CURTISS WRIGHT CORP

FORM 10-Q
(Quarterly Report)

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

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED June 30, 2002

Commission File Number 1-134

CURTISS-WRIGHT CORPORATION

(Exact name of Registrant as specified in its charter)

Delaware	13-0612970
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1200 Wall Street West Lyndhurst, New Jersey	07071
(Address of principal executive offices)	(Zip Code)

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

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

Yes X No

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

Common Stock, par value $1.00 per share: 5,847,577 shares (as of July 31, 2002). Class B Common Stock, par value $1.00 per share: 4,382,102 shares (as of July 31 2002).

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES

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CURTISS-WRIGHT CORPORATION and SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In thousands)

	(UNAUDITED) June 30, 2002	December 31, 2001(1)
Assets		
Current Assets:		
Cash and cash equivalents	$ 23,360	$ 25,495
Short-term investments	422	41,658
Receivables, net	101,662	86,354
Inventories, net	68,706	57,115
Deferred tax assets, net	9,919	9,565
Other current assets	7,937	5,770
Total current assets	212,006	225,957
Property, plant and equipment, at cost	245,859	226,435
Less: accumulated depreciation	128,102	121,914
Property, plant and equipment, net	117,757	104,521
Prepaid pension costs	75,290	70,796
Goodwill and other intangible assets, net	139,020	92,630
Property held for sale	2,460	2,460
Other assets	5,311	4,064
Total Assets	$551,844	$500,428
Liabilities		
Current Liabilities:		
Account payable	$ 24,038	$ 19,362
Accrued expenses	28,866	23,163
Income taxes payable	6,549	17,704
Other current liabilities	10,694	15,867
Total current liabilities	70,147	76,096
Long-term debt	47,446	21,361
Deferred income taxes, net	26,566	26,043
Accrued postretirement benefit costs	5,335	5,335
Other liabilities	22,877	21,639
Total Liabilities	172,371	150,474
Stockholders' Equity		
Common stock, $1 par value	10,618	10,618
Class B common stock, $1 par value	4,382	4,382
Capital surplus	50,048	52,532
Retained earnings	486,382	469,303
Unearned portion of restricted stock	(69)	(78)
Accumulated other comprehensive income	1,201	(6,831)
	552,562	529,926
Less: cost of treasury stock	173,089	179,972
Total Stockholders' Equity	379,473	349,954
Total Liabilities and Stockholders' Equity	$551,844	$500,428

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

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, 2002	Three Months Ended June 30, 2001(1)	Six Months Ended June 30, 2002	Six Months Ended June 30, 2001(1)
Net Sales	$121,777	$86,604	$219,564	$166,521
Cost of sales	78,078	53,767	139,710	103,673
Gross Profit	43,699	32,837	79,854	62,848
Research & development expenses	2,714	1,025	4,025	1,922
Selling expenses	7,144	4,487	12,886	9,080
General and administration expenses	18,718	14,134	34,704	27,472
Environmental remediation and administrative expenses, net	45	125	247	43
Operating income	15,078	13,066	27,992	24,331
Investment income	380	650	511	1,493
Rental income	50	1,308	99	2,342
Pension income, net	2,254	2,343	4,508	4,687
Other income (expense), net	18	(69)	(90)	(527)
Interest expense	(466)	(396)	(659)	(645)
Earnings before income taxes	17,314	16,902	32,361	31,681
Provision for income taxes	6,498	6,437	12,229	11,997
Net earnings	$ 10,816	$10,465	$ 20,132	$ 19,684
Basic earnings per share	$1.06	$1.04	$1.98	$1.96
Diluted earnings per share	$1.03	$1.02	$1.93	$1.92
Dividends per share	$0.15	$0.13	$0.30	$0.26
Weighted average shares outstanding:				
Basic	10,203	10,059	10,163	10,049
Diluted	10,511	10,269	10,421	10,259

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

See notes to consolidated financial statements

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

(In thousands)

	Six Months Ended June 30, 2002	Six Months Ended June 30, 2001
Cash flows from operating activities:		
Net earnings	$ 20,132	$ 19,684
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	8,933	7,460
Net gains on short-term investments	(7)	(50)
Net gains on sales of real estate and equipment	(59)	(26)
Noncash pension income	(4,545)	(4,687)
Deferred income taxes	169	2,727
Changes in operating assets and liabilities, net of businesses acquired:		
Proceeds from sales of short-term investments	77,050	160,389
Purchases of short-term investments	(35,600)	(151,439)
Increase in receivables	(6,372)	(5,992)
(Increase) decrease in inventory	(6,480)	1,760
Increase in progress payments	8,133	767
Decrease in accounts payable and accrued expenses	(373)	(5,712)
(Decrease) increase in income taxes payable	(11,566)	362
Increase in other current and noncurrent assets	(3,264)	(331)
Decrease in other current and noncurrent liabilities	(4,329)	(2,104)
Other, net	9	8
Total adjustments	21,699	3,132
Net cash provided by operating activities	41,831	22,816
Cash flows from investing activities:		
Proceeds from sales of real estate and equipment	275	468
Additions to property, plant and equipment	(13,105)	(6,262)
Acquisition of new businesses, net of cash	(61,789)	(1,525)
Net cash used for investing activities	(74,619)	(7,319)
Cash flows from financing activities:		
Principal payments on long-term debt	(46,291)	(7,751)
Dividends paid	(1,526)	(1,305)
Proceeds from borrowings	71,374	--
Proceeds from exercise of stock options	4,449	1,094
Common stock repurchases	(50)	(3)
Net cash provided by (used for) financing activities	27,956	(7,965)
Effect of foreign currency	2,697	(2,936)
Net (decrease) increase in cash and cash equivalents	(2,135)	4,596
Cash and cash equivalents at beginning of period	25,495	8,692
Cash and cash equivalents at end of period	$ 23,360	$ 13,288

See notes to consolidated financial statements

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

(In thousands)

	Common Stock	Class B Common Stock	Additional Paid in Capital	Retained Earnings	Unearned Portion of Restricted Stock Awards	Accumulated Other Comprehensive Income	Treasury Stock
December 31, 2000	$15,000	$ --	$51,506	$411,866	$ (22)	$(5,626)	$182,500
Net earnings	--	--	--	62,880	--	--	--
Translation adjustments, net	--	--	--	--	--	(1,205)	--
Dividends paid	--	--	--	(5,443)	--	--	--
Restricted stock awards	--	--	6	--	(77)	--	(72)
Stock options exercised, net	--	--	(730)	--	--	--	(2,456)
Amortization of earned portion of restricted stock awards	--	--	--	--	21	--	--
Recapitalization	(4,382)	4,382	1,750	--	--	--	--
December 31, 2001	10,618	4,382	52,532	469,303	(78)	(6,831)	179,972
Net earnings	--	--	--	20,132	--	--	--
Translation adjustments, net	--	--	--	--	--	8,023	--
Common dividends	--	--	--	(3,053)	--	--	--
Stock options exercised, net	--	--	(2,484)	--	--	--	(6,883)
Amortization of earned portion of restricted stock awards	--	--	--	--	9	--	--
June 30, 2002	$10,618	$4,382	$50,048	$486,382	$ (69)	$ 1,201	$173,089

