to the Secretary of the Corporation for such purpose, or, if he shall not have furnished to the Secretary of the Corporation his address for such purpose, then at his post office address as it appears on the records of the Corporation, or by transmitting a notice thereof to him at such address by telegraph, cable, telex, facsimile transmitter or other similar means. Except where expressly required by law, no publication of any notice of a meeting of stockholders shall be required. Every such notice shall state the place, date and hour of the meeting and in the case of special meetings, and annual meetings where business other than the election of directors may be transacted, the purpose or purposes for which the meeting is called. Notice of any meeting of stockholders shall not be required to be given to any stockholder who shall attend such meeting in person or by proxy except as otherwise provided by statute; and if any stockholder shall in person or by attorney thereunto authorized, in writing or by telegraph, cable, telex, facsimile transmitter or other similar means, waive notice of any meeting, whether before or after such meeting be held, notice thereof need not be given to him. Notice of any adjourned meeting of the stockholders shall not be required to be given, except when expressly required by law. Notice of any meeting of stockholders as herein provided shall not be required to be given to any stockholder where the giving of such notice is prohibited or is rendered impossible by the laws of the United States of America.

SECTION 5. List of Stockholders. It shall be the duty of the Secretary or other officer who shall have charge of the stock ledger either directly or through a transfer agent appointed by the Board of Directors, to prepare and make, at least ten days before every meeting of stockholders, complete lists of the stockholders entitled to vote thereat, arranged in alphabetical order, and showing the address of each stockholder, the holders of each class of stock appearing separately, and indicating the number of shares held by each, certified by the Secretary or Transfer Agent. For said ten days such lists shall be open to the examination of any stockholder for any purpose germane to the meeting at the place where said meeting is to be held, or at a place permitted by the Delaware General Corporation Law, and shall be produced and kept at the time and place of the meeting during the whole time thereof, and subject to the inspection of any stockholder who may be present. Upon the willful neglect or refusal of the directors to produce such lists at any meeting, they shall be ineligible to any office at such meeting. The original or a duplicate stock ledger shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, such lists, or the books of the Corporation or to vote in person or by proxy at such meeting.

SECTION 6. Quorum. At each meeting of the stockholders, the holders of not less than a majority of the issued and outstanding stock of the Corporation present either in person or by proxy and entitled to vote at such meeting shall constitute a quorum except where otherwise

provided by law or by the Certificate of Incorporation or these by-laws. In the absence of a quorum, the stockholders of the Corporation present in person or by proxy and entitled to vote, by majority vote, or, in the absence of all the stockholders, any officer entitled to preside or act as Secretary at such meeting, shall have the power to adjourn the meeting from time to time, until stockholders holding the requisite amount of stock shall be present or represented. At any such adjourned meeting at which a quorum may be present any business may be transacted which might have been transacted at the meeting as originally called. The absence from any meeting of the number required by the laws of the State of Delaware or by the Certificate of Incorporation of the Corporation or by these by-laws for action upon any given matter shall not prevent action at such meetings upon any other matter or matters which may properly come before the meeting, and if the holders of not less than a majority of the issued and outstanding stock of the Corporation entitled to vote at that time upon such other matter or matters shall be present either in person or by proxy at such meeting, a quorum for the consideration of such other matter or matters shall be present and the meeting may proceed forthwith and take action upon such other matter or matters.

SECTION 7. Organization. The Chairman or, in his absence, the President, or, in the absence of both of them, any Vice President present, shall call meetings of the stockholders to order and shall act as Chairman thereof. In the absence of all of the foregoing officers, the holders of a majority in interest of the stock present in person or by proxy and entitled to vote may elect any stockholder of record present and entitled to vote to act as Chairman of the meeting until such time as any one of the foregoing officers shall arrive, whereupon he shall act as Chairman of the meeting. The Secretary or, in his absence, an Assistant Secretary shall act as secretary at all meetings of the stockholders. In the absence from any such meeting of the Secretary and the Assistant Secretary or Secretaries, the Chairman may appoint any person present to act as secretary of the meeting. Such person shall be sworn to the faithful discharge of his duties as such secretary of the meeting before entering thereon.

SECTION 8. Business and Order of Business. At each meeting of the stockholders such business may be transacted as may properly be brought before such meeting, except as otherwise in these by-laws expressly provided. The order of business at all meetings of the stockholders shall be as determined by the Chairman.

SECTION 9. Voting. Each stockholder of the Corporation shall, except as otherwise provided by statute or in these by-laws or in the Certificate of Incorporation of the Corporation, at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock of the Corporation registered in his name on the books of the Corporation on the date fixed pursuant to Section 6 of Article VII of these by-laws as the record date for the determination of stockholders entitled to vote at such meeting. Persons holding in a fiduciary capacity stock having voting rights shall be entitled to vote the shares so held, and persons whose stock having voting rights is pledged shall be entitled to vote, unless in the transfer by the pledgor on the books he shall have expressly empowered the pledgee to vote thereon, in which case only the pledgee, or his proxy, may represent said stock and vote thereon. Any vote on stock may be given by the stockholder entitled thereto in person or by his proxy appointed by an instrument in writing, subscribed by such stockholder or by his attorney thereunto authorized, and delivered to the secretary of the meeting; provided, however, that no proxy shall be voted on after three years from its date unless said proxy provides for a longer period. At all meetings of the stockholders, all matters (except those specified in Sections 3 and 12 of Article III and Article XI of these by-laws, and except also in special cases where other provision is made by statute, and except as otherwise provided in the Certificate of Incorporation) shall be decided by the vote of a majority in interest of the stockholders present in person or by proxy and entitled to vote thereat, a quorum being present. Except as otherwise provided by statute, the vote on any question need not be by ballot. On a vote by ballot each ballot shall be signed by the stockholder voting, or in his name by his proxy if there be such proxy, and shall state the number of shares voted by him.