See notes to consolidated financial statements

NOTES to CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. BASIS of PRESENTATION

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

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and such preparation has required the use of management's best estimates and judgments in presenting the consolidated accounts of the Corporation, after elimination of all significant intercompany transactions and accounts. Management's best estimates include assumptions that affect the reported amount of assets, liabilities, revenue and expenses in the accompanying financial statements. The most significant of these estimates include the estimate of costs to complete long-term contracts under the percentage of completion accounting method, the determination of the assumptions used in estimating the future pension liability and other postemployment benefits, the estimate of purchase price allocations to amortizable intangibles and the estimate of future environmental costs. Actual results may differ from these estimates. The unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Corporation's 2001 Annual Report on Form 10-K. The results of operations for these interim periods are not necessarily indicative of the operating results for the full year. Certain prior year information has been reclassified to conform to current presentation.

2. ACQUISITIONS

MOTION CONTROL SEGMENT

PENNY & GILES/AUTRONICS

On April 1, 2002, the Corporation acquired all of the outstanding shares of Penny and Giles Controls Ltd., Penny and Giles Controls Inc., Penny and Giles Aerospace Ltd., the assets of Penny & Giles International Plc. devoted to its aerospace component business (collectively "Penny and Giles"), and substantially all of the assets of Autronics Corporation ("Autronics") from Spirent Plc. The purchase price of the acquisition, subject to adjustment as provided for in the Share and Asset Purchase Agreement, is $60 million in cash and the assumption of certain liabilities. Approximately $40 million of the purchase price was funded from credit available under the Corporation's Revolving Credit facility. This acquisition has been accounted for as a purchase in the second quarter of 2002. As of the date of acquisition, the excess of the purchase price over the fair value of the net assets acquired was approximately $39 million. The fair value of the net assets acquired was based on preliminary estimates and may be revised at a later date.

Penny and Giles is a leading designer and manufacturer of proprietary position sensors and control hardware for both military and commercial aerospace applications and industrial markets. Autronics is a leading provider of aerospace fire detection and suppression control systems, power conversion products and control electronics.

The acquired business units, located in Wales, England, Germany and the United States, operate as part of the Motion Control segment.

METAL TREATMENT SEGMENT

YTSTRUKTUR ARBODA AB

On April 11, 2002, the Corporation acquired 100% of the stock of Ytstruktur Arboda AB, a metal treatment business located in Arboda, Sweden. This business, specializing in controlled shot peening, non-destructive testing and other metal finishing processes, services the Scandanavian market.

The purchase price of the acquisition, subject to adjustment as provided for in the Purchase and Sale Agreement, was $1.0 million, which approximated the fair value of the net assets acquired. The fair value of net assets acquired was based on preliminary estimates and may be revised at a later date. This acquisition has been accounted for as a purchase in the second quarter of 2002.

3. RECEIVABLES

Receivables at June 30, 2002 and December 31, 2001, 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 amounts of unbilled receivables are expected to be billed and collected within a year. The composition of receivables for these periods is as follows:

	(In thousands)	
	June 30, 2002	December 31, 2001
Billed Receivables:		
Trade and other receivables	$ 87,023	$70,562
Less: Progress payments applied	(5,066)	(2,393)
Allowance for doubtful accounts	(2,685)	(2,117)
Net billed receivables	79,272	66,052
Unbilled Receivables:		
Recoverable costs and estimated earnings not billed	27,679	24,799
Less: Progress payments applied	(6,307)	(8,015)
Net unbilled receivables	21,372	16,784
Notes Receivable	1,018	3,518
Receivables, net	$101,662	$86,354

The net receivable balance at June 30, 2002 included $12.9 million related to the Corporation's 2002 acquisitions.

4. INVENTORIES

Inventories are valued at the lower of cost (principally average cost) or market. The composition of inventories at June 30, 2002 and December 31, 2001 is as follows:

	(In thousands)	
	June 30, 2002	December 31, 2001
Raw material	$ 41,198	$ 25,761
Work-in-process	23,994	19,079
Finished goods and component parts	37,846	34,853
Inventoried costs related to US government and other long-term contracts	7,643	7,248
Gross inventories	110,681	86,941
Less: Inventory reserves	(21,072)	(14,384)
Progress payments applied, principally related to long-term contracts	(20,903)	(15,442)
Inventories, net	$ 68,706	$ 57,115

Included in the $68.7 million net inventory balance at June 30, 2002 was $11.5 million related to the Corporation's 2002 acquisitions.

5. GOODWILL and OTHER INTANGIBLE ASSETS, net

Goodwill consists primarily of the excess purchase price of acquisitions over the fair value of the net assets acquired. Intangible assets include technical manuals, backlog, trademarks, patents/technology and licensing agreements. During the second quarter, the Corporation finalized the allocation of the purchase price, including goodwill and other intangible assets for the seven businesses acquired in 2001. However, the allocation relating to the businesses acquired in the second quarter of 2002 has not been finalized. The value and estimated lives of acquired intangibles for these acquisitions will be adjusted upon finalization of the valuations, which are expected to be completed in the third quarter of 2002. The results for the second quarter and the six months year-to-date include amortization expense from the finalization of the valuations for the Corporation's 2001 acquisitions and an estimate for the 2002 acquisitions.

Intangible assets are amortized on a straight-line basis over the estimated period benefited but not exceeding 30 years. Intangible assets and accumulated amortization amounted to $25,885,000 and $2,160,000 at June 30, 2002 and $11,683,000 and $841,000 at December 31, 2001, respectively. Amortization of intangibles for the three and six months ending June 30, 2002 amounted to $727,000 and $1,354,000, respectively. For the comparable periods of 2001 amortization of intangibles amounted to $23,000 and $45,000, respectively. See Note 12 "Recently Issued Accounting Standards", governing the new accounting rules for goodwill and other intangible assets.

6. LONG-TERM DEBT AND CREDIT AGREEMENTS

On May 13, 2002, the Corporation entered into two new credit agreements aggregating $225 million with a group of eight banks. The Revolving Credit Agreement ("Revolving Credit Agreement") commits a maximum borrowing of $135 million to the Corporation with a limit of $50 million for letters of credit. The commitments made under the Revolving Credit Agreement expire May 13, 2007, but may be extended annually for successive one-year periods with the consent of the bank group. The Corporation also entered into a Short-Term Credit Agreement ("Short-Term Credit Agreement"), which allows for cash borrowings up to $90 million. The Short-Term Credit Agreement expires May 9, 2003, but may be extended, with consent of the bank group, for additional periods not to exceed 364 days each. The outstanding borrowings as of May 13, 2002 under the prior credit agreements were paid in full by funding from the new 2002 revolving credit agreement. As of June 30, 2002 and December 31, 2001, the balance of long-term debt was $47.4 million and $21.4 million, respectively.

7. 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 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 current values 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 in a number of environmental cleanup sites, which include but are not limited to the Caldwell Trucking landfill superfund site, Fairfield, New Jersey; Sharkey landfill superfund site, Parsippany, New Jersey; Pfohl Brothers landfill site, Cheektowaga, New York; Amenia landfill site, Amenia, New York; and Chemsol, Inc. superfund site, Piscataway, New Jersey.

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.

8. SEGMENT INFORMATION

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

(In thousands)

Three Months Ended June 30, 2002

	Motion Control	Metal Treatment	Flow Control	Segment Totals	Corporate & Other	Consolidated Totals
Revenue from external customers	$59,771	$27,254	$34,752	$121,777	$--	$121,777
Intersegment revenues	--	119	--	119	(119)	--
Segment operating income	7,332	3,576	4,634	15,542	(464)	15,078

(In thousands)

Three Months Ended June 30, 2001

	Motion Control	Metal Treatment	Flow Control	Segment Totals	Corporate & Other	Consolidated Totals
Revenue from external customers	$35,728	$27,049	$23,827	$86,604	$ --	$86,604
Intersegment revenues	--	124	--	124	(124)	--
Segment operating income	5,999	4,917	2,683	13,599	(533)	13,066

(In thousands)

Six Months Ended June 30, 2002

	Motion Control	Metal Treatment(1)	Flow Control	Segment Totals	Corporate & Other(2)	Consolidated Totals
Revenue from external customers	$102,023	$ 52,671	$ 64,870	$219,564	$ -	$219,564
Intersegment revenues	-	228	-	228	(228)	-
Segment operating income	14,114	6,336	8,290	28,740	(748)	27,992
Segment assets	242,975	103,254	113,006	459,235	92,609	551,844

(1) Operating income for Metal Treatment includes non-recurring costs of $451 associated with the relocation of a shot-peening facility.

(2) Operating income for Corporate includes $247 of net environmental remediation and administrative expenses.

(In thousands)

Six Months Ended June 30, 2001

	Motion Control	Metal Treatment	Flow Control	Segment Totals	Corporate & Other	Consolidated Totals
Revenue from external customers	$65,685	$54,921	$45,915	$166,521	$ -	$166,521
Intersegment revenues	-	230	-	230	(230)	-
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

Reconciliation:

(In thousands)

	Three months ended		Six months ended	
	June 30, 2002	June 30, 2001	June 30, 2002	June 30, 2001
Consolidated operating income	$15,078	$13,066	$27,992	$24,331
Investment income, net	380	650	511	1,493
Rental income	50	1,308	99	2,342
Pension income, net	2,254	2,343	4,508	4,687
Other income (expense), net	18	(69)	(90)	(527)
Interest expense	(466)	(396)	(659)	(645)
Earnings before income taxes	$17,314	$16,902	$32,361	$31,681

9. COMPREHENSIVE INCOME

Total comprehensive income for the periods ended June 30, 2002 and 2001 was as follows:

	(In thousands)			
	Three months ended		Six months ended	
	June 30, 2002	June 30, 2001	June 30, 2002	June 30, 2001
Net earnings	$10,816	$10,465	$20,132	$19,684
Equity adjustment from foreign currency translations	9,344	(1,364)	8,032	(3,590)
Total comprehensive income	$20,160	$ 9,101	$28,164	$16,094

10. EARNINGS PER SHARE

Diluted earnings per share were computed based on the weighted average number of shares outstanding plus all potentially dilutive shares issuable for the periods. Potentially diluted shares relate primarily to stock options granted. Dilutive shares for the three months ended June 30, 2002 and June 30, 2001 were 308,000 and 210,000, respectively. For the six months ended June 30, 2002 and June 30, 2001, the dilutive shares were 258,000 and 210,000 respectively.

11. CONTINGENCIES AND COMMITMENTS

The Corporation's Drive Technology (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 the two European countries over multi-year periods which expire in 2005 and 2007. The agreements contain a penalty of 5-10% of the unfulfilled obligation at the end of the term of the agreements. As of June 30, 2002, the Corporation has accrued 811,000 Swiss francs (approximately $550,000) included in noncurrent liabilities as a contingency against not achieving compliance with these agreements.

Consistent with other entities its size, the Corporation is party to legal actions and claims, none of which individually or in the aggregate, in the opinion of management, is expected to have a material adverse effect on the Corporation's results of operations or financial position.

12. RECENTLY ISSUED ACCOUNTING STANDARDS

In July 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations" and SFAS No. 142 "Goodwill and Other Intangible Assets." SFAS No. 141 requires all business combinations to be accounted for under the purchase method of accounting and is effective for business combinations initiated after June 30, 2001. In addition, it requires that the cost of an acquired entity be allocated to the assets acquired, including identifiable intangible assets, and liabilities assumed based on their estimated fair values at the date of acquisition. The Corporation has not yet determined the final purchase price allocation to goodwill and other intangible assets for the companies acquired in 2002.

Under the new rules of SFAS No. 142, goodwill is no longer amortized, but is subject to an annual impairment test in accordance with the statement. Certain other intangible assets will continue to be amortized over their useful lives. Accordingly, the Corporation adopted the new rules on accounting for goodwill and other intangible assets effective January 1, 2002. In compliance with the provisions of SFAS No. 142, the Corporation completed its transitional goodwill impairment test during the second quarter of 2002. The testing indicated that the recorded carrying value of the Corporation's goodwill is not impaired as of the January 1, 2002 assessment. The Corporation will complete its annual goodwill impairment test during the third quarter of 2002.