SECTION 10. Inspectors of Election. On each matter or election at each meeting of the stockholders where a vote by ballot is taken, the polls shall be opened and closed, the proxies and ballots shall be received and be taken in charge, and all questions touching the qualification of voters and the validity of proxies and the acceptance or rejection of votes, shall be decided by two inspectors of election who shall be appointed by the Chairman of such meeting. The inspectors of election need not be stockholders. No candidate for the office of director shall act as inspector at any election of directors. Inspectors shall count and ascertain the number of shares voted; and shall declare the result of the election or of the voting as the case may be; and shall make out a certificate accordingly, stating the number of shares issued and outstanding and entitled to vote at such election or on such matters and the number of shares voted and how voted. Inspectors shall be sworn to faithfully perform their duties and shall certify to the returns in writing. They shall hold office from the date of their appointment until their successors shall have been appointed and qualified.

SECTION 11. Action by Consent. Whenever the vote of stockholders at a meeting thereof is required or permitted to be taken for or in connection with any corporate action, by any provision of statute or of the Certificate of Incorporation or of these by-laws, the meeting, prior notice thereof, and vote of stockholders may be dispensed with, and the action taken without such meeting, notice and vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares of stock of the Corporation entitled to vote thereon were present and voted. In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be more than ten days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. Any stockholder of record seeking to have the stockholders authorize or take corporate action by written consent shall, by written notice to the Secretary, request the Board of Directors to fix a record date. Such written notice shall be directed to the Secretary at the Corporation's principal place of business, shall be by hand or by certified or registered mail, return receipt requested, and shall set forth the corporate action proposed to be taken. The Board of Directors shall promptly, but in all events within ten days after the date on which such a request is received by the Secretary, adopt a resolution fixing the record date. If no record date has been fixed by the Board of Directors within ten days of the date on which such a request is received, the record date for determining stockholders entitled to consent to such corporate action in writing without a meeting, when no prior action by the Board of Directors is required by applicable law, shall be the first date on which a signed written consent setting forth such action taken or proposed to be taken is delivered to the Corporation

by delivery to its principal place of business, or any officer or agent of the Corporation having custody of the book in which proceedings of stockholders meetings are recorded, to the attention of the Secretary of the Corporation. Delivery shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by applicable law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be the close of business on the date on which the Board of Directors adopts the resolution taking such prior action. No consent to corporate action without a meeting of stockholders shall be effective prior to the record date determined as set forth herein. Prompt notice of the taking of any corporate action without a meeting of stockholders by less than unanimous written consent shall be given to those stockholders who have not consented to such action in writing.

ARTICLE III

BOARD OF DIRECTORS.

SECTION 1. General Powers. The property, affairs and business of the Corporation shall be managed by or under the direction of the Board of Directors.

SECTION 2. Number, Qualifications and Terms of Office. The number of directors may be fixed from time to time by the affirmative vote of a majority of the whole Board of Directors, but the number may be diminished to not less than three, by amendment of these by-laws. Directors need not be stockholders. The directors shall be elected annually and each director shall hold office until his successor shall have been elected and shall qualify, or until his death or until he shall resign or shall have been removed in the manner hereinafter provided.

SECTION 3. Election of Directors. At each meeting of the stockholders for the election of directors, at which a quorum is present, the persons receiving the greatest number of votes shall be the directors. In case of any increase in the number of directors, the additional directors may be elected by the directors then in office at any regular meeting or special meeting, or by the stockholders at the first annual meeting held after such increase or at a special meeting called for the purpose.

SECTION 4. Quorum and Manner of Acting. Except as otherwise provided by statute or by these by-laws, one-third of the whole Board of Directors (but not less than two) shall be required to constitute a quorum for the transaction of business at any meeting, and the act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors. In the absence of a quorum, a majority of the directors present may adjourn any meeting from time to time until a quorum be had. Notice of any adjourned meeting need be given only to those directors who were not present at any meeting at which the adjournment was taken, provided the time and place of the adjourned meeting were announced at the meeting at which the adjournment was taken. The directors shall act only as a board and the individual directors shall have no power as such.

SECTION 5. Place of Meeting, etc. The Board of Directors may hold its meetings, at such place or places within or without the State of Delaware as the Board of Directors may from time to time determine or as shall be specified or fixed in the respective notices or waivers of notice thereof.

SECTION 6. First Meeting. After each annual election of directors and within a reasonable time thereafter, the Board of Directors shall meet for the purpose of organization, the election of officers and the transaction of other business at such hours and place as shall be convenient. Notice of such meeting shall be given as hereinafter provided for special meetings of the Board of Directors or in a consent and waiver of notice thereof signed by all the directors.

SECTION 7. Regular Meetings. Regular meetings of the Board of Directors shall be held at such place and at such times as the Board of Directors shall from time to time by resolution determine or as shall be specified in the Notice of Meeting. If any day fixed for a regular meeting shall be a legal holiday at the place where the meeting is to be held, then the meeting which would otherwise be held on that day shall be held at the same hour on the next succeeding business day not a legal holiday. Notice of the regular meetings need not be given.

SECTION 8. Special Meetings: Notice. Special meetings of the Board of Directors shall be held whenever called by the Chairman, the President or by one of the directors. Notice of each such meeting shall be mailed to each director, addressed to him at his residence or usual place of business, at least two days before the day on which the meeting is to be held, or shall be sent to him at such place by telegraph, cable, telex, facsimile transmitter or other similar means, or be delivered personally or by telephone, not later than the day before the day on which the meeting is to be held. Every such notice shall state the time and place of the meeting but need not state the purpose thereof except as otherwise in these by-laws or by statute expressly provided. Notice of any meeting of the Board of Directors need not be given to any director, however, if waived by him in writing or by telegraph, cable, telex, facsimile transmitter or other similar means whether before or after such meeting be held or if he shall be present at the meeting; and any meeting of the Board of Directors shall be a legal meeting without any notice thereof having been given if all of the directors shall be present thereat.

SECTION 9. Organization. At each meeting of the Board of Directors, the Chairman or, in his absence, the President, or, in the absence of both of them, a director chosen by a majority of the directors present shall act as Chairman. The Secretary or, in his absence, an Assistant Secretary or, in the absence of both the Secretary and Assistant Secretaries, any person appointed by the Chairman shall act as secretary of the meeting.

SECTION 10. Order of Business. At all meetings of the Board of Directors business shall be transacted in the order determined by the Board of Directors.

SECTION 11. Resignations. Any director of the Corporation may resign at any time by giving written notice to the Chairman, the President or to the Secretary of the Corporation. The resignation of any director shall take effect at the time of the receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 12. Removal of Directors. Any director may be removed, either with or without cause, at any time, by the affirmative vote of a majority in interest of the holders of record of the stock having voting power at a meeting of the stockholders and the vacancy in the Board of Directors caused by any such removal may be filled by the stockholders at such meeting.

SECTION 13. Vacancies.

13.1 Any vacancy in the Board of Directors caused by death, resignation, removal, disqualification, an increase in the number of directors, or any cause may be filled by the directors then in office or by the stockholders of the Corporation at the next annual meeting or any special meeting called for the purpose and at which a quorum is present, and each director so elected shall hold office until his successor shall be duly elected and qualified, or until his death or until he shall resign or shall have been removed in the manner herein provided. In case of a vacancy in the Board of Directors, the remaining Directors shall continue to act, but if at any time the number of directors in office shall be reduced to less than a majority of the number necessary to constitute a full Board of Directors, the remaining directors shall forthwith call a special meeting of the stockholders for the purpose of filling vacancies. In case all the directors shall die or resign or be removed or disqualified, any officer or any stockholder having voting power may call a special meeting of the stockholders, upon notice given as herein provided for meetings of the stockholders, at which directors for the unexpired term may be elected.

13.2 A director who resigns, retires, or does not stand for reelection may, in the discretion of the Board of Directors, be elected a Director Emeritus. A Director Emeritus shall receive reimbursement for reasonable expenses for attendance at meetings of the Board to which he is invited. Such attendance shall be in a consulting capacity and he shall not be entitled to vote or have any duties or powers of a Director of the Corporation.

SECTION 14. Regular Stipulated Compensation and Fees. Each director shall be paid such regular stipulated compensation, if any, as shall be fixed by the Board of Directors and/or such fee, if any, for each meeting of the Board of Directors which he shall attend as shall be fixed by the Board of Directors and in addition such transportation and other expenses actually incurred by him in connection with services to the Corporation.

SECTION 15. Action by Consent. Unless restricted by the Certificate of Incorporation, any action required or permitted to be taken by the Board of Directors or any Committee thereof may be taken without a meeting if all members of the Board of Directors or such Committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of the proceedings of the Board of Directors or such Committee, as the case may be.

SECTION 16. Telephonic Meeting. Unless restricted by the Certificate of Incorporation, any one or more members of the Board of Directors or any Committee thereof may participate in a meeting of the Board of Directors or such Committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation by such means shall constitute presence in person at a meeting.

ARTICLE IV.

COMMITTEES.

SECTION 1. Committees. The Board of Directors may by resolution or resolutions passed by a majority of the whole Board, designate one or more Committees, each Committee to consist of two or more of the directors of the Corporation, which, to the extent provided for in said resolution or resolutions or in these by-laws, shall have and may exercise such powers as shall be permitted by law to be, and shall be delegated to such Committee by the Board. The Committee or Committees appointed by the Board shall be subject to the supervision and direction of the Board of Directors.

SECTION 2. Term of Office: Vacancies. All elected officers shall serve for a term of one year measured by the length of time between the organizational meeting of the Board of Directors following the annual meeting of shareholders, at which the officer is elected and the organizational meeting in the succeeding year, unless the officer is elected after the organizational meeting, in which case the term of the officer shall also expire at the next organizational meeting of the Board of Directors. If such election shall not occur at the organizational meeting, such election shall occur as soon as practicable thereafter. Each officer shall hold office only until the expiration of his or her one-year term or until his or her earlier resignation or removal by the Board of Directors. If any vacancy occurs in any office, the Board of Directors, or, in the case of an appointive office, any Committee constituted pursuant to Article IV of these by-laws with power for that purpose, may elect or appoint a successor to fill such vacancy for the remainder of the one year term.

SECTION 3. Organization. Except as otherwise provided in these by-laws, the Chairman of each Committee shall be designated by the Board of Directors. The Chairman of each Committee may designate a secretary of each such Committee. In the absence from any meeting of any Committee of its Chairman or its secretary such Committee shall appoint a temporary Chairman or secretary, as the case may be, of the meeting unless otherwise provided in these by-laws. Each Committee shall keep a record of its acts and proceedings and report the same from time to time to the Board of Directors.

SECTION 4. Resignations. Any member of a Committee may resign at any time by giving written notice to the Chairman, President or Secretary of the Corporation. Such resignation shall take effect at the time of the receipt of such notice or at any later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 5. Removal. Any member of a Committee may be removed with or without cause at any time by the affirmative vote of a majority of the whole Board of Directors given at any regular meeting or at any special meeting called for the purpose.

SECTION 6. Meetings. Regular meetings of each Committee, of which no notice shall be necessary, shall be held on such days and at such place as shall be fixed by a resolution adopted by the vote of a majority of all the members of such Committee. Special meetings of each Committee may be called by the Chairman of such Committee or by the Chairman, President or Secretary of the Corporation. Notice of each special meeting of the Committee shall be sent by mail to each member thereof, addressed to him at his residence or usual place of business, not later than the day before the day on which the meeting is to be held, or shall be sent to each such member by telegraph, cable, telex, facsimile transmitter or other similar means, or delivered to him personally or by telephone, not less than three (3) hours before the time set for the meeting. Every such notice shall state the time and place, but need not state the purposes, of the meeting. Notice of any such meeting need not be given to any member of a Committee, however, if waived by him in writing or by telegraph, cable, telex, facsimile transmitter or other similar means, or if he shall attend such meeting in person, and any meeting of a Committee shall be a legal meeting without any notice thereof having been given if all of the members of the Committee shall be present thereat.