The following table reflects the pro forma consolidated results adjusted as if SFAS Nos. 141 and 142 were adopted as of January 1, 2001:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
Net Earnings:				
As reported	$10,816	$10,465	$20,132	$19,684
Goodwill amortization, net of tax	-	274	-	547
As adjusted	$10,816	$10,739	$20,132	$20,231
Diluted Earnings Per Share:				
As reported	$1.03	$1.02	$1.93	$1.92
Goodwill amortization, net of tax	-	$0.03	-	$0.05
As adjusted	$1.03	$1.05	$1.93	$1.97

In October, 2001, the FASB issued SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets". This statement defines the accounting for long-lived assets to be held and used, assets held for sale and assets to be disposed of by other than sale and is effective for fiscal years beginning after December 15, 2001. The adoption of this standard had no material effect on the Corporation's results of operation or financial condition.

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

RESULTS of OPERATIONS

Three months ended June 30, 2002

Sales for the second quarter of 2002 totaled $121.8 million, an increase of 41% from the sales of $86.6 million for the second quarter of 2001. Orders received for the current quarter of $117.8 million were up 13% over the orders of $104.2 million for the second quarter of 2001. Sales for the second quarter of 2002, as compared to the same period last year, benefited from the recent acquisitions. Approximately $38.0 million of second quarter sales were the result of acquisitions completed in 2001 and 2002. Excluding acquisitions, 2002 sales are near prior year levels despite a significant reduction in production schedules of commercial aircraft and a sharp decline in the overhaul and repair services provided to the global airline industry. In contrast, the quarter benefited from higher sales of nuclear products to both the commercial and naval markets and strong growth in aerospace and land based defense related sales.

Operating income for the second quarter of 2002 totaled $15.1 million, an increase of 15% from operating income of $13.1 million for the same period last year. The increase is primarily attributed to the contributions of our recent acquisitions, which amounted to $3.3 million, and strong organic growth in our base flow control business. Other factors contributing to this increase include favorable foreign currency translation in the amount of $0.4 million and the implementation of SFAS Nos. 141 and 142, which eliminated the amortization of goodwill effective January 1, 2002. The prior year's second quarter included goodwill amortization of $0.4 million. These improvements were partially offset by lower margins as a result of lower volume in the commercial aerospace and overhaul and repair service businesses combined with increased operating costs associated with the start-up of several facilities within our Metal Treatment segment.

Net earnings for the second quarter of 2002 totaled $10.8 million, or $1.03 per diluted share, an increase of 1% from net earnings for the second quarter of 2001 of $10.5 million, or $1.02 per diluted share. The second quarter of 2002 benefited from the contributions of our recent acquisitions, organic growth in our base flow control business and the elimination of goodwill amortization as referred to above and discussed in Note 12. The 2001 second quarter included higher net earnings of $1.0 million or $0.09 per diluted share from the combination of rental income associated with a property which was sold in December 2001 and higher investment income generated from cash resources which have since been utilized for acquisitions.

RESULTS of OPERATIONS

Six Months Ended June 30, 2002

Sales for the first half of 2002 increased 32% to $219.6 million, as compared with $166.5 million for the same prior year period. New orders totaled $213.9 million, 25%

above the same six-month period of last year. These improvements were due principally to the acquisitions made during 2001 and 2002.

Operating income for the first six months of 2002 was $28.0 million, a 15% increase over the $24.3 million for the six months of 2001. This improvement was primarily the result of the Corporation's recent acquisitions amounting to $3.8 million. The 2001 results included $0.9 million of goodwill amortization compared with no goodwill amortization in 2002 as a result of the implementation of SFAS Nos. 141 and 142. The favorable foreign currency translation impact on operating income in the second quarter of 2002 in the amount of $0.4 million offset the unfavorable impact from the first quarter resulting in an insignificant year-to-date impact.

Net earnings for the first six months of 2002 were $20.1 million, or $1.93 per diluted share, as compared to $19.7 million, or $1.92 per diluted share, for the six months ended June 30, 2001. This increase reflects the contributions from our recent acquisitions and the elimination of goodwill amortization, offset by decreases in investment income of $0.6 million resulting from cash resources having been utilized for acquisitions and rental income of $1.4 million resulting from the sale of the Wood-Ridge business complex in December 2001. Also affecting net earnings for the six months ended June 30, 2002 were some unusual items, the net effect of which had an unfavorable impact of $0.3 million. These items included costs associated with the relocation of a Metal Treatment facility, the loss on securities received from the demutualization of an insurance company and the gain on the sale of real property.

Operating Performance:

Motion Control

Sales for the Corporation's Motion Control segment were $59.8 million for the second quarter and $102.0 million for the first six months of 2002, respectively. This represents a 67% increase over second quarter 2001 sales of $35.7 million and a 55% increase over sales of $65.7 million for the six months ended June 30, 2001. These improvements were largely the result of acquisitions, which amounted to $28.6 million and $38.0 million for the quarter and six months ended June 30, 2002, respectively, partially offset by lower sales in base businesses. The decline in the base business was due to reduced volume associated with the overhaul and repair services provided to the global airline industry and lower commercial aircraft production by our major customers. Sales increased in the second quarter for defense related products compared to the second quarter last year.

The segment's second quarter operating income of $7.3 million represents a 22% increase over second quarter 2001 operating income of $6.0 million. For the six months ended June 30, 2002, the segment's operating income was $14.1 million, which represented a 33% increase over the $10.6 million for the comparable period last year. Operating income for the second quarter benefited from the segment's recent acquisitions, stronger margins from aerospace defense related sales, continued margin improvement at our Swiss-based business providing aiming and stabilizing systems for land-based military vehicles, the favorable impact of foreign currency translation and the elimination of goodwill amortization. While cost reductions improved the profitability in overhaul and repair services, profits were below those experienced in the second quarter of 2001 because of the lower sales levels.

New orders received for the Motion Control segment totaled $60.0 million in the second quarter of 2002 and $89.7 million for the first half of 2002, representing an increase of 3% and 17%, respectively, from the same periods in 2001. New orders from recent acquisitions amounted to $28.8 million and $43.2 million for the quarter and six months ended June 30, 2002.

Metal Treatment

Sales for the Corporation's Metal Treatment segment totaled $27.3 million for the second quarter of 2002 which is slightly above the 2001 second quarter sales of $27.0 million. For the six months ended June 30, 2002, sales were $52.7 million, which represented a 4% decline from the $54.9 million for the six months ended June 30, 2001. Both the quarter and six months ended June 30, 2002 included sales from recent acquisitions in the amount of $1.5 million and $2.6 million, respectively. Overall industrial market softness, slowdowns in the commercial aerospace markets, and weakness in the heat treating markets contributed to the lower volume for the six months ended June 30, 2002. However, when compared to the first quarter of 2002, second quarter sales increased 7% resulting from an increase in shot-peening sales in both North America and Europe.