SECTION 7. Quorum and Manner of Acting. Unless otherwise provided by resolution of the Board of Directors one less than a majority of a Committee, but not less than two, shall constitute a quorum for the transaction of business and the act of a majority of those present at a meeting at which a quorum is present shall be the act of such Committee. If at any time it shall be determined that a quorum of a Committee for any regular or special meeting thereof cannot be had, any member or members thereof shall have the right to invite one or more members of the Board of Directors who are not members of such Committee to attend any such meeting and to be counted as a member thereof for the purpose of making a quorum. The members of each Committee shall act only as a Committee and the individual members shall have no power as such.

SECTION 8. [RESERVED]

SECTION 9. Fees. Each member of a Committee shall be paid such fee, if any, as shall be fixed by the Board of Directors, for each meeting of such Committee which he shall attend, and in addition such transportation and other expenses actually incurred by him in connection with his services as such member.

ARTICLE V.

OFFICERS, EMPLOYEES AND AGENTS: POWERS AND DUTIES.

SECTION 1. Officers. The elected officers of the Corporation shall be a Chairman and a President (each of whom shall be a director), a Chief Executive Officer, a Chief Operating Officer, such Executive Vice Presidents, such Senior Vice Presidents and other Vice Presidents as the Board may elect, a Controller, a Treasurer, and a Secretary. The Board of Directors or any Committee constituted pursuant to Article IV of these by-laws with power for the purpose may also appoint one or more Assistant Controllers, one or more Assistant Treasurers, one or more Assistant Secretaries, and such other officers and agents as, from time to time, may appear to be necessary or advisable in the conduct of the affairs of the Corporation. Any number of offices may be held by the same person, except that any person serving as Chairman or President shall not also serve as Secretary.

SECTION 2. Term of Office: Vacancies. So far as practicable, all elected officers shall be elected at the organization meeting of the Board of Directors in each year, and shall hold office until their respective successors are chosen and qualified or until their earlier resignations or removals. All other officers shall hold office during the pleasure of the Board. If any vacancy occurs in any office, the Board of Directors, or, in the case of an appointive office, any Committee constituted pursuant to Article IV of these by-laws with power for the purpose, may elect or appoint a successor to fill such vacancy for the remainder of the term.

SECTION 3. Removal of Elected Officers. Any elected officer may be removed at any time, either for or without cause, by affirmative vote of a majority of the whole Board of Directors, at any meeting called for the purpose.

SECTION 4. Chairman. The Chairman shall function under the general supervision of the Board of Directors and shall perform such duties and exercise such powers as from time to time may be assigned to him by the Board. During any period in which there is a vacancy in the office of the President, the Chairman shall, pending action by the Board, perform the duties and exercise the powers of the President. The Chairman shall preside, when present, at all meetings of the stockholders and of the Board of Directors and shall see to it that appropriate agendas are developed for such meetings.

SECTION 5. President. The President shall perform such duties and exercise such powers as from time to time may be assigned to him by the Board or the Chairman. At the request of the Chairman or in case of the Chairman's absence or inability to act, the President shall perform the duties of the Chairman and, when so acting, shall have the powers of, and shall be subject to the restrictions upon, the Chairman.

SECTION 6. Chief Executive Officer. The Chief Executive Officer shall be designated from time to time by a resolution adopted by the Board of Directors and shall be either the Chairman or the President. He shall have, subject to the direction and control of the Board, general and

active supervision over the business and affairs of the Corporation and over its several officers. He shall perform all duties incident to his position and such other duties as may from time to time be assigned to him by the Board. He shall see that all orders of the Board shall be carried into effect. He may sign, execute and deliver all deeds, mortgages, contracts, stock certificates and other instruments in the name of the Corporation, except in cases where the signing, execution or delivery thereof shall be expressly delegated by the Board or by a duly authorized Committee of the Board or by these By-Laws to some other officer or agent of the Corporation or where any of them shall be required by law otherwise to be signed, executed or delivered. He may cause the seal of the Corporation to be affixed to any documents the execution of which on behalf of the Corporation shall have been duly authorized. He shall have authority to cause the employment or appointment of such employees and agents of the Corporation as the proper conduct of operations may require, to fix their compensation, subject to the provisions of these By-Laws, to remove or suspend any employee or agent under authority of an officer to him, to suspend for cause, pending final action by the authority which shall have elected or appointed him, any officer subordinate to him, and to have all the duties and exercise all the powers usually pertaining to the office held by the Chief Executive Officer of a Corporation, except as otherwise provided in these By-Laws.

SECTION 7. Chief Operating Officer. A Chief Operating Officer may be designated from time to time by a resolution adopted by the Board of Directors, and shall be subject to the direction and control of the Board, and the Chief Executive Officer. He shall directly report to and assist the Chief Executive Officer in the general and active supervision over the business and affairs of the Corporation and over its several officers, and shall perform all duties incident to his position and such other duties as may from time to time be assigned to him by the Board, or the Chief Executive Officer.

SECTION 8. Vice Presidents. Under the direction of the Chief Executive Officer or the Chief Operating Officer, the Executive Vice Presidents, Senior Vice Presidents, and Vice Presidents of the Corporation shall perform all such duties and exercise all such powers as may be provided by these by-laws or as may from time to time be determined by the Board of Directors, any Committee constituted pursuant to Article IV of these by-laws with power for the purpose, the Chief Executive Officer, or the Chief Operating Officer.