Operating income for the second quarter of 2002 declined 27% to $3.6 million from $4.9 million for the same period last year. This decline is primarily the result of unfavorable sales mix in the second quarter of 2002, which yielded lower gross margins than in the comparable 2001 period, combined with start-up costs at three new facilities. Comparing 2002 six months year to date to the prior year, operating income decreased 39% from $10.4 million in 2001 to $6.3 million in 2002. The year-to-date reduction in operating income is due to reduced volume, start-up costs at new facilities, and certain non-recurring costs associated with the relocation of one of the segment's shot peening facilities. However, operating margins have increased in the second quarter over this year's first quarter even after adjusting for the non-recurring costs noted above.

New orders received for the Metal Treatment segment totaled $27.5 million in the second quarter of 2002, and $53.0 million for the first half of 2002 as compared to $27.1 million and $55.2 million in the respective prior year periods.

Flow Control

The Corporation's Flow Control segment sales of $34.8 million for the second quarter of 2002 represented a 46% increase over second quarter 2001 sales of $23.8 million. For the six months ended June 30, 2002, sales were $64.9 million, an increase of 41% over sales for the comparable prior year period. The contribution from recent acquisitions amounted to $7.9 million and $13.5 million for the quarter and six months ended June 30, 2002, respectively. In addition, higher sales in the base businesses, including nuclear products for the navy and power generation plants, as well as increased sales to non-nuclear commercial markets also contributed to this improvement. Excluding acquisitions, sales for the base business increased 15% for the quarter and 13% for the six months ended June 30, 2002.

Operating income for the second quarter of 2002 increased 73% to $4.6 million as compared to $2.7 million for the second quarter of 2001. For the six months ended June 30, 2002, operating profit of $8.3 million represented a 113% increase over the $3.9 million for the comparable year period. These improvements resulted from the higher sales volumes, improved margins on flow control products for nuclear applications, overall cost reduction programs and the elimination of goodwill amortization. Operating income from recent acquisitions for the three and six months ended June 30, 2002 amounted to $0.7 million and $1.1 million, respectively.

New orders received for the Flow Control segment totaled $30.5 million in the second quarter of 2002 and $71.5 million for the first half of 2002, representing an increase of

59% and 82%, respectively. The increase in new orders includes the contribution from recent acquisitions, which amounted to $8.9 million for the second quarter of 2002 and $15.7 million for the six months ended June 30, 2002.

Corporate and Other Expenses

The Corporation had a non-segment operating loss of $0.5 million in both the second quarter of 2002 and 2001. The 2002 quarter included non-recurring commitment fee expenses associated with the Corporation's prior credit agreements and certain system software costs. During the second quarter of 2001, the Corporation incurred costs in connection with its recapitalization plan, which were partially offset by net proceeds from a small environmental insurance settlement.

The non-segment operating loss for the first half of 2002 also included net environmental remediation costs associated with a facility the Corporation sold years ago.

Non-Operating Revenues and Costs

For the second quarter of 2002, the Corporation recorded other non-operating net revenue totaling $2.2 million, compared with $3.8 million for the second quarter of 2001. The decrease was caused primarily by lower rental income due to the sale of our Wood-Ridge property and lower investment income due to lower short-term investment balances which were utilized to fund acquisitions, and lower interest rates. The six months ended June 30, 2002 also included losses on the sales of securities received relative to the demutualization of an insurance company.

CHANGES IN FINANCIAL CONDITION:

Liquidity and Capital Resources:

The Corporation's working capital was $141.9 million at June 30, 2002, a decrease of 5% from the working capital at December 31, 2001 of $149.9 million. The ratio of current assets to current liabilities remained constant at 3.0 at June 30, 2002 and December 31, 2001.

Cash, cash equivalents and short-term investments totaled $23.8 million in the aggregate at June 30, 2002, down 65% from $67.2 million at the prior year-end. Days sales outstanding at June 30, 2002 increased to 62 days from 59 at December 31, 2001.

Items affecting the Corporation's cash flow during the six months ended June 30, 2002 included a large tax payment related to the gain on the sale of our Wood-Ridge facility and $61.8 million related to the acquisitions of new businesses.

As of June 30, 2002, the Corporation had two credit agreements aggregating $225 million with a group of eight banks. The Revolving Credit Agreement ("Revolving Credit Agreement") commits a maximum of $135 million over five years to the Corporation for cash borrowings and letters of credit. The commitments made under the Revolving Credit Agreement expire May 13, 2007, but may be extended annually for successive one-year periods with the consent of the bank group. The Corporation also had in effect a Short-Term credit Agreement ("Short-Term Credit Agreement"), which allows for cash borrowings up to $90 million. The Short-Term Agreement expires May 9, 2003, but may be extended, with consent of the bank group, for additional periods not to exceed 364 days. Cash borrowings (excluding letters of credit) under the two credit agreements at June 30, 2002 were $33.4 million compared with cash borrowings of $8.0 million at December 31, 2001 under the prior credit agreements. All outstanding borrowings under the prior agreements were paid in full through funding from the new agreements. The unused credit available under the existing agreements at June 30, 2002 was $172.7 million.

The loans outstanding under the Revolving Credit Agreement and Industrial Revenue Bonds totaling $13.4 million at June 30, 2002 and December 31, 2001 had variable interest rates averaging 2.38% for the second quarter of 2002 and 3.23% for 2001.

For the first six months of 2002, internally available funds were adequate to meet capital expenditures of $13.1 million. Expenditures incurred during the first six months were primarily for new and replacement machinery and equipment within the operating segments. The Corporation is expected to make additional capital expenditures of approximately $21.4 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. A combination of cash resources and $40 million in funds available under the Corporation's Revolving Credit Agreement were utilized for the funding of acquisitions during the first six months of 2002. Of the $40 million initially borrowed, $14 million has been repaid with the use of internally generated funds.

CRITICAL ACCOUNTING POLICIES

Revenue recognition. The Corporation uses the percentage-of-completion method for recognizing revenue for many of its long-term contracts. This method recognizes revenue as the contracts progress as opposed to the completed contract method which recognizes revenue when the contract is completed. The percentage-of-completion method requires the use of estimates as to the future costs that will be incurred. These costs include material, labor and overhead. Factors influencing these future costs include the availability of materials and skilled laborers.

Inventory. The Corporation purchases materials for the manufacture of components for use in its contracts and for use by its repair and overhaul businesses. The decision to purchase a set quantity of a particular item is influenced by several factors including: current and projected cost; future estimated availability; existing and projected contracts to produce certain items; and the estimated needs for its repair and overhaul business. The Corporation estimates the net realizable value of its inventories and establishes reserves to reduce the carrying amount of these inventories as necessary.

Pension asset. The Corporation, in consultation with its actuary, determines the appropriate assumptions for use in determining the liability for future pensions and other postretirement benefits. For the quarter and six months ended June 30, 2002, the Corporation recognized pension income of $2.3 million and $4.5 million, respectively, as the excess of amounts funded for the pension plan in prior years together with actual and expected earnings on those assets, over the calculated liability. As of June 30, 2002, the prepaid pension cost was $75.3 million. The timing and amount of future pension income to be recognized each year will be dependent on the demographics and expected earnings of the plan participants, the expected interest rates in effect in future years, and the actual and expected investment returns of the assets in the pension trust.

Environmental reserves. The Corporation provides for environmental reserves when, in conjunction with its counsel, it is determined that a liability is both probable and estimable. In many cases, the liability is not fixed or capped when the Corporation first records a liability for a particular site. Factors that affect the recorded amount of the liability in future years include: the Corporation's participation percentage due to the settlement by or bankruptcy of other Potentially Responsible Parties; a change in the environmental laws with more stringent requirements; a change in the estimate of future costs that will be incurred to remediate the site; and changes in technology related to environmental remediation.

Goodwill and other intangible assets. At June 30, 2002, the Corporation had $139 million in goodwill and other intangible assets related to acquisitions made in 2002 and prior years. The recoverability of these assets is subject to an impairment test based on the estimated fair value of the underlying businesses. These estimated fair values are based on estimates of the future cash flows of the businesses. Factors affecting these future cash flows include: the continued market acceptance of the products and services offered by the businesses; the development of new products and services by the businesses and the underlying cost of development; the future cost structure of the businesses; and future technological changes.

PART I - ITEM 3

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in the Corporation's market risk during the six months ended June 30, 2002. Information regarding market risk and market risk management policies is more fully described in item 7A. "Quantitative and Qualitative Disclosures about Market Risk" of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2001.

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

Exhibit 4.1	Revolving Credit Agreement dated May 13, 2002, between Registrant, the Lender parties thereto from time to time, the Issuing Banks referred to therein, and The Bank of Nova Scotia, as Agent (incorporated by reference to exhibit 4.1 of the Corporation's Form 10-Q for the quarterly period ended March 31, 2002.)
Exhibit 4.2	Short-Term Credit Agreement dated May 13, 2002, between Registrant, the Lender parties thereto from time to time, the Issuing Banks referred to therein, and The Bank of Nova Scotia, as Agent (incorporated by reference to exhibit 4.1 of the Corporation's Form 10-Q for the quarterly period ended March 31, 2002.)
Exhibit 10.1	Consulting Agreement dated June 18, 2002 between Registrant and Gerald Nachman, filed herewith
Exhibit 99.1	Certification of Martin R. Benante, Chairman and CEO, Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith
Exhibit 99.2	Certification of Glenn E. Tynan, Chief Financial Officer, Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith

(b) Reports on Form 8-K

1. On April 15, 2002, the Company filed a report on Form 8-K reporting under Item 2, the April 1, 2002 purchase of certain assets and stock from Spirent Plc.

SIGNATURE

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/ Glenn E. Tynan

Glenn E. Tynan
Vice President Finance
Chief Financial Officer

Dated: August 14, 2002

<u>CONSULTING AGREEMENT</u>

This CONSULTING AGREEMENT, dated this 18th day of June, 2002, by and between Curtiss-Wright Corporation, a Delaware corporation (the "Company") and Gerald Nachman ("Nachman").

WITNESSETH:

WHEREAS, Nachman has been serving as an Executive Vice President of the Company;

WHEREAS, Nachman desires to retire from his position with the Company, and otherwise as an employee and officer of the Company and all of its affiliates effective as of February 28, 2003 (the "Retirement Date");

WHEREAS, in contemplation of compensation and benefit arrangements for Nachman such as are provided herein, the parties determined that no award will be made to Nachman in November 2002 under the Long-Term Incentive Plan of the Company or in 2002 under the Incentive Compensation Plan;

WHEREAS, the parties hereto desire that, commencing after the Retirement Date, Nachman will serve as a consultant to the Company as set forth herein; and

WHEREAS, the parties desire to set forth the exact nature and the amount of compensation and benefits to be provided to Nachman for his consulting services to the Company.

NOW THEREFORE, the parties hereto agree as follows:

I. Retirement

<u>1.1 Retirement from Position as Executive Vice President.</u>

Nachman hereby confirms his retirement from his position as Executive Vice President of the Company and hereby resigns, effective as of the Retirement Date, from all of his other positions as an officer of the Company and as a director and officer of each of its affiliates and, effective as of the Retirement Date, Nachman shall cease to be an employee of the Company and each of its affiliates for all purposes.

1.2. Compensation and Related Matters.

(a) Lump Sum Bonus. In lieu of amounts that Nachman might have otherwise received under the Incentive Compensation Plans of the Company 2003, the Company agrees to pay to Nachman a lump sum bonus of two hundred thousand dollars and no cents in February, 2003.

(b) Retirement Benefits. Nachman shall receive upon and as a result of his retirement those payments and other benefits to which Nachman is entitled under any of the following Plans of the Company in accordance with the provisions of the Plans: Supplemental Retirement Benefit Agreement, Long-Term Incentive Plan; Retirement Plan; Retirement Benefits Restoration Plan; Deferred Compensation Plan and Savings and Investment Plan. During the "Consulting Period," as defined in Section 2.1 of this Agreement, Nachman shall also be entitled to that business travel accident and worker's compensation insurance which the Company offers consultants to the Company in the ordinary course of business, paid at Company expense.

(c) Automobile. The Company shall offer to sell to Nachman the automobile currently provided to him by the Company at wholesale value, in accordance with the terms of the Company's current automobile policy if the automobile is owned by the Company and by the terms of the pertinent lease agreement if the automobile is leased by the Company.

(d) Medical, Dental and Prescription Benefits; Certain Insurance Benefits. During the period commencing on the Retirement Date and ending on February 28, 2007, the Company shall continue on behalf of Nachman and his spouse the medical, dental, and prescription drug benefits provided to Nachman and his spouse immediately prior to the Retirement Date, as adjusted for any changes in the plans affecting benefits provided to all plan participants.

(e) Withholding. The Company shall have the right to deduct from any amounts payable under this Section 1.2, any taxes or other amounts required by law to be withheld.