SECTION 9. Controller. The Controller shall be the chief accounting officer of the Corporation and shall see that the accounts of the Corporation and its subsidiary corporations are maintained in accordance with generally accepted accounting principles; and all decisions affecting the accounts shall be subject to his approval or concurrence. He shall supervise the manner of keeping all vouchers for payments by the Corporation and its subsidiary corporations and all other documents relating to such payments, shall receive and consolidate all operating and financial statements of the Corporation, its various departments, divisions and subsidiary corporations; shall have supervision of the books of account of the Corporation and its subsidiary corporations, their arrangement and classification; shall supervise the accounting practices of the Corporation and its subsidiary corporations and shall have charge of all matters relating to taxation.

SECTION 10. Assistant Controllers. At the request of the Controller or in his absence or disability the Assistant Controller designated by him or (failing such request or designation) the Assistant Controller or other officer designated by the President shall perform all the duties of the Controller and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the Controller.

SECTION 11. Treasurer. The Treasurer shall be the fiscal officer of the Corporation. He shall have the care and custody of all moneys, funds and securities of the Corporation, and shall cause the same to be deposited in such bank or banks or depositories as from time to time may be designated, pursuant to Section 4 and Section 5 of Article VI of these by-laws; shall advise upon all terms of credit granted by the Corporation and its subsidiary corporations, respectively; shall be responsible for the collection of their accounts, and shall cause to be recorded, daily, a statement of all receipts and disbursements of the Corporation and its subsidiary corporations, in order that proper entries may be made in the books of account; and shall have power to give proper receipts or discharges for all payments to the Corporation. He shall also have power to sign any or all certificates of stock of the Corporation.

SECTION 12. Assistant Treasurers. At the request of the Treasurer or in his absence or disability the Assistant Treasurer designated by him or (failing such request or designation) the Assistant Treasurer or other officer designated by the President shall perform all the duties of the Treasurer and, when so acting, shall have the powers of, and be subject to all the restrictions upon, the Treasurer.

SECTION 13. Secretary. The Secretary shall attend to the giving of notice of all meetings of stockholders and of the Board of Directors and shall record all the proceedings of the meetings thereof in books to be kept for that purpose. He shall have charge of the corporate seal and have authority to attest any and all instruments or writings to which the same may be affixed. He shall be custodian of all books, documents, papers and records of the Corporation, except those for which some other officer or agent is properly accountable. He shall have authority to sign any or all certificates of stock of the Corporation, and, in general, shall have all the duties and powers usually appertaining to the office of secretary of a corporation.

SECTION 14. Assistant Secretaries. At the request of the Secretary or in his absence or disability the Assistant Secretary designated by him or (failing such request or designation) the Assistant Secretary or other officer designated by the President shall perform all the duties of the Secretary and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the Secretary.

SECTION 15. Additional Duties and Powers. In addition to the foregoing especially enumerated duties and powers, the several officers of the Corporation shall perform such other duties and exercise such further powers as may be provided in these by-laws or as may from time to time be determined by the Board of Directors, or any Committee constituted pursuant to Article IV of these by-laws with power for the purpose, or by any competent superior officer.

SECTION 16. Compensation. The compensation of all officers, except assistant officers, of the Corporation shall be fixed, from time to time by the Board of Directors, or any Committee constituted pursuant to Article IV of these by-laws with power for the purpose.

SECTION 17. Resignations. Any officer may resign at any time by giving written notice to the Board of Directors, the Chairman, the President, the Chief Executive Officer, the Chief Operating Officer, or the Secretary. Any such resignation shall take effect at the date of receipt of such notice or at any later time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

ARTICLE VI.

CONTRACTS, CHECKS, DRAFTS, BANK ACCOUNTS, ETC.

SECTION 1. Contracts, etc., How Executed. The Board of Directors, or any Committee constituted pursuant to Article IV of these by-laws with power for the purpose, except as in these by-laws otherwise provided, may authorize any officer or officers, agent or agents, of the Corporation to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances; and, unless so authorized by the Board of Directors or by such Committee or by these by-laws, no officer, agent, or employee shall have any power or authority to bind the Corporation by any contract or agreement or to pledge its credit or to render it liable pecuniarily for any purpose or to any amount.

SECTION 2. Loans. No loan shall be contracted on behalf of the Corporation, and no negotiable paper shall be issued in its name, unless authorized by the Board of Directors or by any Committee constituted pursuant to Article IV of these by-laws with power for the purpose. When so authorized, the Chairman, President, Chief Executive Officer, Chief Operating Officer, or a Vice President or the Secretary or the Treasurer or the Assistant Treasurer of the Corporation may effect loans and advances at any time for the Corporation from any bank, trust company or other institution, or from any firm, corporation or individual and for such loans and advances may make, execute and deliver promissory notes or other evidences of indebtedness of the Corporation and, when authorized as aforesaid, as security for the payment of any and all loans, advances, indebtedness and liabilities of the Corporation, may mortgage, pledge, hypothecate or transfer any real or personal property at any time held by the Corporation and to that end execute instruments of mortgage or pledge or otherwise transfer such property. Such authority may be general or confined to specific instances.

SECTION 3. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such officer or officers, employee or employees, of the Corporation as shall from time to time be determined by resolution of the Board of Directors or by any Committee constituted pursuant to Article IV of these by-laws with power for the purpose, or by any officer or officers authorized pursuant to Section 4 or Section 5 of this Article to designate depositories or to open bank accounts.

SECTION 4. Deposits. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors or any Committee constituted pursuant to Article IV of these by-laws with power for the purpose may from time to time designate, or as may be designated by an officer or officers of the Corporation to whom such power may be delegated by the Board of Directors, or by such Committee, and for the purpose of such deposit, the President, the Chief Executive Officer, the Chief Operating Officer, or a Vice President, or the Treasurer, or an Assistant Treasurer, or the Secretary, or an Assistant Secretary, may endorse, assign and deliver checks, drafts and other orders for the payment of money which are payable to the order of the Corporation.