II. Consulting Period

2.1. Consulting Services.

During the period commencing on the Retirement Date and ending on February 28, 2007, (the "Consulting Period"), Nachman agrees to serve the Company as a consultant and render such advisory and consulting services to the Company and its affiliates in connection with the business of the Company and its affiliates as may reasonably be requested by the Chief Executive Officer of the Company, having due regard to Nachman's residence at the time, in connection with any matter with respect to which he has experience or special competence by reason of his prior employment with the Company (the "Consulting Services"). The Consulting Services shall be rendered at such locations as shall be mutually convenient to the Company and Nachman. The Company agrees that the Consulting Services shall be appropriate for a former Executive Vice President of the Company.

2.2. Consulting Fees.

Nachman shall provide the services described in paragraph 2.1 during the period from March 1, 2003 through February 29, 2004 in consideration for amounts paid to him as salary and bonus from the date of this Agreement up to the Retirement Date. In consideration for the Consulting Services to be provided the Company and for the acceptance of the terms contained in this Agreement, provided Nachman is then available to perform Consulting Services for the Company, except for such unavailability as results from urgent personal matters, a failure by the Company to provide reasonable advance notice of the assignment in light of the date and place of the assignment or physical incapacity, and provided further, that Nachman is not in breach of, or has not committed a material breach (which has not been cured), of any of the covenants contained in Section 3.1 hereof, during the Consulting Period, the Company shall pay Nachman monthly consulting fees of twelve thousand five hundred dollars and no cents ($12,500.00) payable in the last pay period of the month beginning in March , 2004 and ending in February , 2005, of eight thousand three hundred and thirty three dollars and thirty four cents ($8,333.34) payable in the last pay period of the month beginning in March , 2005 and ending in February , 2006 and of four thousand one hundred and sixty six dollars and sixty seven cents ($4,166.67) payable in the last pay period of the month beginning in March , 2006 and ending in February , 2007 (the "Consulting Fees"). Nachman shall have the right to decline any request for services by the Company due to urgent personal matters, a failure by the Company to provide reasonable advance notice of the assignment in light of the date and place of the assignment or physical incapacity.

2.3. Reimbursement of Expenses.

During the Consulting Period, the Company shall pay Nachman within thirty (30) days the reasonable expenses incurred by him in the performance of the Consulting Services, including, without limitation, those incurred in connection with business related travel or entertainment, provided that Nachman properly accounts therefor in accordance with the Company's current expense reimbursement policy.

2.4. Non-Employee Status.

Nachman acknowledges that during the Consulting Period and thereafter he will not be an "employee" (or person of similar status) of the Company or any of its affiliates for any purpose. Nachman acknowledges that he will not be paid any "wages" (as defined in any relevant law) in respect of the Consulting Services under Section 2.2 of the Agreement, and that he shall be solely responsible for all taxes imposed on him by reason of the payment of the Consulting Fees and/or any other compensation, benefits or other amounts payable in respect of the Consulting Services.

III. General Provisions

3.1. Covenants.

(a) Unauthorized Disclosure. Nachman agrees and understands that in his position with the Company, Nachman has been and will be exposed to and has and will receive information relating to the confidential affairs the Company and its affiliates, including but not limited to technical information, intellectual property, business and marketing plans, strategies, customer information, other information concerning the products, promotions, development, financing, expansion plans, business policies and practices of the Company, its affiliates, and other forms of information considered by the Company to be confidential and in the nature of trade secrets ("Confidential Information"). Nachman agrees that during the Consulting Period and thereafter, Nachman will not disclose such Confidential Information, either directly or indirectly, to any third person or entity without the prior written consent of the Company; provided, however, that (i) Nachman shall have no such obligation to the extent such information is or becomes publicly known other than as a result of Nachman's breach of his obligations hereunder and (ii) Nachman may, after giving prior notice to the Company to the extent practicable under the circumstances, disclose such information to the extent required by applicable law or governmental regulation or judicial or regulatory process. This confidentiality covenant has no temporal, geographical or territorial restriction. Upon the termination of the Consulting Period, Nachman will, to the extent requested by the Company in writing, promptly supply to the Company all property, keys, notes, memoranda, writings, lists, files, reports, customer lists, correspondence, tapes, disks, cards, surveys, maps, logs, machines, technical data or any other tangible product or document which has been produced by, received by or otherwise submitted to Nachman during or prior to the Consulting Period.

(b) Non-competition. Nachman agrees that, for a period commencing on the date hereof and ending five years (5) years after the termination or expiration of this Agreement for any reason (`the Non-competition Term"), he shall not, without the Company's prior written consent, anywhere in North America, and anywhere that the Company's Metal Improvement Company, Inc. subsidiary has done business under Nachman's supervision and control, directly or indirectly:

(1) engage, directly or indirectly, as an employee, director, shareholder, officer, partner, consultant, independent contractor or otherwise in any activity for or on behalf of any person or entity in a line of business competitive to that carried on by the Company or it's Metal Improvement Company, Inc. subsidiary, or engage in any manner in the design, development, manufacturing, assembling, installing, and/or marketing of any technology competitive with the business carried on by the Company or it's Metal Improvement Company, Inc. subsidiary during Nachman's employment with the Company, so long as the Company or it's Metal Improvement Company, Inc. subsidiary is still carrying on said business;

(2) solicit or attempt to solicit business of any customers of the Company or it's Metal Improvement Company, Inc. subsidiary (including prospective customers solicited by the Company or it's Metal Improvement Company, Inc. subsidiary) for products or services the same as or similar to those offered, sold, produced or under development by the Company or it's Metal Improvement Company, Inc. subsidiary during Nachman's employment with the Company, so long as the Company or it's Metal Improvement Company, Inc. subsidiary is still carrying on said business;

(3) otherwise divert or attempt to divert from the Company or it's Metal Improvement Company, Inc. subsidiary any business whatsoever, so long as the Company or it's Metal Improvement Company, Inc. subsidiary is still carrying on said business;

(4) solicit or attempt to solicit for any business endeavor any employee of the Company or it's Metal Improvement Company, Inc. subsidiary, except for Glenda Rider;

(5) interfere with any employment relationship or other business relationship between the Company or it's Metal Improvement Company, Inc. subsidiary and any other individual, person, or other entity;

(6) have any interest as a stockholder, partner, lender or otherwise in, any person which is engaged in activities which, if performed by Nachman would violate this Section 3.1 (b) other than an interest in a publicly traded corporation not exceeding one percent of such corporation's issued and outstanding voting stock;

(7) disparage the Company or it's Metal Improvement Company, Inc. subsidiary, or their officers, directors, employees, affiliates, or advisors; or

(8) engage in any other activity of a professional or consultative nature which (i) could reasonably be expected to be detrimental to the business prospects of the Company or it's Metal Improvement Company, Inc. subsidiary or (ii) which is or may be directly or indirectly competitive with the Company or it's Metal Improvement Company, Inc. subsidiary.

In the event that any provisions of this Section 3.1 (b) should be deemed to exceed the time and geographical limitations permitted by applicable law, then such provisions shall be reformed to the maximum time and geographic limitations permitted by applicable law.

(c) Remedies. Nachman agrees that any breach of the terms of this Section 3.1 would result in irreparable injury and damage to the Company and/or its affiliates for which the Company and/or its affiliates would have no adequate remedy at law; Nachman therefore also agrees that in the event of said breach or any threat of breach, the Company and/or its affiliates, as applicable, shall be entitled to an immediate injunction and restraining order to prevent such breach and/or threatened intentional breach and/or continued breach by Nachman and/or any and all persons or entities acting for or with Nachman, without having to prove damages, in addition to any other remedies to which the Company and its affiliates may be entitled at law or in equity. The terms of this paragraph shall not prevent the Company and its affiliates from pursuing any other available remedies for any breach and/or threatened intentional breach hereof, including but not limited to the recovery of damages from Nachman. The parties hereto further agree that the provisions of the covenants contained in this Section 3.1 are reasonable and necessary to protect the businesses of the Company and its affiliates because of Nachman's access to Confidential Information and his material participation in the operation of such businesses. Nachman hereby acknowledges that due to the global aspects of the Company's and its affiliates' businesses and competitors it would not be appropriate to include any geographic limitation on this Section 3.1. Should a court or arbitrator determine, however, that any provision of the covenants contained in this Section 3.1 are not reasonable or valid, either in period of time, geographical area, or otherwise, the parties hereto agree that such covenants should be interpreted and enforced to the maximum extent which such court or arbitrator deems reasonable or valid.

The existence of any claim or cause of action by Nachman against the Company or its affiliates under this Agreement shall not constitute a defense to the enforcement by the Company of the covenants contained in
Section 3.1(a).

Anything contained herein to the contrary notwithstanding, the Company shall be required to give Nachman prior written notice of any claimed failure by him to comply with any provision of this Agreement. If Nachman shall, within fifteen (15) days after such notice, be in all material respects in compliance with the provisions of this Agreement that is involved, the Company shall not, by virtue of the provisions of this Agreement, be entitled to an immediate injunction and restraining order to prevent such breach, provided, however, that nothing contained herein shall relieve Nachman from any liability for actual damages occurring as a result of any breach by him of the provisions of this Agreement.

3.2. Independence, Severability and Non-Exclusivity.

Each of the rights enumerated in this Agreement hereof shall be independent of the others and shall be in addition to and not in lieu of any other rights and remedies available to the Company or Nachman at law or in equity. If any provision of this Agreement is hereafter construed or adjudicated to be invalid or unenforceable, the same shall not affect the remainder of the Agreement or rights or remedies, which shall be given full effect without regard to the invalid portions.

3.3 Non-Exclusivity of Rights

Nothing in this Agreement shall limit or reduce such rights as Nachman may have under any of the following Plans of the Company and any amounts or benefits which Nachman is or shall become entitled to receive under any of those Plans shall be paid or provided in accordance with the provisions of the Plans: Long-Term Incentive Plan; Retirement Plan; Retirement Benefits Restoration Plan; Deferred Compensation Plan and Savings and Investment Plan.

3.4 Successors.

This Agreement shall be binding upon and shall inure to the benefit of the Company and any and all of its successors and assigns, which, for purposes of this Agreement, shall include a corporation or other entity acquiring all or substantially all of the assets and business of the Company, as the case may be, whether by operation of law or otherwise. The Company shall require its successors and assigns to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. Neither this Agreement nor any right or interest hereunder shall be assignable or transferable by Nachman, his beneficiaries or legal representatives, except by will or by the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by Nachman's legal personal representative. The Company's obligation to pay Nachman for consulting services is personal to Nachman and shall terminate upon his death, except that his estate or beneficiaries shall be entitled to receive payment for the full month for all services Nachman provides prior to his death for which he has not received payment as of his death.

3.5 Notices.

All notices, consents or other communications required or permitted to be given by any party hereunder shall be in writing and shall be given by personal delivery, or certified or registered mail, postage prepaid, as follows:

To the Company:

Curtiss-Wright Corporation, Suite 501
1200 Wall Street West
Lyndhurst, New Jersey 07071

Attn: General Counsel and Corporate Secretary

To Nachman:

552 Maitland Avenue
Teaneck, New Jersey 07666

or at such other address as either party may from time to time specify to the other. Any notice, consent or other communication required or permitted to be given hereunder shall be deemed to have been given on the date of mailing or personal delivery and shall be conclusively presumed to have been received on the fourth business day following the date of mailing or, in the case of personal delivery, the day of delivery thereof, except that a change of address shall not be effective until actually received.

3.6 Modifications and Waivers.

No term, provision or condition of this Agreement may be modified or discharged unless such modification or discharge is agreed to in writing by both Parties. No waiver by either party hereto of any breach by the other party hereto of any term, provision or condition of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

3.7 Entire Agreement.

This Agreement constitutes the entire understanding between the parties hereto relating to the subject matter hereof, superseding all negotiations, prior discussions, preliminary agreements and agreements relating to the subject matter hereof made prior to the date hereof.

3.8 Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey, without giving effect to conflicts of laws principles thereof. Notwithstanding the foregoing, and except with respect to any proceeding for an injunction and restraining order under
Section 3.1(c), if a dispute hereunder shall exist either party shall have the right (but not the obligation), in addition to all other rights and remedies provided by law, to compel arbitration of the dispute in the County of Bergen, State of New Jersey, under the rules of the American Arbitration Association, by giving written notice of arbitration to the other party within thirty (30) days after notice of such dispute has been received by the party to whom notice has been given; any decision and award under the arbitration shall be final and binding on the parties hereto, and judgment on the decision and award may be entered in any court of competent jurisdiction, and

3.9. Headings.

The headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year set forth above.

/s/ Gerald Nachman
Gerald Nachman

CURTISS-WRIGHT CORPORATION.

By: /s/ Michael J. Denton
Name: Michael J. Denton
Title: General Counsel & Secretary

Exhibit 99.1

18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Curtiss-Wright Corporation (the "Company") on Form 10-Q for the period ended June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Martin R. Benante, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Martin R. Benante

Martin R. Benante
Chairman and
Chief Executive Officer
August 14, 2002

Exhibit 99.2

18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Curtiss-Wright Corporation (the "Company") on Form 10-Q for the period ended June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Glenn E. Tynan, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Glenn E. Tynan

Glenn E. Tynan
Chief Financial Officer
August 14, 2002