SECTION 5. General and Special Bank Accounts. The Board of Directors or any Committee constituted pursuant to Article IV of these by-laws with power for the purpose, or any officer or officers of the Corporation to whom such powers may be delegated by the Board of Directors, or by such Committee, may from time to time authorize the opening and keeping with such banks, trust companies or other depositories as it, or they, may designate of general and special bank accounts, and may make such special rules and regulations with respect thereto, not inconsistent with the provisions of these by-laws, as it, or they, may deem expedient.

SECTION 6. Proxies. Except as otherwise in these by-laws or in the Certificate of Incorporation of the Corporation provided, and unless otherwise provided by resolution of the Board of Directors, or of any Committee constituted pursuant to Article IV of these by-laws with power for the purpose, the Chairman or President or Chief Executive Officer may from time to time appoint an attorney or attorneys or agent or agents, of the Corporation, in the name and on behalf of the Corporation to cast the votes which the Corporation may be entitled to cast as a stockholder or otherwise in any other corporation any of whose stock or other securities may be held by the Corporation, at meetings of the holders of the stock or other securities of such other corporation, or to consent in writing to any action by such other corporation, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consent, and may execute or cause to be executed in the name and on behalf of the Corporation and under its corporate seal, or otherwise, all such written proxies or other instruments as he may deem necessary or proper in the premises.

SECTION 7. Independent Public Accountants. The stockholders of the Corporation shall, at each annual meeting, appoint independent public accountants for the purpose of auditing and certifying the annual financial statements of the Corporation for its current fiscal year as sent to stockholders or otherwise published by the Corporation. If the stockholders shall fail to appoint such independent public accountants or if the independent public accountants so appointed by the stockholders shall decline to act or resign, or for some other reason be unable to perform their duties, the Board of Directors shall appoint other independent public accountants to perform the duties herein provided.

ARTICLE VII.

SHARES AND THEIR TRANSFER.

SECTION 1. Shares. The shares of the Corporation shall be represented by certificates or shall be uncertificated. Each registered holder of shares, upon request to the Corporation, shall be provided with a certificate of stock, representing the number of shares owned by such holder. Absent a specific request for such a certificate by the registered owner or transferee thereof, all shares shall be uncertificated upon the original issuance thereof by the Corporation or upon the surrender of the certificate representing such shares to the Corporation. Certificates for shares of the capital stock of the Corporation shall be in such form as shall be approved by the Board of Directors or by any Committee constituted pursuant to Article IV of these by-laws with power for the purpose. They shall be numbered, shall certify the number of shares held by the holder thereof and shall be signed by the Chairman, President, Chief Executive Officer, Chief Operating Officer or a Vice President and the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary of the Corporation, and the seal of the Corporation shall be affixed thereto. Where any such certificate is countersigned by a transfer agent, other than the Corporation or its employee, or by a registrar, other than the Corporation or its employee, any other signature and the seal of the Corporation on such certificate may be a facsimile, engraved, stamped or printed. In any case any such officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon any such certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such officer, transfer agent, or registrar were such officer, transfer agent or registrar at the date of its issue.

SECTION 2. Transfer of Stock. Transfers of shares of the capital stock of the Corporation shall be made only on the books of the Corporation by the holder thereof, or by his attorney thereunto authorized by a power of attorney duly executed and filed with the Secretary of the Corporation, or a transfer agent of the Corporation, if any, and on surrender of the certificate or certificates for such shares, properly endorsed, or upon receipt of proper transfer instructions from the owner of uncertificated shares, or upon the escheat of said shares under the laws of any state of the United States. A person in whose name shares of stock stand on the books of the Corporation shall be deemed the owner thereof as regards the Corporation, provided that whenever any transfer of shares shall be made for collateral security, and not absolutely, such fact, if known to the Secretary or to said transfer agent, shall be so expressed in the entry of transfer.

SECTION 3. Addresses of Stockholders. Each stockholder shall designate to the Secretary of the Corporation an address at which notices of meetings and all other corporate notices may be served or mailed to him, and if any stockholder shall fail to designate such address, corporate notices may be served upon him by mail directed to him at his last known post office address as it appears on the records of the Corporation.

SECTION 4. Lost, Stolen, Destroyed and Mutilated Certificates. To deal with the eventuality of lost, stolen, destroyed and mutilated certificates of stock the Board of Directors or any Committee constituted pursuant to Article IV of these by-laws with power for the purpose may establish by appropriate resolutions such rules and regulations as they deem expedient concerning the issue to such holder uncertificated shares or, if requested by such holder, a new certificate or certificates of stock, including, without limiting the generality of the foregoing, such rules and regulations as they may deem expedient with respect to the proof of loss, theft or destruction and the surrender of mutilated certificates and the requirements as to the giving of a bond or bonds to indemnify the Corporation against any claim which may be made against it on account of the alleged loss, theft or destruction of any such certificate. The holder of any stock of the Corporation shall immediately notify the Corporation and/or the appropriate transfer agent of such stock of any loss, theft, destruction or mutilation of the certificate therefore.

SECTION 5. Transfer Agent and Registrar: Regulations. The Corporation shall, if and whenever the Board of Directors or any Committee constituted pursuant to Article IV of these by-laws with power for the purpose shall so determine, maintain one or more transfer offices or agencies, each in charge of a transfer agent designated by the Board of Directors or by such Committee, where the shares of the capital stock of the Corporation shall be directly transferable, and also one or more registry offices, each in charge of a registrar designated by the Board of Directors or by such Committee, where such shares of stock shall be registered, and no certificate for shares of the capital stock of the Corporation, in respect of which a registrar and transfer agent shall have been designated, shall be valid unless countersigned by such transfer agent and registered by such registrar. A firm may act at the same time as both transfer agent and registrar of the Corporation. The Board of Directors or any such Committee may also make such additional rules and regulations as it may deem expedient concerning the issue, transfer and registration of uncertificated shares or certificates for shares of the capital stock of the Corporation.

SECTION 6. Fixing Record Date. The Board of Directors or any Committee constituted pursuant to Article IV of these by-laws with power for the purpose may fix, in advance, a date, not exceeding sixty days preceding the date of any meeting of stockholders, or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversation or exchange of capital stock shall go into effect, as a record date for the determination of the stockholders entitled to notice of, and to vote at, any such meeting or entitled to receive payment of any such dividend, or to any such allotment of rights, or to exercise the rights in respect of any change, conversation or exchange of the capital stock, and in each such case only such stockholders as shall be stockholders of record on the date so fixed shall be entitled to notice of, or to vote at, such meeting, or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights, as the case may be, notwithstanding any transfer of any stock on the books of the Corporation after any such record date as aforesaid.

SECTION 7. Examination of Books by Stockholders. The Board of Directors or any Committee constituted pursuant to Article IV of these by-laws with power for the purpose shall, subject to the laws of the State of Delaware, have power to determine, from time to time, whether and to what extent and under what conditions and regulations the accounts and books of the Corporation, or any of them, shall be open to the inspection of the stockholders; and no stockholder shall have any right to inspect any account, book or document of the Corporation, except as conferred by the laws of the State of Delaware, unless and until authorized so to do by resolution of the Board of Directors or any Committee constituted pursuant to Article IV of these by-laws with power for the purpose or of the stockholders of the Corporation.

ARTICLE VIII.

DIVIDENDS, SURPLUS, ETC.

Subject to the provisions of the Certificate of Incorporation and any restrictions imposed by statute, the Board of Directors may declare dividends from the surplus of the Corporation or from the net profits arising from its business, whenever, and in such amounts as, in its opinion, the condition of the affairs of the Corporation shall render advisable. If the date appointed for the payment of any dividend shall in any year fall on a legal holiday then the dividend payable on such date shall be payable on the next succeeding business day. The Board of Directors in its discretion may from time to time set aside from such surplus or net profits such sum or sums as it, in its absolute discretion, may think proper as a working capital or as a reserve fund to meet contingencies, or for the purpose of maintaining or increasing the property or business of the Corporation, or for any other purpose it may think conducive to the best interests of the Corporation. All such surplus or net profits, until actually declared in dividends, or used and applied as aforesaid, shall be deemed to have been so set aside by the Board for one or more of said purposes.

ARTICLE IX.

SEAL.

The corporate seal of the Corporation shall consist of a metallic stamp, circular in form, bearing in its center the figures and word "1929, Delaware", and at the outer edge the name of the Corporation.

ARTICLE X.

FISCAL YEAR.

The fiscal year of the Corporation shall begin on the first day of January in each year.

ARTICLE XI.

AMENDMENTS.

All by-laws of the Corporation shall be subject to alteration or repeal, and new by-laws not inconsistent with any provision of the Certificate of Incorporation of the Corporation or any provision of law, may be made, either by the affirmative vote of the holders of record of a majority of the outstanding stock of the Corporation entitled to vote in respect thereof, given at an annual meeting or at any special meeting or by the Board of Directors at any regular or special meeting.

[Date]
[Name]
[Address]
[City, State, Zip Code]

Dear [name]:

I am pleased to advise you that by reason of your status as a designated key employee of Curtiss-Wright Corporation and its wholly owned subsidiaries (hereinafter collectively referred to as the "Corporation"), the Corporation wishes to provide you with a special severance pay arrangement. The Corporation's severance pay arrangement (the "Severance Pay Arrangement") is described in this letter and, when this letter is signed and dated by you, such arrangement will become effective.

Notwithstanding the foregoing, we note that (a) if you and the Corporation have entered into, or at any time in the future enter into, a separate agreement providing for the payment to you of severance pay and other benefits in the event of the termination of your employment following or in connection with a "Change in Control" of the Corporation (hereinafter "Change in Control Agreement") as the term "Change in Control" may be defined in the Change in Control Agreement, and (b) a Change in Control of the Corporation occurs entitling you to receive severance pay and other benefits pursuant to the terms of the Change in Control Agreement at least equivalent to the Severance Pay and other benefits you would be entitled to under the terms and conditions of this severance arrangement; then in such event (and only in such event) said Change in Control Agreement shall supersede and replace this severance arrangement in its entirety. In all other circumstances this Severance Pay Arrangement shall remain in full force and effect.

The Corporation will pay you severance pay (the "Severance Pay") in an amount equal to your annual base salary at the time of termination of your employment with the Corporation (or its subsidiary, whichever is applicable) if your employment is terminated other than for cause, or as otherwise set forth below. The Severance Pay and other benefits payable to you under this arrangement will be in lieu of corresponding benefits (including notice of termination) under any applicable policy or policies of, or agreement between you and, the Corporation or its subsidiaries. You expressly agree and confirm that you are an at will employee of the Corporation (and/or its subsidiary, whichever is applicable) whose employment is subject to termination at any time with or without cause (however defined) and with no right to prior notice.

You shall not be entitled to payments or benefits under this Severance Pay Arrangement if the Corporation terminates your employment for cause, you fail to comply with the terms and conditions of this Agreement, or you voluntarily terminate your employment with the Corporation or you voluntarily retire; provided, however, that you shall not be deemed to have voluntarily retired or voluntarily terminated your employment, and shall be entitled to payments and benefits hereunder, if your voluntary retirement or termination is the direct and proximate result of a substantial adverse change in the terms or conditions of your employment imposed by your employer including, but not limited to, a significant reduction in your compensation, other than incentive compensation or long term incentive compensation, or in your job responsibilities.

The Severance Pay under this Severance Pay Arrangement will be in addition to any vacation pay accrued and unused to the date of termination, and will be paid in biweekly installments (less required and permitted withholdings and deductions) over the period of one year following your termination of employment. Alternatively, you may elect to be paid the same aggregate amount of Severance Pay in biweekly installments (less required and permitted withholdings and deductions) over a period of two years following your termination of employment, instead of one year. Such election must be made by written notice to the Corporation within thirty (30) days after termination of your employment. For as long as you collect Severance Pay under this Agreement, you shall also receive an equivalent period of credit for service, as to and defined in the Curtiss-Wright Corporation Retirement Plan and the Curtiss-Wright Corporation Retirement Benefits Restoration Plan as then in effect.

Except as provided below, or as otherwise provided by applicable law, your right to participate in all employee benefit plans will end with any termination of employment to which this arrangement applies. Notwithstanding anything herein to the contrary, in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (COBRA), you and your eligible dependents will be entitled to continue medical and health benefits, including dental and prescription drug benefits, under the Corporation's medical and health plans, in accordance with the terms and conditions of such plans and the continuation coverage period provided for under COBRA. Although the Corporation is permitted to charge you and your dependents up to 102 percent of the applicable premium for continuation coverage pursuant to COBRA, the Corporation will reimburse you for any premiums charged in accordance with the applicable medical or health plan and the Corporation's generally applicable policies and procedures. Similarly, you will also have the right to convert certain other welfare plan benefits (such as life insurance and accidental death and dismemberment insurance) from a group policy to an individual policy. If you elect to convert such benefits to individual policies and timely do so in accordance with applicable law and policies, the Corporation will reimburse you for any premiums you pay under such individual policies for a period of one year, provided, however, that such reimbursement will be limited to the premiums charged for the same amount and type of coverage provided to you by the Corporation under the Corporation's group policies immediately prior to your termination of employment with the Corporation.

If you are awarded unemployment compensation, temporary disability benefits or salary continuation because of disability or medical leave applicable to any week or weeks of the period during which the Severance Pay installments are to be paid hereunder, the Corporation will not deduct from any or all of said installments an amount or amounts equal to such unemployment compensation, temporary disability benefits or salary continuation.

During the period of one year (or two years, should you elect to be paid the Severance Pay over a two-year period) following your termination

of employment, the Corporation shall be entitled to such of your services as a consultant as the Corporation may from time to time reasonably request, having regard to your health, residence and personal circumstances, in connection with any matter on which you were working at the time of

the termination of your employment or with respect of which you might be expected to have special competence by reason of your employment with the Corporation or a subsidiary or otherwise. Consulting services may not be required to the extent that the performance of such services would interfere with your seeking, accepting or performing employment elsewhere. You shall not be paid compensation (other than the Severance Pay) for such consulting services, but you shall be entitled to reimbursement of reasonable, pre-approved expenses incurred by you in the performance of such consulting services.

Your failure to provide the consulting services specified above, or your engaging either on your own account or on behalf of any other party in an activity that is directly competitive with the business of the Corporation or any of its subsidiaries, or the use (except for the Corporation) or disclosure to another party by you without the Corporation's prior written consent of any secret or confidential information or know-how of the Corporation or any of its subsidiaries (whether or not developed by you), or the violation by you of any post employment obligation under any agreement with the Corporation or any of its subsidiaries, shall result in the forfeiture of your right to receive any further installments of the Severance Pay or other benefits under this arrangement, which remedy or remedies shall not be exclusive of, but shall be in addition to, any other remedy or remedies that may be available to the Corporation or any of its subsidiaries at law or in equity.

In the event you die during the period over which your Severance Pay is being paid or your benefits hereunder are being provided, your legal beneficiary shall receive the remaining Severance Pay payments in a lump sum payment as soon as practicable. If your spouse or other eligible dependents are covered under a medical or health group plan by the Corporation in accordance with COBRA, such individuals will have the right to continue such coverage to the fullest extent provided for under COBRA and the Corporation will reimburse such individuals for any COBRA premium paid by them.

In the event that any dispute shall arise as to any issue under this arrangement, except as otherwise stated in this Agreement, that dispute shall be settled and finally determined by arbitration in the City of New York under the then existing rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator or arbitrators may be entered in any court having jurisdiction thereof.

If you wish to have this Severance Pay Arrangement apply to you, you must signify your agreement to its terms and conditions by signing and returning the enclosed copy of this letter. In addition, if you wish to have this Severance Pay Arrangement apply to you, you must agree to execute a second agreement at the time you seek the Severance Pay and benefits provided for in this letter, which will irrevocably and unconditionally release and discharge the Corporation, its successors and assigns, and their officers, directors and employees from any and all debts, obligations, claims, demands, judgments, or causes of action of any kind arising out of or relating to your employment with the Corporation or one of its subsidiaries or affiliates or out of or relating to the termination of that employment (including but not limited to the Age Discrimination in Employment Act of 1967) and all federal, state and local law claims, whether statutory or common law, including, but not limited to, claims of defamation (including both libel and slander), wrongful discharge, tortious interference with economic advantage, breach of contract, negligence, employment discrimination on any

basis, and any other claim relating to your employment with the Corporation or the termination of that employment.

In further consideration of the benefits provided under this Severance Pay Arrangement, you also hereby agree, that you will be deemed to have resigned from any officer position or any other positions you may occupy with the Corporation or any of its affiliates as a result of or otherwise in connection with your employment with the Corporation, or any of its affiliates.

Because this Severance Pay Arrangement is being made available only to a limited number of key employees, it is requested that you treat this matter on a confidential basis.

I am confident that you will continue to earn the approbation that is implicit in the Corporation's making this new benefit available to you.

Sincerely,

CURTISS-WRIGHT CORPORATION

By:
Martin R. Benante

The foregoing is agreed to as
of the date first hereinabove
set forth.

[name]

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